Narayana Health™

Date of submission: 6th August 2020

To	To
The Secretary	The Secretary
Listing Department	Listing Department
BSE Limited	National Stock Exchange of India Limited
Department of Corporate Services	Exchange Plaza, Bandra Kurla Complex
Phiroze Jeejeebhoy Towers,	Mumbai – 400 050
Dalal Street, Mumbai – 400 001	**Stock Code- NH**
Scrip Code - 539551	

Dear Sir/Madam,

Sub: Notice of 20th Annual General Meeting and Annual Report for the FY 2019-20

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we enclose herewith Notice of 20th Annual General Meeting of the Members of the Company to be held on Monday, August 31, 2020 at 11:30 a.m. through Video Conferencing / Other Audio Visual Means (VC/OAVM) and Annual Report of the Company for the FY 2019-20.

Further, in compliance with the provisions of Section 108 of Companies Act, 2013 read with Rule 20 of Companies (Management and Administration) Rules, 2014, as amended from time to time, Regulation 44 of SEBI (LODR) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company will be providing to the members, facility to exercise their right to vote at 20th Annual General Meeting by electronic means and business may be transacted through remote e-voting services provided by National Securities Depository Limited (NSDL). The e-voting period will commence on Thursday, 27th August 2020 at 9:00 a.m. and will end on Sunday, 30th August 2020 at 5:00 p.m. The cut-off date for determining the members who shall be eligible to vote is 24th August 2020.

The Notice of Annual General Meeting and the Annual Report has also been uploaded on the website of the Company, the link of which is as below:

https://www.narayanahealth.org/

Kindly take the above said information on record.

Yours faithfully,

For **NARAYANA HRUDAYALAYA LIMITED**

Sridhar

Sridhar S
Group Company Secretary, Legal and Compliance Officer

NH Helpline 080-7122 2222

Narayana Hrudayalaya Limited
(Previously Narayana Hrudayalaya Pvt. Ltd.) CIN : L85110KA2000PLC027497
Registered Office : 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore 560 099
Corporate Office : 261/A, 2nd Floor, Bommasandra Industrial Area, Anekal Taluk, Bangalore 560 099
Tel : +91 80 7122 2222 Fax: +91 80 2783 2648. www.narayanahealth.org

Narayana Hrudayalaya Limited
Registered Office: 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560099
CIN: L85110KA2000PLC027497
Website: www.narayanahealth.org, E-mail: nhlagm2020@narayanahealth.org, Tel: +91 80 7122 2129

Dear Members,

Invitation to attend the 20th Annual General Meeting on Monday, 31st August, 2020

You are cordially invited to attend the Twentieth Annual General Meeting of the Company to be held on 31st August, 2020 at 11.30 a.m. IST through video conferencing. The notice convening the Annual General Meeting is annexed herewith.

For ease of participation of the Members, we are providing below the key details regarding the meeting for your reference:

Sl. No.	Particulars	Details
1.	Link for participation through Video Conferencing (VC)	https://www.evoting.nsdl.com
2.	Link for remote e-voting	https://www.evoting.nsdl.com
3.	Username and password for VC	Members may attend the AGM through VC by accessing the link https://www.evoting.nsdl.com by using the remote e-voting credentials. Please refer the instructions in the Notes to the Notice of 20th AGM for further information.
4.	Helpline number for VC participation and e-voting	Ms. Sarita Mote, Assistant Manager, NSDL at the designated email ID:evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number: +91 22 24994890
5.	Cut-off date for determining eligibility for e-voting and attending AGM	Monday, 24th August, 2020
6.	Time period for remote e-voting	Commences from 9 a.m. IST on Thursday, 27th August 2020 and ends at 5 p.m. IST on Sunday, 30th August 2020
7.	Email for Members to temporarily update e-mail address	nhlagm2020@narayanahealth.org
8.	Last date for publishing results of the e-voting	Wednesday, 2nd September, 2020
9.	Contact details	Mr. Hrishikesh V Murthy Tel: +91 80 71222129 / Mobile No: +91 9742658844 between 10 a.m. and 5 p.m.
10.	Date & time by which questions / queries can be sent to the Company	Shareholders can send queries any day upto 27th August, 2020, 10 a.m. IST through email to nhlagm2020@narayanahealth.org
11.	Date and time by which shareholders can register for speaking at the AGM	Shareholders can register for speaking at the AGM any day upto 27th August, 2020, 10 a.m. IST.

Yours sincerely,

Dr. Devi Prasad Shetty
Chairman

Place: Bengaluru
Date: 15th June, 2020

Narayana Hrudayalaya Limited

Registered Office: 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560099
CIN: L85110KA2000PLC027497
Website: www.narayanahealth.org, E-mail: nhlagm2020@narayanahealth.org, Tel: +91 80 7122 2129

NOTICE OF 20TH ANNUAL GENERAL MEETING

Notice is hereby given that the 20th Annual General Meeting (AGM) of the Members of Narayana Hrudayalaya Limited will be held on Monday, the 31st August 2020 at 11.30 a.m. through Video Conferencing / Other Audio Visual Means to transact the following business. The venue of the meeting shall be deemed to be the Registered Office of the Company.

ORDINARY BUSINESS

1. To receive, consider and adopt the audited Financial Statements of the Company including the audited Consolidated Financial Statements for the financial year ended 31st March 2020, together with the Reports of the Board of Directors and the Auditors thereon.

2. To confirm the interim dividend of INR 1.00 per Equity Share paid during the financial year ended on 31st March 2020 as the final dividend for the financial year ended 31st March, 2020.

3. To appoint a Director in place of Dr. Kiran Mazumdar Shaw (DIN: 00347229), who retires by rotation and being eligible, offers herself for re-appointment.

SPECIAL BUSINESS

4. Ratification of remuneration payable to the Cost Auditors for the Financial Year 2020-21

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"**RESOLVED THAT**, pursuant to the provisions of Section 148 and all the other applicable provisions, if any, of the Companies Act, 2013 read with Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactments thereof for the time being in force), the Members of the Company hereby approve and ratify the remuneration of INR 3,00,000 (Rupees Three Lakhs) per annum plus applicable taxes and out of pocket expenses payable to M/s. PSV & Associates, Cost Accountants, Bengaluru (Firm Registration Number: 000304) who are appointed by the Board of Directors of the Company as Cost Auditors to conduct the audit of cost records for the Financial Year 2020-21.

RESOLVED FURTHER THAT, the Board of Directors of the Company, be and are hereby authorized to do all such acts, deeds and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

5. Issue of Debt Securities on Private Placement Basis

To consider and, if thought fit, to pass the following resolution as **Special Resolution**:

"RESOLVED THAT, pursuant to the provisions of Sections 42 and 71 and all other applicable provisions of the Companies Act, 2013 read with the Securities Contracts (Regulation) Act, 1956, the Companies (Prospectus and Allotment of Securities) Rules, 2014, the Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Foreign Exchange Management Act, 1999 and any other applicable Rules, Regulations, Notifications, Circulars (including any statutory modification(s) or re-enactment thereof, for the time being in force), prescribed by the Government of India, Reserve Bank of India, or any other regulatory authority, whether in India or abroad, and in accordance with the Memorandum and the Articles of Association of the Company, the consent of the Members be and is hereby accorded to the Board of Directors of the Company (hereinafter referred to as "the Board" which term shall be deemed to include any Committee of Directors which the Board may have constituted / will constitute to exercise any or all of its powers including the powers conferred by this resolution) to offer, invite subscription for or issue debt securities, secured or unsecured, including redeemable Non-Convertible Debentures ("Debt Securities") not exceeding INR 200 Crores during the period of one year from the date of this Annual General Meeting in one or more series/ tranches, denominated in Indian Rupees or in any foreign currency on a private placement basis, on such terms and conditions as the Board may, from time to time, determine and consider proper and most beneficial to the Company including as to when the said debt securities be issued, the consideration for the issue, utilization of the issue proceeds and all matters connected with or incidental thereto.

PROVIDED THAT, the total amount that may be so raised in the aggregate, by such offer or invitation for subscriptions of the said Debt Securities, and outstanding at any point of time along with the other borrowings of the Company, shall be within the overall borrowing limit as approved by the Shareholders under Section 180(1)(c) of the Companies Act, 2013, that is INR 1500 crores (Rupees One Thousand Five Hundred Crores only).

RESOLVED FURTHER THAT, the Board be and is hereby authorized to do all such acts, deeds and things as may be necessary, proper, expedient or incidental for giving effect to this resolution."

By Order of the Board of Directors
For **Narayana Hrudayalaya Limited**

Sridhar S
Group Company Secretary, Legal & Compliance Officer

Place: Bengaluru
Date: 15th June, 2020

Notes:

1. Statement pursuant to Section 102 of the Companies Act, 2013, in respect of the Item Nos. 4 and 5 to be transacted at the Annual General Meeting as set out in the Notice, is annexed hereto. The Board of Directors of the Company at its meeting held on 15th June, 2020 considered that the special business under Item Nos. 4 to 5, being considered unavoidable, be transacted at the 20th AGM of the Company.

2. Details as required in Regulation 26(4) and Regulation 36(3) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings issued by the Institute of Companies Secretaries of India in respect of the Director seeking appointment / re-appointment at the Annual General Meeting forms integral part of the Notice. The Director has furnished details as required under this regulation for their reappointment/ appointment and also as required under the Companies Act, 2013 and Rules made thereunder.

3. **General instructions for accessing and participating in the 20th AGM through VC/OAVM Facility and voting through electronic means including remote e-Voting:**

   a. In view of the continuing Covid-19 pandemic, the Ministry of Corporate Affairs ("MCA") has vide its circular dated May 5, 2020 read with circulars dated April 8, 2020 and April 13, 2020 (collectively referred to as "MCA Circulars") permitted the holding of the Annual General Meeting ("AGM") through Video Conference (VC)/ other Audio Video means (OAVM), without the physical presence of the Members at a common venue. In compliance with the provisions of the Companies Act, 2013 ("Act"), SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("SEBI Listing Regulations") and MCA Circulars, the AGM of the Company is being held through VC / OAVM, which does not require physical presence of members at a common venue. The deemed venue for the 20th AGM shall be the Registered Office of the Company.

   b. Pursuant to the provisions of the Act, a Member entitled to attend and vote at the AGM is entitled to appoint a proxy to attend and vote on his/her behalf and the proxy need not be a Member of the Company. Since this AGM is being held pursuant to the MCA Circulars through VC / OAVM, physical attendance of Members has been dispensed with. Accordingly, the facility for appointment of proxies by the Members will not be available for the AGM and hence, the Proxy Form and Attendance Slip are not annexed to this Notice.

   c. Members attending the AGM through VC / OAVM shall be counted for the purpose of reckoning the quorum under Section 103 of the Act.

   d. Since the AGM will be held through VC / OAVM, the Route Map is not annexed in this Notice.

   e. Corporate Members (i.e. other than individuals / HUF, NRI, etc.) intending to send their authorised representatives to attend the meeting are requested to send to the Company a scanned copy of the Board or governing body Resolution/Authorization etc., authorising their representatives to attend the e-AGM through VC / OAVM on its behalf and to vote through remote e-voting.The said Resolution/Authorization shall be sent to the Scrutinizer by email through registered email address to sudhindraksfcs@gmail.com with a copy marked to evoting@nsdl.co.in.

   f. In line with the MCA Circulars and SEBI Circular, the Notice of the 20th AGM will be available on the website of the Company at https://www.narayanahealth.org/, on the website of BSE Limited at www.bseindia.com and also on the website of NSDL at www.evoting.nsdl.com.

   g. National Securities Depositories Limited ("NSDL") will be providing facility for voting through remote e-Voting, for participation in the 20th AGM through VC/OAVM Facility and e-Voting during the 20th AGM.

h. Members may join the 20th AGM through VC/OAVM Facility by following the procedure as mentioned below which shall be kept open for the Members from 11:15 a.m. IST i.e. 15 minutes before the time scheduled to start the 20th AGM.

i. Members may note that the VC/OAVM Facility, provided by NSDL, allows participation of atleast 1,000 Members on a first-come-first-served basis. The large shareholders (i.e. shareholders holding 2% or more shareholding), promoters, institutional investors, directors, key managerial personnel, the Chairpersons of the Audit Committee, Nomination and Remuneration Committee and Stakeholders Relationship Committee, auditors, etc. can attend the 20th AGM without any restriction on account of first-come first-served principle.

j. Pursuant to the provisions of Section 108 of the Act read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (as amended), Secretarial Standard on General Meetings (SS-2) issued by the Institute of Company Secretaries of India ("ICSI") and Regulation 44 of Listing Regulations read with MCA Circulars and SEBI Circular, the Company is providing remote e-Voting facility to its Members in respect of the business to be transacted at the 20th AGM and facility for those Members participating in the 20th AGM to cast vote through e-Voting system during the 20th AGM.

4. **Instructions for Members for Remote e-Voting are as under:**

a. The remote e-Voting period will commence on Thursday, 27th August, 2020 (9.00 a.m. IST) and end on Sunday 30th August, 2020 (5:00 p.m. IST). During this period, Members of the Company, holding shares either in physical form or in dematerialized form, as on the cut-off date of 24th August 2020, may cast their vote by remote e-Voting. The remote e-Voting module shall be disabled by NSDL for voting thereafter. Once the vote on a resolution is cast by the Member, the Member shall not be allowed to change it subsequently.

b. A person who is not a Member as on the cut-off date should treat this Notice of 20th AGM for information purpose only.

c. The details of the process and manner for remote e-Voting are explained hereinafter.

Step 1: Log-in to NSDL e-Voting system at https://www.evoting.nsdl.com/

Step 2: Cast your vote electronically on NSDL e-Voting system.

Details on Step 1 is mentioned below:

How to Log-in to NSDL e-Voting website?

I. Visit the e-Voting website of NSDL. Open web browser by typing the following URL: https://www.evoting.nsdl.com/ either on a Personal Computer or on a mobile.

II. Once the home page of e-Voting system is launched, click on the icon "Login" which is available under 'Shareholder/Member' section.

III. A new screen will open. You will have to enter your User ID, your Password and a Verification Code as shown on the screen. Alternatively, if you are registered for NSDL eservices i.e. IDEAS, you can log-in at https://eservices.nsdl.com/ with your existing ID as login. Once you log-in to NSDL eservices after using your log-in credentials, click on e-Voting and you can proceed to Step 2, i.e. Cast your vote electronically.

IV. User ID details are given below :

Manner of holding shares i.e. Demat (NSDL or CDSL) or Physical	User ID is:
a) For Members who hold shares in demat account with NSDL	8 Character DP ID followed by 8 Digit Client ID. For example, if your DP ID is IN300*** and Client ID is 12****** then your user ID is IN300***12******
b) For Members who hold shares in demat account with CDSL.	16 Digit Beneficiary ID. For example, if your Beneficiary ID is 12************** then your user ID is 12**************
c) For Members holding shares in Physical Form.	EVEN Number followed by Folio Number registered with the Company. For example, if folio number is 001*** and EVEN is 101456 then user ID is 101456001***

V. Password details are given below:

i. If you are already registered for e-Voting, then you can use your existing password to login and cast your vote.

ii. If you are using NSDL e-Voting system for the first time, you will need to retrieve the 'initial password' which was communicated to you. Once you retrieve your 'initial password', you need to enter the 'initial password' and the system will force you to change your password.

iii. How to retrieve your 'initial password'?

a) If your email ID is registered in your demat account or with the Company, your 'initial password' is communicated to you on your email ID. Trace the email sent to you from NSDL from your mailbox. Open the email and open the attachment i.e. .pdf file. Open the .pdf file. The password to open the .pdf file is your 8 digit client ID for NSDL account, last 8 digits of client ID for CDSL account or folio number for shares held in physical form. The .pdf file contains your 'User ID' and your 'initial password'.

b) If your email ID is not registered, please follow steps mentioned below in process for those members whose email ids are not registered.

VI. If you are unable to retrieve or have not received the "Initial password" or have forgotten your password click on:

i. "Forgot User Details/Password?" (If you are holding shares in your demat account with NSDL or CDSL) option available on www.evoting.nsdl.com.

ii. "Physical User Reset Password?" (If you are holding shares in physical mode) option available on www.evoting.nsdl.com.

iii. If you are still unable to get the password by aforesaid two options, you can send a request at evoting@nsdl.co.in mentioning your demat account number/folio number, your PAN, your name and your registered address.

iv. Members can also use the OTP (One Time Password) based login for casting the votes on the e-Voting system of NSDL.

VII. After entering your password, tick on Agree to "Terms and Conditions" by selecting on the check box.

VIII. Now, you will have to click on "Login" button.

IX. After you click on the "Login" button, Home page of e-Voting will open.

Details on Step 2 is given below:

How to cast your vote electronically on NSDL e-Voting system?

I. After successful login at Step 1, you will be able to see the Home page of e-Voting. Click on e-Voting. Then, click on Active Voting Cycles.

II. After click on Active Voting Cycles, you will be able to see all the companies "EVEN" in which you are holding shares and whose voting cycle is in active status.

III. Select "EVEN" of Narayana Hrudayalaya Ltd.

IV. Now you are ready for e-Voting as the Voting page opens.

V. Cast your vote by selecting appropriate options i.e. assent or dissent, verify/modify the number of shares for which you wish to cast your vote and click on "Submit" and "Confirm" when prompted.

VI. Upon confirmation, the message "Vote cast successfully" will be displayed.

VII. You can also take the printout of the votes cast by you by clicking on the print option on the confirmation page.

VIII. Once you confirm your vote on the resolution, you will not be allowed to modify your vote.

d. In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Shareholders and e-Voting user manual for Shareholders available at the download section of www.evoting.nsdl.com or call on toll free no.: 1800-222-990 or send a request at evoting@nsdl.co.in. or contact Ms. Sarita Mote, Assistant Manager, National Securities Depository Ltd., Trade World, 'A' Wing, 4th Floor, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013, at the designated email IDs:

evoting@nsdl.co.in or SaritaM@nsdl.co.in at telephone nos. : + 91 22 24994890 who will also address the grievances connected with the voting by electronic means. Members may also write to the Company Secretary at the Company's email address nhlagm2020@narayanahealth.org

5. **Process for those Members whose email ids are not registered for procuring user id and password and registration of email ids for e-Voting on the resolutions set out in this Notice:**

   i. Those Members, who hold shares in physical form or who have not registered their email address with the Company and who wish to participate in the 20th AGM or cast their vote through remote e-Voting or through the e-Voting system during the meeting, may obtain the login ID and password by sending scanned copy of: i) a signed request letter mentioning your name, folio number and complete address; and ii) self attested scanned copy of the PAN Card and any document (such as Driving Licence, Bank Statement, Election Card, Passport, AADHAR Card) in support of the address of the Member as registered with the Company; to the email address of the Company nhlagm2020@narayanahealth.org.

   ii. In case shares are held in demat mode, Members may obtain the login ID and password by sending scanned copy of (i) a signed request letter mentioning your name, DP ID-Client ID (16 digit DP ID + Client ID or 16 digit beneficiary ID); (ii) self attested scanned copy of client master or Consolidated Demat Account statement; and (iii) self attested scanned copy of the PAN Card, to the email address of the Company nhlagm2020@narayanahealth.org.

   iii. Alternatively, Member may send an e-mail request to evoting@nsdl.co.in for obtaining User ID and Password by proving the details mentioned in Point (i) or (ii) as the case may be.

6. **Instructions for Members for participating in the 20th AGM through VC/OAVM are as under:**

   i. Members will be able to attend the 20th AGM through VC/OAVM Facility through the NSDL e-Voting system at https://www.evoting.nsdl.com under shareholders login by using the remote e-Voting credentials and selecting the EVEN for the Company's 20th AGM. Please note that the Members who do not have the User ID and Password for e-Voting or have forgotten the User ID and Password may retrieve the same by following the remote e-Voting instructions mentioned in the Notice of the 20th AGM to avoid last minute rush. Further, Members can also use the OTP based login for logging into the e-Voting system of NSDL.

   ii. Please note that Members connecting from mobile devices or tablets or through laptops etc connecting via mobile hotspot, may experience Audio/Video loss due to fluctuation in their respective network. It is therefore recommended to use stable Wi-Fi or LAN connection to mitigate any kind of aforesaid glitches.

   iii. Members can submit questions in advance with regard to the financial statements or any other matter to be placed at the 20th AGM, from their registered email address, mentioning their name, DP ID and Client ID number /folio number and mobile number, to reach the Company's email address nhlagm2020@narayanahealth.org before 27th August 2020 by 10:00 a.m. IST. Such questions by the Members shall be taken up during the meeting and replied by the Company suitably.

   iv. Members, who would like to ask questions during the 20th AGM with regard to the financial statements or any other matter to be placed at the 20th AGM, need to register themselves as a speaker by sending their request from their registered email address mentioning their name, DP ID and Client ID number/folio number and mobile number, to reach the Company's email address nhlagm2020@narayanahealth.org by 27th August 2020 by 10:00 a.m. IST. Those Members who have registered themselves as a speaker shall be allowed to ask questions during the 20th AGM, depending upon the availability of time. The Company reserves the right to restrict the number of questions and number of speakers, as appropriate, to ensure the smooth conduct of the meeting.

   v. Institutional Investors who are Members of the Company, are encouraged to attend and vote in the 20th AGM through VC/OAVM Facility.

7. **Instructions for Members for e-Voting during the 20th AGM are as under:**

   a. Members may follow the same procedure for e-Voting during the 20th AGM as mentioned above for remote e-Voting.

   b. Only those Members, who will be present in the 20th AGM through VC/OAVM Facility and have not cast their vote on the Resolutions through remote e-Voting and are otherwise not barred from doing so, shall be eligible to vote through e-Voting system in the 20th AGM.

c. The Members who have cast their vote by remote e-Voting prior to the 20th AGM may also participate in the 20th AGM through VC/ OAVM Facility but shall not be entitled to cast their vote again.

d. The Helpline details of the person who may be contacted by the Member needing assistance with the use of technology, before or during the 20th AGM shall be Ms. Sarita Mote, Assistant Manager, NSDL at the designated email ID:evoting@nsdl.co.in or SaritaM@nsdl.co.in or at telephone number: +91 22 24994890

8. **Other Guidelines for Members:**

a. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential. Login to the e-Voting website will be disabled upon five unsuccessful attempts to key in the correct password. In such an event, you will need to go through the "Forgot User Details/Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com to reset the password.

b. The voting rights of Members shall be in proportion to their share in the paid up equity share capital of the Company as on the cutoff date of 24th August, 2020.

c. Any person, who acquires shares of the Company and becomes Member of the Company after the Company sends the Notice of the 20th AGM by email and holds shares as on the cut-off date i.e. 24th August 2020 may obtain the User ID and password by sending a request to the Company's email address nhlagm2020@narayanahealth.org. However, if you are already registered with NSDL for remote e-Voting then you can use your existing user ID and password for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/ Password?" or "Physical User Reset Password?" option available on www.evoting.nsdl.com.

d. A person, whose name is recorded in the Register of Members or in the Register of Beneficial Owners maintained by the depositories as on the cut-off date only shall be entitled to avail the facility of remote e-Voting or casting vote through e-Voting system during the meeting.

e. Mr. Sudhindra K S, Practicing Company Secretary (FCS No. 7909, CP No. 8190), Bengaluru is appointed as scrutinizer to scrutinize the remote e-voting and voting at the e-AGM in a fair and transparent manner.

f. During the 20th AGM, the Chairman shall, after response to the questions raised by the Members in advance or as a speaker at the 20th AGM, formally propose to the Members participating through VC/ OAVM Facility to vote on the resolutions as set out in the Notice of the 20th AGM and announce the start of the casting of vote through the e-Voting system. After the Members participating through VC/OAVM Facility, eligible and interested to cast votes, have cast the votes, the e-Voting will be closed with the formal announcement of closure of the 20th AGM.

g. The Scrutinizer shall after the conclusion of e-Voting at the 20th AGM, first download the votes cast at the AGM and thereafter unblock the votes cast through remote e-Voting and shall make a consolidated scrutinizer's report of the total votes cast in favour or against, invalid votes, if any, and whether the resolution has been carried or not, and such Report shall then be sent to the Chairman or a person authorized by him, within 48 (forty eight) hours from the conclusion of the 20th AGM, who shall then countersign and declare the result of the voting forthwith.

h. The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company at https://www.narayanahealth.org/ and on the website of NSDL at www.evoting.nsdl.com immediately after the declaration of Results by the Chairman or a person authorized by him. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited.

9. In compliance with the aforesaid MCA Circulars and SEBI Circular dated May 12, 2020, owing to the difficulties involved in dispatching of physical copies of the financial statements (including Report of Board of Directors, Auditor's report or other documents required to be attached therewith) Notice of the AGM along with the Annual Report 2019-20 is being sent only through electronic mode to those Members whose email addresses are registered with the Company/ Depositories. Members may note that the Notice and Annual Report 2019-20 will also be available on the Company's website https://www.narayanahealth.org/, websites of the Stock Exchanges i.e. BSE Limited and National Stock Exchange of India Limited at www.bseindia.com and www.nseindia.com respectively, and on the website of NSDL.

Those members who have not yet registered their email addresses are requested to get their email addresses registered by following the procedure given below:

a. Members holding shares in demat form can get their e-mail ID registered by contacting their respective Depository Participant.

b. Members holding shares in physical form may register their email address and mobile number with Company's Registrar and Share Transfer Agent, KFin Technologies Private Limited (KFin) by sending an e-mail request at the email ID: einward.ris@kfintech.com along with signed scanned copy of the request letter providing the email address, mobile number, self-attested PAN copy and copy of share certificate for registering their email address and receiving the Annual report, e-AGM Notice and the e-voting instructions.

10. The following documents will be available for inspection by the Members electronically during the 20th AGM. Members seeking to inspect such documents can send an email to nhlagm2020@narayanahealth.org:

i. Certificate from the Statutory Auditors relating to the Company's Stock options/Plans under SEBI (Share Based Employee Benefits) Regulations, 2014.

ii. Register of Directors and Key Managerial Personnel and their shareholding, and the Register of Contracts or Arrangements in which the Directors are interested, maintained under the Companies Act, 2013.

11. Members holding shares in dematerialized form are requested to intimate all changes pertaining to their bank details such as bank account number, name of the bank and branch details, MICR code and IFSC code, mandates, nominations, power of attorney, change of address, change of name, e-mail address, contact numbers, etc., to their DP. Changes intimated to the DP will then be automatically reflected in the Company's records which will help the Company and KFin to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to KFin.

12. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit the PAN to their DP with whom they are maintaining their Demat Accounts. Members holding shares in Physical form can submit their PAN details to KFin.

13. Members are requested to note that as per Section 124(5) of the Act, the dividend which remains unpaid or unclaimed for a period of seven years from the date of its transfer to the Unpaid Dividend Account, is liable to be transferred by the Company to the "Investor Education Protection Fund" (IEPF) established by the Central Government under Section 125 of the Act. Pursuant to IEPF Rules, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 10, 2019 (date of last AGM) on the website of the Company at https://www.narayanahealth.org/ and also on the website of the Ministry of Corporate Affairs. Members may approach the Company Secretary and Compliance Officer of the Company for claiming the unclaimed dividend which is yet to be transferred to IEPF by the Company.

By Order of the Board of Directors
For **Narayana Hrudayalaya Limited**

Sridhar S
Group Company Secretary, Legal & Compliance Officer

Place: Bengaluru
Date: 15th June, 2020

EXPLANATORY STATEMENT IN RESPECT OF THE SPECIAL BUSINESS PURSUANT TO SECTION 102 OF THE COMPANIES ACT, 2013

Item No. 4

Ratification of Remuneration payable to the Cost Auditors for the Financial Year 2020-21

The Board, on the recommendations of Audit, Risk and Compliance Committee, has approved the re-appointment of M/s. PSV and Associates, Cost Accountants, Bengaluru, as Cost Auditors for the Financial Year ending 31st March 2021, at a remuneration of INR 3,00,000 (Rupees Three Lakhs) per annum exclusive of applicable taxes and reimbursement of out of pocket expenses payable to the Cost Auditors.

In accordance with Section 148(3) of the Companies Act, 2013 read with Rule 14 of the Companies (Audit and Auditors) Rules, 2014, the remuneration so payable to the Cost Auditors is required to be ratified by the Members of the Company.

Accordingly, consent of the Members is sought for passing an Ordinary Resolution as set out at Item No. 4 of the Notice of the AGM for ratification of remuneration payable to the Cost Auditors for the Financial Year ending 31st March 2021.

None of the Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, either directly or indirectly in the proposed resolution.

Accordingly, the Board recommends passing of the Ordinary Resolution as set out at Item No. 4 of this Notice, for the approval of the Members.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Item No. 5

Issue of Debt Securities on Private Placement Basis

In terms of the Circular issued by SEBI on 26th November, 2018, all Large Corporates (i.e. listed entities with borrowing of ₹ 100 crores or more and long term credit rating of AA and above) are stipulated to fund atleast 25% of their incremental borrowings during each financial year through issue of debt securities. With the objective of ensuring compliance with this requirement as and when your Company meets the criteria of Large Corporate, your company is proposing an enabling resolution for the approval of the Members as set out in Item No. 5.

As per the provisions of Section 42 of the Companies Act, 2013 ("the Act") read with Rule 14 of the Companies (Prospectus and Allotment of Securities) Rules, 2014, a Company shall not make a Private Placement of its securities unless the proposed offer of securities or invitation to subscribe to securities has been previously approved by the Members of the company by a Special Resolution for each of the offers or invitations. However, in case of offer or invitation for "Non-Convertible Debentures"(NCDs), it shall be sufficient for the Company to pass prior to the offer or invitation Special Resolution only once a year for all the offers or invitations for such debentures during the year.

For the purpose of availing financial assistance (including borrowings) for its business or operations, the Company may offer or invite subscription to secured / unsecured redeemable non-convertible debentures/debt securities on private placement basis (within the meaning of Section 42 of the Act) in one or more series / tranches. Hence, the Board of Directors ("Board") pursuant to Section 71 and Section 42 of the Act read with Rule 14 of the Companies (Prospectus & Allotment of Securities) Rules, 2014 seeks your approval to offer or invite subscription to debt securities, on such terms and conditions, including the issue price but within the overall borrowing limits under Section 180(1)(c) of the Act, as may be required by the Company, from time to time, for a year.

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 5 of this Notice, for the approval of the Members.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, either directly or indirectly in the proposed resolution.

This explanatory statement may also be regarded as a disclosure under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

By Order of the Board of Directors
For **Narayana Hrudayalaya Limited**

Sridhar S
Group Company Secretary, Legal & Compliance Officer

Place: Bengaluru
Date: 15th June, 2020

Brief profile of Directors seeking appointment/re-appointment at the Annual General Meeting

[Pursuant to Regulation 36 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015]

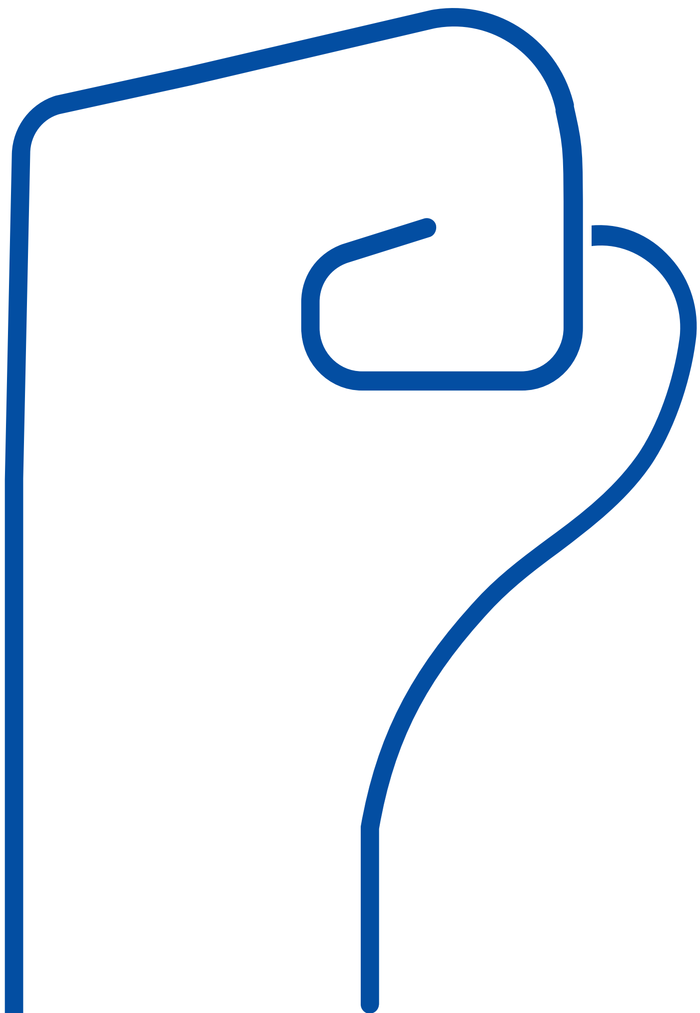
Particulars	**Dr. Kiran Mazumdar Shaw**
DIN (Director Identification Number)	00347229
Date of Birth (Age in Years)	23rd March 1953 (66 Years)
Date of Appointment	6th February 2008
Qualification	BSc (Zoology Honours), Masters' degree in Malting and Brewing from Ballarat College, Melbourne University, Australia.
Expertise in specific functional areas	She is the Executive Chairperson of Biocon Limited, an innovation led Biopharmaceutical Company, which is India's largest publicly listed biotech enterprise. Please refer to the Directors Profile section in this Annual Report for detailed profile
Number of Board Meetings attended during the Financial Year 2019-20	6
*Directorships held in other Listed Companies	4
**Membership of Committees of other Listed Companies	8
Relationship between Directors of the Company inter-se	Nil
Number of shares held in the Company	47,05,671

Note: Directorship held in other Companies details is as on 31st March, 2020

* Includes names of Listed Companies in which the person holds the Directorship. (Other than Narayana Hrudayalaya Limited)

** Includes names of other Listed Companies in which the person holds the Membership of Committees of the Board of Directors. (Other than Narayana Hrudayalaya Limited)

Narayana Health
Health for all. All for health.



Building **Resilience**

ANNUAL REPORT **2019-20**

Contents

To view this report online, please visit:
www.narayanahealth.org

Narayana Health
Health for all. All for health.

Our **Mission**

The Company's mission is to deliver high-quality, affordable healthcare services to the broader population in India.

Strengthening the Framework

Over the last three years, the healthcare industry in India has been going through a period of consolidation. Addition of new bed capacity has slowed down across the country. Hospital systems are focussed on ramping up occupancies within existing hospitals. This trend is mirrored at NH as well.

We have focussed on consolidating operations across all our hospitals; building on existing strengths while streamlining non-core units or departments. We are also in the process of adding capacities at existing hospitals that have a track record of clinical and operational excellence.

Rather than focussing on bed count, we have upgraded our equipment because the best-in-class clinical care requires the best-in-class medical technology. We constantly work with our doctors to help them deliver the best quality of care and have added world-class clinical talent to our best performing departments.

NH launched its in-house Hospital Information System (HIS) platform – ATHMA this year. This marks a major milestone in our journey as a hospital group. For the first time, we have a product that is custom-built to the needs of our clinical teams. Simple, fast and robust, this platform helps us provide a seamless experience to all involved – doctors, nurses, administrative staff and most importantly, patients.

We have also focussed significant efforts in building our in-house Business and Clinical Intelligence platform – MEDHA. This platform provides real-time and accurate inputs on the various operational and clinical metrics that we track, thus helping clinical and business leaders at all levels in the organisation take better informed and quicker decisions.

All these initiatives are steps that the organisation has taken to build the foundation for the next phase of growth. This will prepare us for a situation where regulatory requirements are increasing, patient expectations are continuously evolving and employee engagement needs to keep pace with the needs of a 21st century workplace.

NH rolled out an in-house Hospital Information System (HIS) platform **ATHMA** this year. This marks a major milestone in our journey as a digitally-enabled healthcare group.

Clinical Highlights

01 Narayana Multispeciality Hospital, Ahmedabad performed minimally invasive Transcatheter Mitral Valve Replacement - Mitral Valve in Valve Procedure (TMVR-Mitral VIV) eliminating the need for conventional open-heart surgery.

02 Narayana Institute of Cardiac Sciences, Bengaluru successfully performed the world's first Patent Ductus Arteriosus (PDA) stenting and the southern region's first thoracopagus surgery on a conjoined-twin with a single heart.

03 Narayana Multispeciality Hospital, Barasat performed the first-ever successful minimally invasive aortic valve replacement through swell right thoracotomy in East India.

04 Narayana Multispeciality Hospital, Raipur successfully performed the first ever Thoracic Endovascular Aortic Repair (Tevar) surgery in Chhattisgarh.

05

In a rare case, a 70-year-old patient suffering from a medial sided knee degeneration was treated through unicondylar knee replacement at Narayana Superspecialty Hospital, Gurugram.

06

A sickle cell patient having atrophic muscles, fixed joints in a contracted position and thus being bedridden for 11 years was successfully treated at Dharamshila Narayana Superspecialty Hospital, Delhi.

07

Narayana Multispeciality Hospital, Jaipur successfully performed cardiac surgery on a 2-year-old child suffering from multiple congenital heart defects. VSD (hole in the heart) coupled with situs inversus (congenital condition in which major visceral organs are reversed from their normal positions) made this surgery quite complex and rare.

08

Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata successfully conducted a one of its kind cardiac intervention in Eastern India using a 28 mm Atrial Septal Defect (ASD) device. It is a rare case as for the first time, Ventricular Septal Rupture (VSR) closure with ASD device was performed in East India.

09

Mazumdar Shaw Medical Centre, Bengaluru successfully treated a 3-year-old patient suffering from Desmoid Fibromatosis, a rare form of tumour in the jaw. It is only the 3rd such case reported in the world so far.

10

Mazumdar Shaw Medical Centre, Bengaluru successfully treated a rare case of nasal tumour with intracranial extension. It is among the very few cases ever reported.

11

In a rare case, gastrointestinal tumour which accounts for less than 1% of all tumour cases was removed at Narayana Superspeciality Hospital, Guwahati.

12

Sahyadri Narayana Multispeciality Hospital, Shimoga successfully treated a patient suffering from Osteochondritis dissecans, a rare bone-joint disorder, this is the first such case performed in central Karnataka.

Operational Highlights

SRCC Children's Hospital, Mumbai completed 1,000 paediatric cardiac surgeries since its inception strengthening facility's position as a top-notch medical destination for paediatric treatment.

Continuing our impressive track record in harnessing a robust organ transplant programme, SRCC Children's Hospital, Mumbai performed 9 Transplants (BMT).

The Liver Transplant Programme saw significant traction in FY 2019-20; the team performed over 45 Cases with hugely successful results.

Health City Cayman Islands through its tie-up with Doctor's Hospital at Bahamas conducted the first surgery at Bahamas.

Foundation stone laid for setting up a comprehensive Radiation Centre at Health City Cayman Islands.

ATHMA, our in-house developed Hospital Information System (HIS), has gone live in over 50% of our Group Hospitals. A groupwide roll-out to be completed in India and Cayman Islands by Dec 2020. Embarked on the process to get certified for ISO 27001 (Information Security Standard).

Along with the HIS, a Radiology Information System (RIS), Customer Relationship Management (CRM), Appointment Management System, Claims Management, Personnel File Management and Learning Management System (LMS) rolled out across NH.

Company signed a 3-year contract to deploy and manage NH's Proprietary Data Intelligence Platform – MEDHA for a Pan-India Hospital Group.

ECG and ECHO machines undergoing integration with PACS; real-time data acquisition will enable development of AI solutions in Cardiac Screening and Monitoring.

PBS News Hour, USA telecasted a documentary on HCCI – "How the Cayman Islands could become a new healthcare destination", reaching out to an audience of at least 2.5 million.

Our Core Values are represented by **I Care**

Innovation and Efficiency

Compassionate Care

Accountability to all our Stakeholders

Respect for All

Excellence as a Culture

Chairman's Message

Dear Shareholders,

I spend half my day seeing patients and performing surgeries on children and adults with complex heart conditions. I love operating and when I go to sleep at night, I dream about different ways to perform surgeries safely. My professional life has been dedicated towards achieving excellence in cardiac surgery and we have built this organisation with the goal of delivering excellence across all clinical specialties. I am extremely fortunate to work with a dedicated group of individuals who share my mission of making world-class healthcare affordable to everyone.

I spend quite a bit of my time working with the government on programmes that can improve the state of healthcare in this country. This is not directly related to your Company, but I strongly believe that India's greatest strength is its people. If we train enough doctors, nurses, and medical technicians, we can change the world. I know this is possible because I have seen engineers from small towns across India build software that powers mighty companies. I strongly believe that economy of the 21st century will be driven by health sector, and I believe that healthcare is the industry that offers most scope for children from small towns to build a better future for themselves.

COVID-19 has changed the world forever. The existing healthcare model was only beneficial to a small percentage of the world's population and the rest of the world barely managed to survive on the remaining scraps. This pandemic has brought the deficiencies of global health care delivery to the forefront and exposed the soft underbelly of every country's healthcare delivery system. Some scientists are predicting that COVID-like pandemics will keep repeating themselves. India has one of the most fragile healthcare systems and we will not be able to survive another pandemic.

The time has come for us to work with the government to build a healthcare system that is more robust, more equitable, and financially viable. These are my suggestions.

Address the Supply Shortage

There is no reliable database of the number of doctors and nurses actively practicing in India. Out of the 10 lakh doctors registered with the Medical Council of India, 1 lakh doctors actually practice in the USA, 40,000 practice in the UK, and we have no idea how many of the rest are even alive or still practicing medicine. The National Medical Commission must create an active database and use it as the basis for a Strategic Roadmap for Health. India should aim to become the world's largest producer of trained doctors, nurses, and medical technicians. If we train 50 lakh healthcare workers from small towns across India, they will be able to earn a minimum of US$ 100 billion in remittances every year. This money will transform the economy of poorer states across India, just like what happened in Kerala. As a benefit, there will be more than enough doctors to run clinics, nursing homes, and hospitals across the length and breadth of our country. With such a large domestic market, Indian companies will find it viable to manufacture all the medical equipment indigenously and we will not be reliant on multinational companies to meet the requirements.

Fix the Infrastructure

I am sorry to say that privatising healthcare is not the solution for a country like India. No matter how much a private hospital reduces the treatment charges, they simply cannot treat a patient with no money in his pocket. Most government hospitals today are nearly empty because of the shortage of doctors. So patients end up in private hospitals and spend lot of money on their treatment. This is the root cause of public unhappiness with hospitals. Public hospitals can serve majority of the population if we make them vibrant and self-sustaining. There are 740 district hospitals across the country and all of them can be upgraded to medical colleges with very little investment. This will ensure a steady supply of trained doctors, nurses, and paramedics. Medical colleges in small towns can transform the rural economy because of the large number of students spending on local goods and services. If every medical college is allowed to double their intake, we can create an additional 50,000 doctors without spending on infrastructure. All these seats will belong to the government and should be given to students from backward parts of country.

> India should aim to become the world's largest producer of trained doctors, nurses, and medical technicians.

Build Sustainable Payment Model

Nearly 1/3rd of causes for poverty in India can be traced back to catastrophic healthcare expenses. This causes needless suffering because it does not cost much to give everyone access to health insurance. The government should follow the example of every other ASEAN country and make health insurance mandatory for all Indians. Currently, only 10% of the country has private health insurance and 40% of the country below the poverty line is entitled to PMJAY. The other 50% should have access to a low-cost health insurance with some premium paid by the government, some by their employer, and the rest from monthly contributions.

The lockdowns necessitated by the COVID pandemic have caused severe economic stress across the world. It may take a long time for the Indian economy to fully recover and we should expect significant revenue pressures across all industries. The healthcare industry is best poised to recover from the coronavirus-induced recession but is not immune to the after effects. These are the difficulties we expect to face this year.

Revenue and Margin Pressure

We expect that government schemes with shortage of funds will delay their payments to hospitals which will add pressure on the working capital. Most patients will delay elective surgeries for as long as possible and the ones who opt for surgery may not have enough cash on hand to pay for it. In anticipation of this, your Company has undertaken multiple rounds of operational consolidation and cost-cutting measures across every department to ensure that business remains viable. We also have an analytics programme to dynamically adjust the surgery package so that we try to match the patient's ability to pay.

Unwillingness for Surgery

Since COVID spreads through contact, our hospitals are reducing the number of person-to-person touch points and investing in automation and paperless systems. Your Company's software development team was able to respond rapidly to the changing environment and built a working telemedicine app in 2 weeks. This allowed our doctors to continue seeing patients remotely, and most of them have told us they prefer to speak with the doctor online than in person. There is nothing more important to your Company than the safety of our staff and patients. We created outdoor screening clinics, have given PPE kits to all our medical workers, and are testing our staff and patients frequently to ensure that there are no outbreaks.

Difficulty in Acquiring Manpower

There was a worldwide shortage of health professionals long before the current pandemic. We have seen countries like UK and USA expedite the immigration process for foreign doctors to plug their manpower shortfall. Once international flights reopen, we should expect large number of Indian doctors and nurses leaving the country to take up jobs abroad. All our large hospitals offer post-graduate diploma programmes for specialists, so that we do not face a sudden shortage of manpower. Your company also facilitates training and upskilling programmes for physicians, nurses and paramedics as a part of diploma, graduate, and post-graduate programs in Nursing, Physiotherapy, and Allied Sciences offered by Narayana Hrudayalaya Foundation, Rajiv Gandhi University of Health Sciences and others under affiliation with the Indian Nursing Council, State Nursing Council and the Paramedical Council.

Your Company was founded during the 2000 dotcom bust, expanded across the country during the 2008 recession, and began consolidating operations well before the 2019 slowdown. We have been prepared for difficult financial conditions from the very beginning and would like to assure you that we are doing everything possible to come out of this current challenge stronger than before. Thank you and please stay safe.

Best Regards,

Dr. Devi Prasad Shetty
Chairman

CEO's Insight

Dear Shareholders,

It's a matter of pride for me to present the performance of your Company for the year gone by. We are pleased to close FY 2019-20 on a strong note with significant uptick across financial and operational parameters. This is aptly reflected in our consolidated EBITDA growing over 33% YoY (was growing at around 55% YoY on like-to-like basis for the 9 months ended 31st December, 2019) and consolidated PAT more than doubling YoY on a like-like basis (pre-Ind AS 116). That we have been able to register this, despite the material impact of COVID-19 pandemic on our operations in March which traditionally is the strongest month of the fiscal year, makes it a truly remarkable achievement.

Strategic Focus on Consolidation of Operations Playing Out

Our emphasis on consolidation of operations with portfolio rationalisation through exit of operations at Whitefield unit and Durgapur heart centre and its hospital managed operations during the year has ensured all-round growth across the network. Adjusted for the Whitefield unit, this has resulted in over 30% YoY growth in its EBITDA on like-to-like basis. On international business front, continuing its impressive performance trajectory, our Cayman Islands unit registered over 45% YoY growth in its FY 2019-20 EBITDA on like-to-like basis.

This comprehensive performance aided by highly efficient working capital management resulted in robust cash accrual from operations of over ₹ 2.4 Billion for the year post servicing of capital expenditure and financial expenses. This has helped us to deliver healthy return ratios for FY 2019-20 of 14.4% at the consolidated level on cash deployed basis i.e. adjusted for accounting treatments of Ind AS 116 and non-cash deferred government grant.

Our all-round showing has helped us to maintain a strong balance sheet with very healthy capital gearing and liquidity profiles. Adjusted for ₹ 1.8 Billion of cash and bank balance and liquid current investments, as on 31st March, 2020, our consolidated Net Debt/EBITDA stood at 1.3x (on Trailing Twelve Month i.e. TTM basis). We believe, this does provide us a lot of competitive advantage especially in these testing times.

Non-Flagship Facilities Adding to Profitability

Anchored by our 3 flagship hospitals' continual impressive performance which were complemented by operations steadily ramping up at the 3 newer hospitals and Jammu, the category of other hospitals delivered a robust all-round growth.

Continuing its strong growth momentum, for the fiscal year 2020, this category of other hospitals delivered a strong 58.9% EBITDA growth on like-to-like basis, resulting in a healthy EBITDAR margin of 14.7% when adjusted for the Whitefield unit.

In order to further strengthen this set of hospitals, we have planned investment across civil and medical infrastructure across centres. In this category, we are in the process of

> Continuing its strong growth momentum, for the fiscal year 2020, this category of Other hospitals delivered a strong 58.9% EBITDA growth on like-to-like basis, resulting in a healthy EBITDAR margin of 14.7% when adjusted for the Whitefield unit.

bolstering capacity at select units like Howrah and Ahmedabad while beefing up the service line with the radiation oncology PROGRAMME and additional capacity already launched at our Raipur unit during the last fiscal.

Digital Focus – On way to transforming every aspect of business

Recognising the power of digitisation as clearly identified and spelt out by our Chairman across multiple forums, over the last couple of years, we have embarked upon a host of initiatives focussing upon driving patient safety, efficiencies, data security amongst other things. Few key milestones of the last fiscal are as follows:

- We have started rolling out in-house custom-made cloud-based, fully scalable Hospital Information System (HIS) called ATHMA across the network.
- Our data analytics product, called Medha has been a valuable tool in helping hospital administrators cut down costs, and doctors to make better clinical decisions.
- We have implemented a centralised data repository system to support online and offline data capture for clinical research studies and related operations.

Not letting our Guard down against the Pandemic

We have implemented the best of clinical and operational protocols at all our hospitals to be COVID prepared and are making sure that we continue to function at an optimum capacity serving both COVID and Non-COVID patients simultaneously. We, at NH, are working closely with the government and are complying with all the regulations put in place as an employer as well as a healthcare service provider of choice. With our unflinching commitment towards ensuring safety for our patients and staff, we remain confident in our ability to deliver quality care during these testing times. It is with a sense of pride and gratitude that I would also like to highlight our sincere recognition of the grit and determination shown by our entire workforce in these challenging times of the pandemic and their every action goes a long way in ensuring the legacy of the institution we strongly believe in.

In the end, I would take this opportunity to express our gratitude to you all for the confidence reposed in us which has resulted in the well-diversified broad-based institutional shareholding of the Company. Buoyed by our solid all-round performance, we are pleased to share that maiden dividend post IPO was paid for FY 2018-19 followed by interim dividend for FY 2019-20 during the last fiscal, as a token of appreciation for all shareholders who have stood with us.

In the backdrop of the unprecedented crisis the world is facing at the moment, there is no denying the short-term challenges for our industry. With NH's pre-eminent position in the Indian healthcare landscape, we remain optimistic about our business prospects in the medium to long term.

I thank the entire NH family – doctors, nurses, technicians, administrators and our esteemed shareholders who have reposed faith in our journey towards making India a healthy nation for all.

Best Regards,

Dr. Emmanuel Rupert

Managing Director and Group CEO

Clinical Review

2.5M+
OPD Consultations
11%

100K+
CT Scans
8%

60K+
MRI
14%

17M+
Laboratory Tests
13%

300K+
Inpatient Admissions
23%

600+
Solid Organ Transplants

All growth numbers are for last three years

Cardiac Sciences

We started our transformational journey with a dream of healthcare for the masses for Cardiac Care. Our continued focus on these values has made us one of the world's busiest hospitals with a huge number of adult and paediatric cardiac surgeries. In FY 2019-20, we performed more than 25 CABG surgeries, 10 Valve Surgeries and 15 device closures per day. Our team of cardiologists and cardiothoracic surgeons are trained in the most premier institutes of India and abroad and are dedicated to the prevention and treatment of cardiac diseases.

Our comprehensive work on these areas has produced excellent outcomes and improved the quality of life for hundreds of thousands of patients who visit us each year from multiple countries. Our investment in advanced equipment (Biplane Catheterisation Laboratory, Intensive Critical Care Units and Cardiac Critical Care Units) allow our experienced cardiologists and critical care specialists to achieve superior results. This makes us one of the world's best networks for heart-related ailments. We are constantly upgrading and updating our systems to be at the helm of the most innovative offerings. NH was the first hospital in Karnataka to perform a heart transplant in 2008. In addition to Heart Transplant, NH has a robust Heart Failure and LVAD programme which provides patients with Heart Failure specialised protocols for both medical management and procedural intervention.

Cardiac MRI
+200%

CT Coronary
+22%

NH remains at the forefront of cutting-edge Cardiac Care. We have started specialised and dedicated programmes for Trans Aortic Valve Replacement (TAVR), Advanced Aortic abnormalities and Electrophysiology across the group. We intend to drive clinical excellence through a collegium of highly skilled doctors that focus on these high-end services. Our centres in Bengaluru, Kolkata, Jaipur, Raipur, Mysore and Gurugram perform perhaps the largest volume of high-end cardiac services across the country.

Electrophysiology
3,400+
08%

TAVR
35+
75%

Heart Transplant & LVAD
28+
17%

Advanced Aortic Programme
220+

PRACTICE MAKES PERFECT

Various studies have demonstrated that hospitals with a larger number of patients with a specific diagnosis or procedure have lower mortality rates. In some instances, these results have been interpreted to mean that physicians and hospital personnel with more of these patients develop greater skills and that this results in better outcomes – the "practice-makes-perfect" hypothesis. NH is one of the largest hospitals in the world in Cardiac Sciences. Our high volume in this area also makes us one of the safest hospitals with comparable benchmark to the best hospitals in the world.

In the recent past of 2-3 years, patient with low or intermediate-risk pretest probability for coronary disease coming into our hospital with some potential angina chest pains have been predominantly prescribed less invasive tests such as Coronary CT Angiograms instead of conventional angiograms. Our doctors believe that Coronary CTA is without question the future of coronary imaging.

Angioplasty
13.5K+
13%

Angiograms
33.5K+
6%

CABG
7K+
8%

Valve Repair
900+
55%

Oncology

Cancer is a growing menace in India. It is estimated that there are 2.5 Million patients in India and this number is increasing to the tune of 7 lakh every year. Overall, close to 5.5 lakh people die of cancer in India. Cancers in oral cavity and lungs in males and cervix and breast in females account for over 50% of all cancer deaths in the country. The top five cancers in men and women account for 47.2% of all cancers; these can be prevented if detected and treated at an early stage. Our Oncology Department has one of India's largest bone marrow transplant units. The Bone Marrow Transplant Unit (BMTU) established at the Bengaluru centre is among the very few transplant centres with a facility for total body irradiation (TBI). The unit has completed more than 1,000 stem cell transplants. Renowned haematologists, paediatric and medical oncologists, along with a highly accomplished team of clinical nurses work together to ensure patient recovery. The unique aspect of the Oncology unit is the multi-speciality cancer care benefits, each benefiting and adding value to the other. Inter-departmental sharing of data has helped in enriching the unit and in its effort to reach out to the patients. The cancer care outreach programme has a unique set of medical social workers, who are in constant touch with the patients, before, during and after the treatment. The trauma of the patient is alleviated to a large extent, as they are trained to address non-treatment issues and concerns like social and financial matters. The department has an open training programme (fellowship programme). It is one of the more competitive programmes in the country with one in every 50 applicants being admitted in it. Above all, the focus is constantly on research with nearly 15-20 publications from the department over the past four to five years.

IMRT
+23%

Stereotactic Body Radiation Therapy
+340%

Chemotherapy
56K+

187%

Gastro Sciences is a highly specialised service split into gastrointestinal medicine and surgical expertise including transplants. Treatment here is specialised and covers most conditions of the gastrointestinal tract, helping in early detection and prevention of gastrointestinal diseases. We understand the chronic and evolving nature of digestive disorders prevalent in developing countries, and that is why NH is at the forefront of diagnosis and treatment of gastrointestinal diseases through minimally invasive technology. Surgical Gastroenterology provides state-of-the-art care for patients with gastrointestinal problems that need surgical approach. Last year, we performed more than 14,000 cases of surgical gastroenterology and general surgery. We provide advanced laparoscopic surgical techniques to patients with various gastrointestinal conditions including gastrointestinal cancers. Some of the major laparoscopic procedures that are done in our facilities are Cholecystectomy (treatment of symptomatic gallstones and gallbladder conditions), hernia, hemicolectomy, gastrectomy, fundoplication among others. We have one of the lowest conversion rates of 0.2% from laparoscopic to open cholecystectomy. Complex liver surgeries have been conducted with intraoperative ultrasound guidance, thus making these procedures safer with better outcomes. The department has dedicated clinics to offer focussed care for patients with specific surgical gastrointestinal conditions. The specialised clinics include:

Liver Clinic: This clinic provides patients with chronic liver diseases and liver cancers a one-stop solution. These patients are worked up based on standard protocols to get the accurate diagnosis and management of their condition. They are also given long-term care for chronic liver diseases. We conduct liver transplantation of adult and paediatric patients.

Obesity Clinic: In this modern era, obesity has become a common problem. When medical management is not feasible based on the patient's condition, surgical management is suggested. Based on the health and body type, patients are offered Gastric Bypass, Gastric Banding, Sleeve Gastrectomy, Biliopancreatic diversion and their long-term care is looked after. The clinic is supported by nutritionists, physiotherapists, psychologists, psychiatrists, endocrinologists and medical gastroenterologists. Our unit in Kolkata is now offering endoscopic bariatric procedures, which offsets the need for patients to undergo invasive surgical procedures. We expect to start offering this service in our other centres including Bengaluru during FY 2020-21.

Colorectal Clinic: A large number of patients suffer from various colorectal problems. Colorectal malignancy is rising in our population. Our clinic helps in screening high risk individuals. The early detection and management of these cancers by a dedicated team of surgeons, medical gastroenterologists, Medical oncologists and Stoma nurses makes sure these patients get the most advanced treatment. Most patients are offered laparoscopic colorectal surgery, which gives them complete oncological clearance with the ability to recover fast.

Hernia Clinic: Abdominal hernias are one of the most common conditions. Our team of surgeons offer advanced laparoscopic and open hernia repair surgeries to patients with this problem.

Endoscopy
34K+
3%

Colonoscopy
+6%

Transplant Programme

Leveraging the true potential of a network hospital

- **8 Hospitals**
  licensed for **Renal Transplant**
  spanned in East, West, South and North India
- **4 Hospitals**
  licensed for **Liver Transplant**
  spanned in East, West, South and North India
- **3 Hospitals**
  licensed for **Heart Transplant**
  spanned in East, West and South India

Our renal transplant programme continues to remain strong, performing more than 500 transplants during the year. We have streamlined our processes through investments in key talent across the country. Our strong dialysis programme continues to serve patients with chronic kidney disease and continues to provide a platform for the renal transplant programme to scale the next level of patient care.

Our foray into Liver Transplants has started yielding results. We completed 45 Liver Transplants during this financial year, with excellent clinical outcomes across our centres in Bengaluru, Gurugram and Kolkata. We continue to make investments in this area as we strongly believe that our clinical capability is among the best in the country and expect this to be one of the key clinical growth drivers for the Company.

575+
Renal Transplants

45
Liver Transplants

Renal Sciences

Given the exponential growth in diabetes and hypertension in India over the last two decades, the number of people suffering from renal diseases has increased manifold. At NH, we understood the immense burden of such a chronic health issue and made an affordable solution available for people across the social pyramid. The Department of Nephrology treats all types of acute and chronic kidney disorders. As part of our clinical care, we focus on three distinct areas - chronic kidney disease (CKD), dialysis and transplant (renal replacement). Our dialysis units have state-of-the-art equipment and treatment facilities and work 24/7 to full capacity. A patient with end-stage renal disease faces two challenges – the ongoing repetitive cost of dialysis, including expensive medicines and opportunity loss of two to three days a week. This creates an additional burden on patients. Understanding this challenge, we have made dialysis clinics available in many parts of different cities. This helps patients to save time in commuting. Another side of the crisis is the availability of trained human resources in different areas. To solve this problem, Nephrology department acts as a training hub for dialysis technicians as well as future nephrologists of our country. Currently, we are training 20 technicians, who are in different years of their training. The number of dialysis cases is on the rise, and we performed almost 800 sessions/day. Our competitive price and quality are the reasons that so many patients choose us during the long course of treatment.

Haemodialysis

280K+

13%

The demand for knee replacement surgery is increasing across Asia. The factors contributing to the rising demand include increasing awareness for possible treatments, growing elderly population and more patients with knee joint afflictions. Our comprehensive and world-class orthopaedic services are offered by our team of well-trained surgeons from India and abroad. We deliver specialised care in complex trauma, poly-trauma and related subspecialties. Some of the procedures we perform regularly comprise joint, knee, hip and shoulder replacement, arthritis and custom implant surgeries. We also treat sports related injuries. We have qualified occupational therapists, physiotherapists and pain management experts, working with us towards quick patient rehabilitation.

Knee Replacement
1,300+
54%

Hip Replacement
370+
10%

Arthroscopy
370+
6%

Spine Surgery

With improved diagnostic imaging availability, it has become more and more feasible for surgeons around the world to isolate the reasons for back pain and offer surgical treatment options that provide pain-free mobility to patients.

Dynamic spine surgery or motion preservation surgery using either percutaneous pain management radio frequency ablations, coblation Nucleoplasty, vertebral cement augmentation (Kyphoplasty), micro endoscopic techniques, interlaminar device and pedicle screw based systems are gaining popularity worldwide.

Our centres have grown from strength to strength in offering the best-in-class surgeries with excellent outcomes. They are equipped with the latest techniques like 3D computer navigation, ultrasonic scalpel and neuro monitor to achieve precision, pain free mobility and safety in spine surgery.

Spinal Fusion	Discectomy
850+	830+
38%	12%

Neurological disorders are diseases of the central and peripheral nervous systems, including the brain, spinal cord, nerves, nerve roots, and muscles. Neurological disorders include epilepsy, dementias, cerebrovascular diseases including stroke, migraine and other headache disorders, multiple sclerosis, and Parkinson's disease, among others. According to CRISIL's estimates, based on the current prevalence rate of neurological disorders in India, the neurology segment constitutes nearly 4-5% of the overall healthcare delivery market in India (translating to ₹ 200,000 Million). NH's neurosciences department was commissioned in 2004 and is now present in 19 facilities. This division has evolved into the largest training ground in Bengaluru, along with being the biggest provider of neurological healthcare services. The Neurosurgery Division has also established a neuro-rehabilitation programme for post-operative patient care. It is one of India's very few private hospitals to conduct the DNB Neurosurgery. The aim is to provide top-notch treatment of neurosurgical disorders at affordable costs. The Neurosurgery Division is equipped with state-of-the-art operating rooms, dedicated neurosurgical intensive care unit, and also has established neuro-rehabilitation programme for post-operative patient care. The team consists of senior consultants with expertise in various dimensions of advanced microsurgical techniques, backed by an experienced and qualified support staff. We conducted over 2,000 neurosurgical procedures in the last year.

To augment capabilities to our Neurosurgery and Neurology teams, and provide a comprehensive suite of services, many of our centres now offer advanced interventional neurology programmes. Interventional neurology uses minimally invasive and image-based technology procedures for the diagnosis and treatment of diseases of blood vessels of the brain and spinal cord (neurovascular diseases). These kinds of neurological diseases include paralytic strokes, brain aneurysms and arterio-venous malformations (AVM's) of blood supplying the brain and spinal cord. We started offering this service in our Bengaluru campus more than 10 years ago and have now expanded the programme in Kolkata, Jaipur and Gurugram units.

We have seen significant traction in the growth of these services over the last 2-3 years with the expansion in various centres and expect this specialty as one of the key specialties to lead growth over the next decade.

Coiling
40+
4x

Cerebral Angiogram
130+
2x

Embolisation
20+
2.5x

Critical Care

We believe that the hospitals of the future will have mainly critical care beds and very few ward beds. With more than 1,500 critical care beds in multiple areas, NH is one of the biggest care providers in this area.

Over the years, we have focussed our efforts to improve infrastructure and clinical talent to offer world-class critical care services.

We offer 24/7 care to patients in potentially life-threatening conditions who need continuous monitoring to be carried out by a multidisciplinary team. Such situations arise in case of haemodynamic instability (hypertension/hypotension), airway or respiratory compromise (such as ventilator support), acute renal failure, potentially lethal cardiac arrhythmias, the cumulative effects of multiple organ system failure, or even in the crucial hours after major surgeries when the patient is deemed too unstable to transfer to a less intensively monitored unit.

This discipline is the technologically-advanced and resource-intensive area of medical care and it integrates many specialties and diverse technologies, holding out the hope of survival to patients who are acutely and critically ill. The care provided in a specialised unit of a hospital called the intensive care unit (ICU), requires unwavering commitment, precision and synchronised teamwork. The Critical Care specialists also work in close co-ordination with the primary admitting doctors, be it our cardiac surgeons, cardiologists, nephrologists and other departments.

Critical Care Beds
1,500+

Patients Admitted to Critical Care
36,000+
1.04X

Occupied Beds
930+
1.1X

Collegiums for Managing Clinical Care

We are witnessing multiple trends in the management of clinical care programmes. As an organisation, we constantly endeavour to adapt the best clinical management practices keeping in mind these rapidly evolving trends. All of these are being done with a vision to retain and expand the pre-eminence of the organisation in cutting-edge care.

Hyper-specialisation

We live in an age of hyper-specialisation where areas of expertise in medicine are growing narrower and deeper. While larger facilities within the group are able to attract and retain such expertise, owing to the large volume of work, it is nearly impossible for smaller units to do the same.

Rapid Advancement in Care Protocols

While certain departments have relatively well established protocols for clinical management, certain newer departments have protocols evolving at a very fast pace internationally. It is imperative to keep up with this evolving knowledge base to deliver the best care to the patient.

Technology aiding collaboration

Hitherto, knowledge-sharing across geographical units was much more difficult given the technological challenges. Today, we can transmit a high-resolution MRI image with tens of gigabytes of data in a safe, secure manner within a matter of seconds. Improvements in collaborative workplace platforms have helped bring together clinical teams to enable better decision-making at every step.

All these trends have enabled creation of a clinical collegium to manage care across geographies. At NH, we started an initiative with Oncology at a nationwide level, to create a platform for clinicians to participate in the caregiving process across the group. The plan is to roll-out collegiums in various other specialties and enable the best possible care for all our patients.

Oncology Collegium

With the primary aim of treating cancer patients effectively and to standardise the quality of such treatment across its hospitals, the ‘NH Oncology Collegium’ was formed. The vision of the collegium is to ‘Create an oncology network, connect with the National Cancer Grid (NCG) as a group for the harmonisation of cancer care; contribute and create impact at the national level in the oncology sphere.’

In the cancer care continuum, the initial thrust of the collegium would be on ‘Treatment’ aspect. Over time, the focus would expand to also include other aspects like Prevention, Early Detection, Survivorship & Palliative Care. The primary objectives of the oncology collegium are:

- Enabling broad adoption of team-based, integrated care.
- Developing and monitoring clinical outcome scorecard measures.
- Developing services in different regions in sync with local demography and disease prevalence.
- Supporting core clinical service provider and allied clinical personnel for delivery transformation.
- Supporting to bridge the training and knowledge gap for professionals.
- Developing hospital-based cancer registry at a group level.

Structure

The Chairperson and Vice Chairperson of the Oncology Collegium are supported by a strong advisory board of Oncologists represented from across the NH network. The functioning of the Collegium is directly overseen by Managing Director and Group CEO of the Company.

For administrative ease, a Hub-and-Spoke model of hospitals for Cancer Care has been designed. The 4 hospitals which do extensive Oncology work (Dharamshila NSH, MSMC Bengaluru, NSH Howrah and SRCC Mumbai) are designated as Hubs for this purpose. They link up and support the Spoke hospitals in their respective geographic regions.

Typically, the Hub centres perform high-end quaternary procedures and act as referral centres for other hospitals (Spokes). Procedures such as Bone Marrow Transplants, Radiosurgeries, Robotic Surgery, Cyber Knife etc. would be prioritised for these hospitals based on the feasibility. The Hubs would also house advanced Histopathology and world-class diagnostic services. They would be the first to adopt newer technologies for cancer diagnosis and treatment. The Spoke centres provide Comprehensive Care for cancer patients. They would include a full range of services viz. Medical, Radiation and Surgical Oncology. The Spoke centres would refer complex cases that require treatment using the infrastructure of an Oncology Hub and share the patient care with the Hub.

Focus Areas and Activities

There are 4 primary areas of focus for the Oncology Collegium across the NH network

01 Providing Comprehensive Cancer Care

02 Recruit and retain top clinical talent

03 Adoption of technology to improve services to patients

04 Identify and implement best practices

Within the first year of commission, the Collegium has already achieved multiple goals – Streamlining protocols for multi-disciplinary discussions within hospitals, Setting up interaction platforms amongst consultants, Organising pan India site-specific Virtual Tumour Boards, Implementation of Universal Cancer Screening Packages for male and female patients, Creation of standardised Oncology training programmes and curriculums for Nurses, Extending support in raising funds for Oncology projects, Complete ramp-up of the Oncology departments at Gurugram & Raipur hospitals amongst many others.

Simultaneously, the Collegium is working on building a consolidated Hospital-Based Cancer Registry through a robust Oncology EMR system and Establishing an online NH Cancer Expert Opinion portal for patients to enable easy access to Oncologist Panels. Ongoing priorities will include Strengthening the Cancer treatment modalities, Tracking/Improvement of Clinical Quality and Building awareness of the NH Cancer Care brand amongst physician & patient communities.

Patient Safety Initiatives

Healthcare systems across the world are complex and continuously evolving. While these systems have multiple stakeholder objectives to address – patient satisfaction, financial viability, regulatory compliance, workplace enrichment, patient safety remains its topmost priority. As per the World Health Organisation, Patient Safety as a health care discipline emerged with the evolving complexity in health care systems and the resulting rise of patient harm in such complex health care facilities. Globally, as many as 4 in 10 patients are harmed in primary and outpatient health care. Up to 80% of harm is preventable. The most detrimental errors are related to diagnosis, prescription, and the use of medicines

The Patient Safety programme at NH is multiprong and primarily focusses on creating and enhancing a culture of safety, awareness, training of stakeholders, and reporting of adverse events, followed by detailed analysis which enables learning from the error to reduce the probability that another patient could be harmed from a similar event.

Culture of Safety at NH

We understand that to build well-intentioned patient safety improvement efforts and effective systems for responding to and learning from patient safety events, a strong culture of safety needs to be in place and to foster/nurture a culture of patient safety the below-mentioned points are the considered, top priority.

- Ongoing leadership support for and direct involvement in patient safety initiative
- Robust Systems for adverse event identification and reporting
- Integration with health care technology and automation of reporting and analysis system
- Dedicated teams to facilitate the event review, analysis, and follow-up
- Centralised efforts to avoid learning in isolation and duplication of efforts
- Training and awareness programme to ensure understanding among all staff about the adverse event review and analysis process

Patient safety culture is measured by determining what is rewarded, supported, expected, and accepted is an organisation as it relates to patient safety.

NH also conducts annual surveys to gauge the level of culture of safety from the perspective of various stakeholders using the AHRQ (Agency for Healthcare Research and Quality) framework. In the survey, 42 items are grouped into 12 composite measures or composites. In addition to the composites, the survey includes two questions that ask respondents to provide an overall grade on patient safety for their work area/unit and to indicate the number of events they reported over the past 12 months. In addition, respondents are asked to provide limited background demographic information about themselves (their work area/unit, staff position, whether they have direct interaction with patients, tenure in their work area/unit, etc.).

Groupwide Culture of Safety Survey response for 2019 displays average score across all 12 composites measure to 65% which is comparable to AHRQ culture safety report published for 2018 for top US Hospitals.

Area of strength identified in the survey

- Organisation learning and continuous improvement
- Management support for patient safety
- Supervisor / manager expectations and actions promoting patient safety
- Teamwork within and across units
- Feedback and communication about error

Overall Patient safety grading response

A monthly Patient Safety activity calendar is also planned and carried out as a part of centralised annual process improvement programme consisting of many activities reinforcing the culture of patient safety above all else.

Adverse Event Reporting

Adverse Event Reporting in NH is fully automated with intelligent workflow in the form of Integration with other health information technology (HIS, Power BI and Human Resource system) which in turn improve the availability of information for reporting, analysis, and information dissemination.

The system is equipped with an inbuilt feature of anonymous reporting and confidentiality is ensured which has improved the reporting compliance.

Adverse event report processing is adequately resourced with a dedicated team which ensures increased clinician engagement in reporting which results in an improvement in reporting of events related to clinical decision-making, like diagnostic errors, medical error, mediation error etc.

The system also ensures visible action as well as feedback following review and analysis. This process further provides reassurance to the reporter that their reports are acted upon.

The Central Quality Team at NH reviews and monitors the reports generated through this system, and this ensures control, prevents learning in isolation and duplication of efforts.

Awareness and Training Programme

A newsletter "NH Way Quality and Patient Safety Insider" is released Quarterly from the central Quality team to ensure awareness regarding patient safety programme.

Large-scale training and Just in Time training are carried out to empower staff. Event review and analysis are held with staff with an objective to communicate that priority of patient safety for the organisation, and that it is everyone's responsibility.

Audit Programme

Regular process audits are conducted to ensure compliance with the patient safety aspects. NH has introduced an app-based audit for Medical Records and Hand hygiene audit. This is conducted by Quality and Infection control team on a real-time basis to ensure issues are addressed at the ground level itself.

Medical Record audit is conducted using standardised multiform format and sampling is unbiased and ensured by the process of using auto trigger from business intelligence module to generate the Medical Record Numbers (MRN) of patients. The Hand hygiene audit is developed in consonance with the WHO checklist for monitoring hand hygiene process.

The app generates an automated compliance score and a notification is triggered to relevant stakeholders with the specific and scheduled report for necessary action.

Patient Feedback

An online feedback mechanism for In-patient has been instituted by NH during this year and rolled-out across all the units.

The feedback is based on the US HCAHPS survey format analysing patient satisfaction across various services within the hospital.

Patient satisfaction and experience is measured broadly for these categories – Communication of Healthcare professional, Clinical care, Hospital environment and upkeep, and Staff responsiveness.

This feedback is collected through the national contact centre, ensuring standardised, unbiased, and online patient feedback. This has enabled the organisation to measure the level of satisfaction felt by the family members of patients.

Satisfaction score for all these categories is always above 4.7.

Patient satisfaction online monitoring system will be extended to outpatient and day care services shortly and we also continuously aim to inculcate a more holistic education interaction to improve their satisfaction with the programme.

Clinical Research

NH participated in over 50 clinical research projects in FY 2019-20 across its network. Clinical Trials and Medical Device validation research is mainly carried out at our centres located in Kolkata, Delhi and Bengaluru.

Our centres in Bengaluru, Kolkata and Delhi have their own Institutional Ethics Committees which are registered with the Drugs Controller General of India (DCGI). These committees further obtained accreditation under the National Accreditation Board for Hospitals (NABH) in FY 2019-20. The Institutional Ethics Committee in Bengaluru is also registered with the Office for Human Research Protections (OHRP), under the United States Department of Health and Human Services (HHS). They have provided it with an active Federal Wide Assurance Number. This registration allows clinical trials being submitted to the US FDA for registration and / or receiving funding from US Federal Governments, to be reviewed and approved for conducting it in our network of hospitals.

In FY 2019-20, NH along with its US collaborator in University of Arizona, obtained a grant of 1 million US$, from the National Institutes of Health, USA under the UH3 granting mechanism. The UH3 award was provided for successful development of an innovative Mobile Phone-Based Screening Device for Early Detection of Oral and Laryngeal Cancers. The development activities were conducted previously through a UH2 grant from the same agency. This project has successfully been launched in 2 community outreach centres located in Bengaluru and Nagaland and is specially acknowledged by the National Cancer Institute (NCI) USA and the Head-Neck Co-operative Oncology Group (HNCOG), India.

Clinical Research has supported over 100 healthcare start-ups with project ideation, workflow creation, expert opinion, regulatory approach and protocol development. Several of these companies have successfully obtained seed grants through Biotechnology Industry Research Assistance Council (BIRAC) and are currently pursuing early phase clinical trial validation at our centres. We have healthcare start up entrepreneurs located in Japan, South Korea, Australia, Switzerland and United States consulting with us and some of their technologies have obtained DCGI clearance for conducting clinical trials in our hospital. Some have even successfully registered and obtained US FDA approval of their Diagnostic platforms.

The Clinical Research Department has collaborative Master Research Agreement with several Multinational Companies. These companies consult with our group before deployment of their technology / products across the world. NH has carried out testing of their novel technologies in Echocardiography, Magnetic Resonance Imaging (MRI) in Cardiology & Neurology, digital X-Ray and CT. Our senior consultants work closely with their design engineers in building software that can reduce the image processing time and enhance the intelligence of the machine in making a user independent diagnosis.

In FY 2019-20, your Company signed an agreement with Department of Health Services of the Victorian Government, Australia. Under this agreement, Universities and Hospital Networks across the Victorian Government can freely engage with our clinicians in collaborative research projects that have importance for people living in the Asia Pacific Region. A similar arrangement with the Government of New South Wales is being discussed for this year. These collaborations have created a platform for exchange of clinical experience and research knowledge across the regions. It also helps NH to be part of joint research grants under the Australia – India Strategic Research Fund (AISRF). This is not only useful for universities and hospitals but also for healthcare entrepreneurs in India and Australia.

The academic wing of the Clinical Research Department conducts research methodology workshops for our resident doctors training for the National Board of Examination. This training is given for doctors with the NH group and other hospitals across India. We are also assisting the State Governments of Karnataka, Tamil Nadu and Andhra Pradesh to set up NBE training within their District Hospitals. The Department also runs a RGUHS - Health University approved programme - MSc in Clinical Research, to create a skilled workforce that can support its growing clinical research centres across the network. To further promote investigator-initiated research across the group and the Department recently obtained licence for REDCap – an electronic Data Capture Tool. Henceforth, all academic research will be hosted on this platform with the intention to protect the data and enhance research publications across the group.

NH doctors have published 75 articles in peer reviewed journals this year, 42 (56%) of them in high impact International Journals. Several of these publications have come from collaborative research with International research groups that do clinical trials to generate evidence for writing new treatment guidelines. NH participates and nationally coordinates Global Clinical Trials, for Population Health Research Institute at McMaster University; one of the pioneers in Evidence Based Medicine. In FY 2019-20, we successfully completed the Hip Attack Trial – First clinical trial to address the need for emergent surgery in patients suffering a hip fracture from a low velocity injury. The Lancet publication was released alongside the presentation as a Late-Breaking Trial at the Orthopedic Research Society Annual meeting on 9th February, 2020..

Board of Directors

Dr. Devi Prasad Shetty

Dr. Devi Prasad Shetty is the Chairman of our Company and also a Whole-time Director. He is a cardiac surgeon with over 36 years of experience. After completing his MBBS from University of Mysore in 1978 and Master's Degree in 1982, he was granted a fellowship from the Royal College of Surgeons of England in 1989. He established Narayana Hrudayalaya Ltd. in the year 2000. Dr. Shetty is also a recipient of honorary Doctorates from University of Minnesota in 2011, from Rajiv Gandhi University of Health Sciences in 2014 and from IIT Madras also in 2014.

Dr. Shetty initiated the concept of "Micro Health Insurance Scheme" in Karnataka, which eventually led to the Karnataka government implementing the Yeshasvini Scheme, a Micro Health Insurance Scheme for Rural Farmers.

Dr. Shetty is the current Chairman of Board of Governors of Indian Institute of Management, Bangalore. He is a member of High Level Expert Group on Healthcare constituted by the Fifteenth Finance Commission. As a member of Karnataka Knowledge Commission, Dr. Shetty is also the Chairman of the committee on Karnataka Public Health Policy. Dr. Shetty is a Professor at Rajiv Gandhi University of Health Sciences, Bengaluru, India and University of Minnesota Medical School, USA. He is a recipient of a number of awards and honours most noteworthy being "Padma Shri" and "Padma Bhushan" Awards in 2003 and 2012 respectively, conferred by the Government of India and the Rajyotsava Award in 2002 conferred by the Government of Karnataka. He received the '19th Nikkei Asia Prize, Economic and Business Innovation' by Nikkei Inc. in 2014. He is an active member of the European Association for Cardio-Thoracic Surgery since 1996 and a life member of the Indian Medical Association. He was one of the Board of Governors of the Medical Council of India between 2010 and 2011.

Dr. Shetty is routinely invited for his advice and opinion on healthcare policies by Government of India, different states in India and recently by Government of Japan on Healthcare initiatives for G20 Summit.

Dr. Emmanuel Rupert

Dr. Emmanuel Rupert assumed office as Managing Director and Group CEO on 11th February, 2019. He is an alumnus of Banaras Hindu University, Varanasi. He has completed his training in Cardiac Anaesthesia and Intensive Care from Madras Medical Mission, Chennai.

Dr. Emmanuel Rupert in his previous stint as a Group Director - Medical Services was responsible for Clinical Governance, Clinical Quality, Clinician Hiring & Credentialing, as well as Clinician Engagement, Research & Training and Clinical Data Analytics, across NH Group.

Dr. Emmanuel Rupert joined Narayana Hrudayalaya Ltd. in 2000 at Rabindranath Tagore International Institute of Cardiac Sciences, Kolkata and established the Department of Anaesthesiology and Intensive Care. He has over 25 years of clinical experience and 10 years of experience as Administrator in healthcare delivery. He also provides critical leadership to the Group in fulfilling excellence through clinical outcome, patient safety and quality.

Being a Faculty Member of National Board of Examination, Dr. Rupert also oversees various initiatives relating to clinicians, nursing and paramedical staff at NH.

Mr. Viren Prasad Shetty

Mr. Viren Prasad Shetty is a Whole-time Director and Group COO of our Company. He graduated from RV College of Engineering and has an MBA from Stanford Graduate School of Business. Mr. Viren joined the hospital engineering department of Narayana Hrudayalaya Ltd. in 2004 and was responsible for designing and commissioning Mazumdar Shaw Cancer Center and the multispeciality hospitals in Jaipur and Ahmedabad. He has also worked in unit operations, supply chain management, business development, strategy and investor relations.

Dr. Kiran Mazumdar Shaw

Dr. Kiran Mazumdar Shaw is a Non-Executive Director of our Company. She is the Executive Chairperson of Biocon Limited, an innovation-led global biopharmaceutical company, which is India's largest publicly listed biotech enterprise.

A first-generation entrepreneur with nearly 46 years of experience in the field of biotechnology, she holds a Bachelor's degree in Science (Zoology Honours) from Bengaluru University and a Masters' degree in Malting and Brewing from Ballarat College, Melbourne University, Australia. She has also been awarded several honorary degrees, including Honorary Doctorate of Science from Ballarat University, National University of Ireland, Trinity College, Dublin and the University of Glasgow.

She has several national and international recognitions to her credit, the most noteworthy being the Padma Shri and the Padma Bhushan in 1989 and 2005, respectively, conferred by the Government of India. She has also been conferred with Order of Australia, Australia's Highest Civilian Honour in 2020 and the highest French distinction - Chevalier de l'Ordre National de la Légion d'Honneur (Knight of the Legion of Honour) in 2016. Dr. Kiran Mazumdar-Shaw has been named among the most influential people by reputed international magazines, most recent one being ranked as one of the world's top 20 inspirational leaders in the field of biopharmaceuticals by The Medicine Maker Power List 2020.

She pioneered the setting up of Association of Biotech Led Enterprises (ABLE), which has been instrumental in bringing government, industry and academia together to charter a clear and progressive growth path for biotechnology in India. She is a founder member of Karnataka's Vision Group on Biotechnology and currently chairs this forum.

Dr. Kiran Mazumdar Shaw has been elected as a full-term member of the Board of trustees of the Massachusetts Institute of Technology (MIT), U.S. and been elected as a member of the prestigious US-based National Academy of Engineering (NAE). She also serves as the lead Independent Member of the Board of Infosys.

Mr. Dinesh Krishnaswamy

Mr. Dinesh Krishnaswamy is an Independent Director of our Company. He is a professional with around 30 plus years of experience. He received a Bachelor's degree from the Government Science College, Bengaluru in 1971. Thereafter, he was granted a Master's degree in Mathematics from Bengaluru University, followed by his Honorary Doctorate in Literature from the Karnataka State Open University in 2007. In 1981, Mr. Dinesh Krishnaswamy became a founding member of Infosys Limited. Since its founding, he has held various positions such as, a Board Member, Head of Quality, Information Systems, Head of the Communication Design group and Chairman of Infosys Australia. He held the position of the President of Infosys Science Foundation in 2010 and from 2017 to January 2019 and, Trustee of Centre for Brain Research at Indian Institute of Science, Bengaluru.

Mr. Muthuraman Balasubramanian

Mr. Muthuraman Balasubramanian is an Independent Director of our Company. He has been on the Board of several companies and educational institutions. He is a professional with over 49 years of experience. He holds a Bachelor's degree in Metallurgical Engineering from Indian Institute of Technology, Madras and a Master's degree in Business Administration from the Xavier Labour Relations Institute, Jamshedpur. Muthuraman joined Tata Steel Limited in 1966 and has held various positions at Tata Steel Limited including Vice-President (Marketing and Sales) and Vice President (Cold Rolling Mill Projects) and Managing Director. He retired from Tata Steel Limited as Vice Chairman.

He served on the Board of Bosch India Limited for six years. He was also on the Board of Directors of Tata Industries Limited. He was the Chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur, National Institute of Technology, Jamshedpur and Xavier's Labour Relations Institute, Jamshedpur.

Currently, he is also on the Board of Directors of Sundaram Fasteners Limited and Ashirvad Pipes Private Limited. Mr. Muthuraman has been conferred with the prestigious Padma Bhushan award in 2012, from the Government of India. He received the Tata Gold Medal in 2002 from the Indian Institute of Metals, Calcutta for his significant contribution to the metallurgical industries particularly to iron and steel industry.

Mr. Arun Seth

Mr. Arun Seth is an Independent Director of our Company. He is an alumnus of IIT Kanpur and IIM Calcutta. He has worked in senior commercial positions in BT, HCL, Usha Martin and the UB Group, in the last 40 years. He was a Managing Director of British Telecom since 1995 and retired as Non-Executive Chairman of British Telecom in India in 2012. He was also on the Board of Airtel and Tech Mahindra, Jubilant Foodworks (Dominos) and Chair of Nasscom Foundation. He took early retirement to focus on bringing the benefits of IT and Telecom to the real-world businesses i.e. energy, health, fintech and payments, hospitality, retail etc. and help create a vibrant entrepreneurial system.

Currently, he is also an independent Director on the board of various companies including a listed company like Jubilant Life Sciences Limited. He is currently Chair of Pahle India Foundation and on the board of The Nudge Foundation.

Mr. B. N. Subramanya

Mr. B. N. Subramanya is an Independent Director of our Company. Mr. Subramanya holds a Bachelor's degree in Commerce from Bengaluru University. He became an associate member of the Institute of Chartered Accountants of India in the year 1982 and a fellow member since April 1994. He began his career with Varsons Chemicals Private Limited wherein he worked as the General Manager, Finance for a period of four years. He founded MR. B. N. Subramanya & Co., Chartered Accountants in May 1984 and was a Senior Partner till May 2014. He has been a member of the Board at M.S. Ramaiah University of Applied Sciences, M.S. Ramaiah – HCG Cancer Centre and Governing Council of International Medical School, Bengaluru. Currently, he is also on the Board of Directors of Red Couch Interactive (India) Private Limited, QS-Era India Private Limited and Svasth-Heart India Foundation (Incorporated under Section 8 of the Indian Companies Act).

Mr. Manohar D. Chatlani

Mr. Manohar D. Chatlani is an Independent Director of our Company. He is the Founder and Chairman of Bangalore-based Soch Apparels Pvt Ltd., which owns and operates the Soch and Favourite Shop fashion and lifestyle retail chains. With immense passion for retail and experience of more than 50 years in retail sector, business development and leadership roles, he brings strong commercial experience and in-depth knowledge of the Indian retail market. He is also on the Board of the Bangalore Commercial Street Association, President of The Bangalore Sindhi Merchants Association and Founder trustee of Have a Heart Foundation.

Ms. Nivruti Rai

Ms. Nivruti Rai is an Independent Director of our Company. Ms. Nivruti Rai is Country Head Intel India and a Vice-President in the Data Platforms Group (DPG) at Intel Corporation. Based in Bengaluru, she provides overall engineering and business unit leadership and leads operations for the site, driving innovation, cross-group efficiencies and execution for engineering teams delivering global products and roadmaps. She also leads engagements with national and local governments and policymakers, as well as collaboration with ecosystem players to enable innovation and entrepreneurship.

She is also responsible for DPG India site engineering and execution, with a focus on delivering platforms aligned with the India team's charter. In addition, she supports DPG and the Intel Sales and Marketing Group in strengthening customer, ecosystem, academic and research lab relationships in India.

She joined Intel in 1995 and subsequently worked in the CPU development organisation in Oregon. She led the effort to conserve chip power in microprocessors by selectively using high-performance devices and pioneered the use of error correcting codes to reduce operating voltages and memories, becoming a principal engineer in 2003. She moved to India in 2005 to manage R&D of mobile platform technologies used for handheld and laptop computers. In 2013, her team was awarded an Intel Achievement Award for contributing to the development of the Minute Intel® architecture core. In her role as Vice-President in Intel's Platform Engineering Group, she led teams across the United States, Costa Rica, Israel, Malaysia and India charged with developing innovative analog and mixed-signal intellectual property (IP) blocks and IP subsystems for Intel's system-on-chip products. She also managed the emerging technologies group in India developing machine learning and computer vision soft IP.

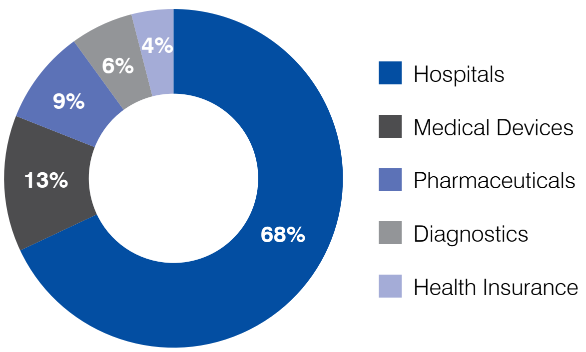
She earned a bachelor's degree in mathematics, statistics, physics and chemistry and a master's degree in applied mathematics, both from the University of Lucknow in India. She also holds a master's degree in industrial engineering from Oregon State University and a Board of Director certification from Harvard Business School. She has been issued one U.S. patent and has authored several technical papers on integrated circuit design methodologies and operations research.

Management Discussion & Analysis Report

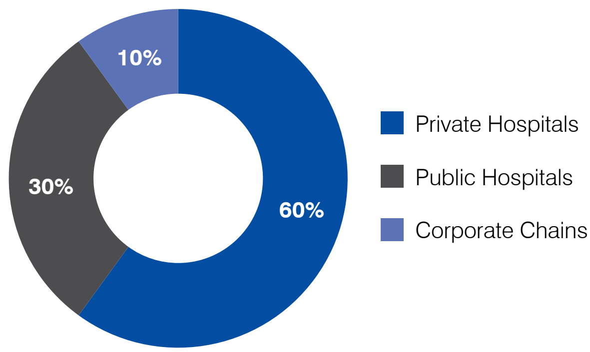
Indian Healthcare Industry – A Snapshot

Indian healthcare industry is pegged at ₹ 10 Trillion with hospitals dominating with 68% of the pie and diagnostics at 6%. ₹ 7 Trillion hospital segment is dominated by unorganised players with private hospitals accounting for 60% of the industry.

Hospitals account for ~70% of overall share in healthcare industry



Corporate chains account for ~10% of total hospital beds in India



There is a large opportunity in the sector due to low spending by the government. Healthcare spending is low in India at 4.7% of GDP vs 9-17% for developed countries (USA/UK) and 8-9% for developing countries.

Indian Healthcare Industry – High on Growth

Key positives:

Evolving industry structure to favour large chains

- Superior cost efficiencies
- Improving bargaining power
- Medical tourism
- Access to patient capital and prime real estate

Scale, digitisation to drive superior cost efficiencies

- Centralised buying of consumables
- Process streamlining through digitisation

Key negatives:

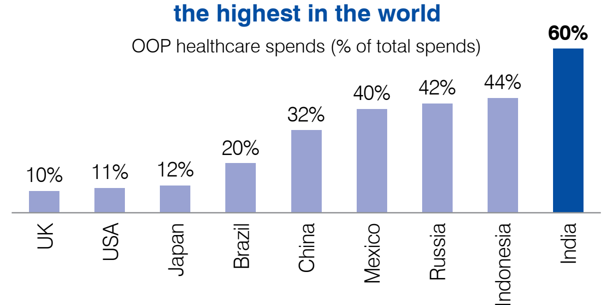
High growth opportunity suffering from low profitability

- Rising OOP spends (~14% CAGR over 1995-2018) offer ample opportunities
- Low ROCE due to high capex spend and low utilisation

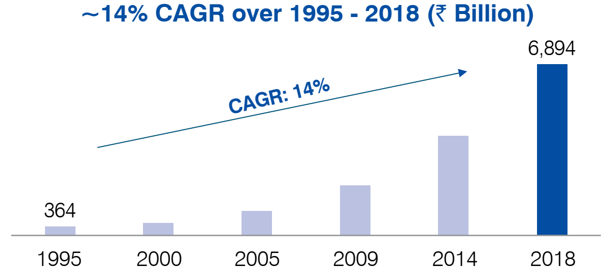
Regulatory Risks

- Complex legalities
- Regulatory crackdown and low chances of passing increased costs to patients (TPA/Govt. schemes)

India's out-of-pocket expenditure is one of the highest in the world



Healthcare spends have grown rapidly: ~14% CAGR over 1995 - 2018 (₹ Billion)

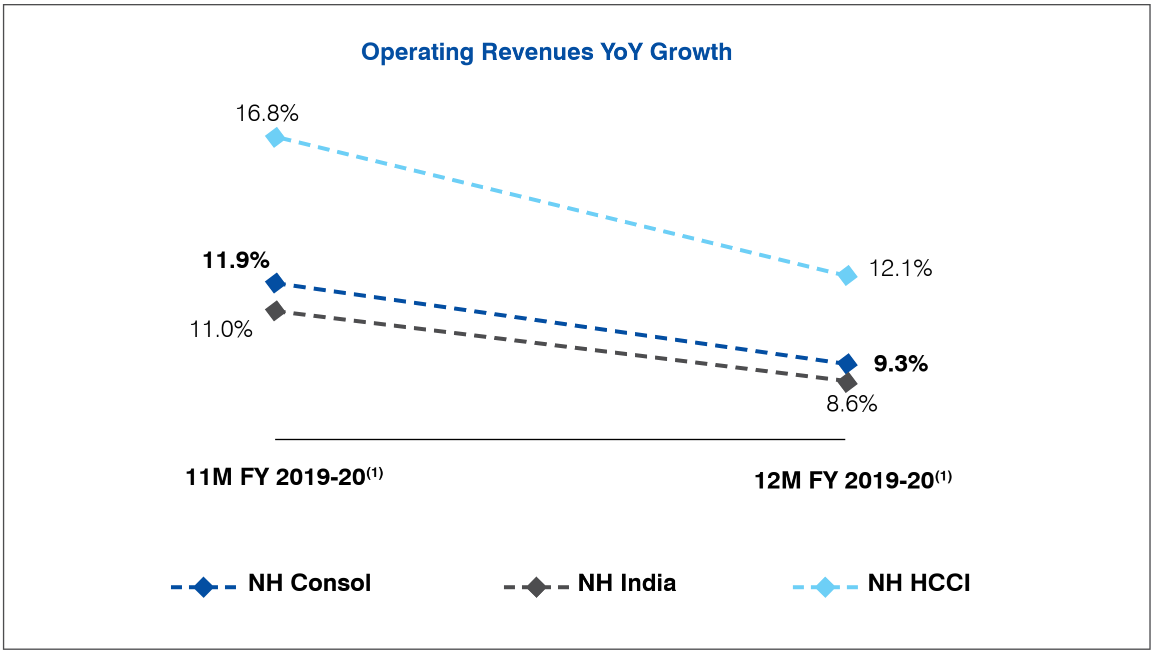


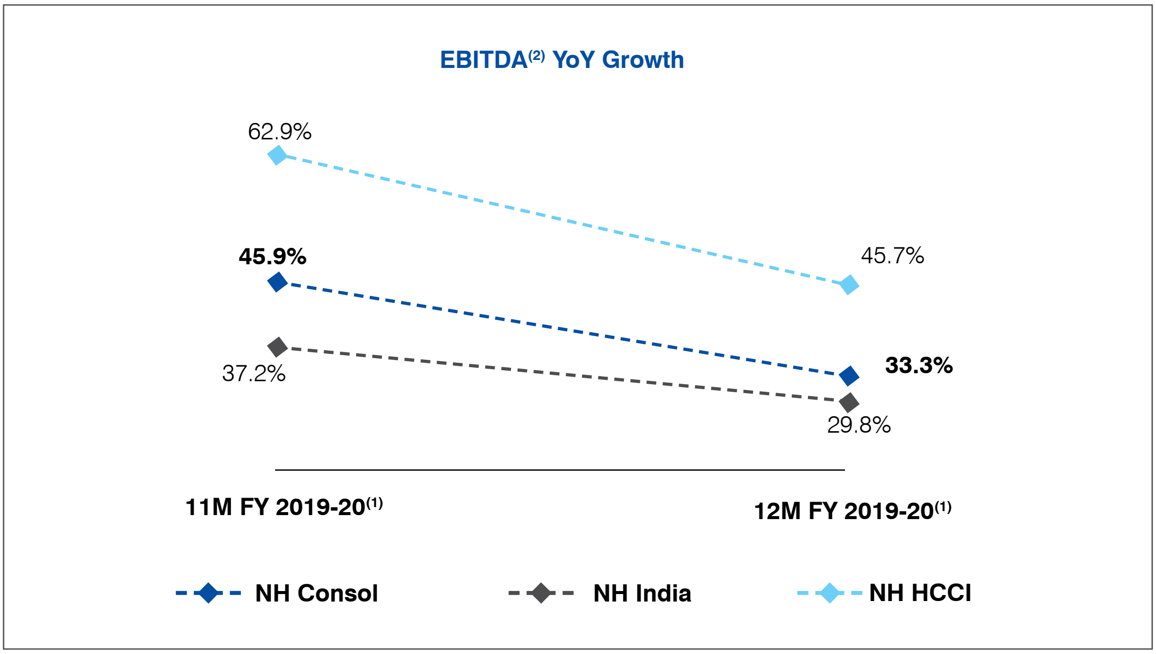
Source: Ambit Research

COVID-19 Impact on FY 2019-20 Financials

Due to COVID outbreak, we registered a material impact in our March performance, which traditionally is the strongest month of the year. Decreased patients' footfall resulted in a revenue impact of close to ₹ 650-700 Million and resulted at an EBITDA loss of around ₹ 350 Million at a consolidated level.

Below charts highlight the impact of COVID-19 outbreak on growth in Revenues and EBITDA





(1) 11M FY 2019-20 denotes period ended February 2020 and 12M FY 2019-20 denotes period ended March 2020

(2) Pre-Ind AS 116 EBITDA

NH Consol P&L Review

Operating Income

NH India

The Company's revenue from operations increased from ₹ 24,798 Million in FY 2019-20 to ₹ 26,940 Million in FY 2019-20, an annual growth of 8.6%. The adverse impact of COVID-19 resulting into lockdown restrictions in last week of March impacted patients' footfalls thus curtailing growth in the fourth quarter.

Growth was majorly led by the other hospitals category (excluding 3 flagship units and 3 newer facilities) which registered a YoY growth of 12.4%, adjusted for Whitefield facility. New facilities at Delhi NCR and Mumbai also reported strong growth of over 35% in fiscal year 2020 over the last fiscal.

Health City, Bengaluru continues to register healthy sustained performance and grew by 6.6% on a YoY basis. Business at Health City got slightly impacted as international patients' base which contribute significantly to these units got reduced due to suspension of international flight operations.

HCCI

The facility's revenue from operations increased from US$ 54.5 Million in FY 2018-19 to US$ 61.1 Million in FY 2019-20. This increase of 12.1% is attributable to strong pick-up in patients' footfall as the facility is getting decent traction from neighbouring islands leading to higher growth in the business. Occupancy of the hospital increased from 35 average occupied beds last year to 40 this fiscal, marking an increase of around 18%.

Cost of Material Consumed

NH India

The cost of material consumed (purchase of medical consumables, drugs and surgical equipment and changes in inventories of medical consumables, drugs and surgical equipment) increased to ₹ 6,617 Million in FY 2019-20 from ₹ 6,140 Million last year.

However, the consumables as a % of revenues remained almost stable at 24.6% in FY 2019-20 vis-à-vis 24.8% last year. This marginal decrease is attributable to decrease in number of procedures involving implants such as Ventricular Septal Defect (VSD) closure cases, Replacements, PTCA, etc. performed during the year over the last year leading to decrease in consumables as a percentage of operating revenues.

HCCI

The cost of material consumed (purchase of medical consumables, drugs and surgical equipment and changes in inventories of medical consumables, drugs and surgical equipment) increased from US$ 10.7 Million in FY 2018-19 to US$ 12.1 Million this year with consumables as a % of revenues remained almost unchanged at 19.8% in FY 2019-20 vis-à-vis 19.7% last year.

Manpower Expenses (Employees Benefits + Professional Fees paid to doctors)

NH India

The manpower expenses including professional fees paid to doctors have increased from ₹ 10,634 Million in FY 2018-19 to ₹ 11,552 Million in FY 2019-20.

Manpower expenses as a % of operating income has remained unchanged from 42.9% in FY 2018-19 to 42.9% in FY 2019-20. For this fiscal, this percentage would have been lower than last year had COVID-19 not impacted our business in March. A major portion of doctors' salaries are fixed in nature, a significant dip in revenues in the last quarter did not result into a proportionate decrease in in manpower expenses and thus did not help in bringing down manpower expenses as a % of revenues.

Increase in headcount across the network also attributed to an absolute increase in manpower cost.

HCCI

The manpower expenses including professional fees paid to doctors have increased slightly from US$ 20.3 Million in FY 2018-19 to US$ 20.5 Million in FY 2019-20. But manpower expenses as a % of revenues has come down from 37.3% to 33.6% due to a strong growth in revenues with major portion of manpower cost being fixed in nature including doctors' payout.

Other Expenses (Overheads)

NH India

The other expenses of the Company at the India business level have decreased from ₹ 5,812 Million in FY 2018-19 to ₹ 5,599 Million this fiscal. Some of the key heads and the movement of expenses across each is explained below:

Operating Rent

The operating rent decreased from ₹ 642 Million (2.6% of total operational revenue) in FY 2018-19 to ₹ 442 Million (1.6% of total operational revenue). This decrease in operating rent is due to adoption of Ind AS 116 accounting standards due to which operating leases across the network have been reclassified as financial leases leading to reduction in operating rent and an increase in finance cost.

Repair and Maintenance

The repair and maintenance expenses have increased from ₹ 863 Million last year to ₹ 931 Million this fiscal, an increase of 8.0%. This increase is in line with the increase in revenues of our India business which grew by 8.6%. This is majorly due to an extensive repair and maintenance exercise taken up this year in two of our flagship facilities i.e. RTIICS in Kolkata and MSMC in Bengaluru.

Power and Fuel

The overall power and fuel cost increased from ₹ 657 Million in FY 2018-19 to ₹ 676 Million this fiscal. This increase is immaterial as compared to increase in operating income. Major reason for this flat growth in power & fuel is adoption of energy savings techniques employed across the network ranging from use of LED lights to solar panels.

Business Promotion and Advertisements

These expenses were at ₹ 716 Million for FY 2018-19 as compared to ₹ 794 Million for FY 2019-20.

Advertisements and publicity cost increased from ₹ 427 Million in FY 2017-18 to ₹ 452 Million this year and business promotion increased from ₹ 289 Million in FY 2018-19 to ₹ 342 Million in FY 2019-20. This is mainly due to reclassification of certain expenses related to international patients being considered as part of business promotion and advertisements in fiscal year 2020.

HCCI

The other expenses of the unit have decreased to US$ 13.5 Million in FY 2019-20 from US$ 14.0 Million in the previous fiscal despite a strong growth in revenues underlining the operating leverage in the business.

EBITDA

NH India

The Company registered an EBITDA of ₹ 3,395 Million in fiscal year FY 2019-20 for its India business reflecting an EBITDA margin of 12.6% vis-à-vis 9.6% during the previous fiscal. This strong increase in profitability is majorly on account of stable performance by our flagship facilities along with robust growth in profitability reported by other hospitals category. Hospitals at Jamshedpur, Ahmedabad and Guwahati facilities turning back into green after having reported losses earlier also contributed to overall profitability. Facilities in Delhi NCR and Mumbai together contributed to losses worth ₹ 564 Million. Adjusted for these losses, our EBITDA margin is 16.2% for FY 2019-20 compared to 13.4% in FY 2018-19.

As per the new accounting treatment for leases per Ind AS 116 effective 1st April which resulted in ₹ 319 Million decrease in India business rental expenses FY 2019-20 resulting into an equivalent increase in EBITDA.

HCCI

Facility's EBITDA increased from US$ 9.5 Million last year to US$ 15.1 Million in fiscal year 2020 reflecting a YoY growth of 58.7%.

As per the new accounting treatment for leases per Ind AS 116 effective 1st April which resulted in US$ 1.2 Million decrease in rental expenses for FY 2019-20 resulting into an equivalent increase in EBITDA.

Finance Cost

NH India

Finance cost increased from ₹ 604 Million last year to ₹ 734 Million this fiscal.

Increase in Finance cost is mainly attributed to adoption of Ind AS 116 accounting standards which, as explained above, led to conversion of operating lease into financial lease leading to spike in finance cost and reduction in operating rent.

NH Consol Balance Sheet Review

	FY 2018-19			FY 2019-20		
	NH India (₹ Million)	NCHL Consol (US$ Million)	NH Consol (₹ Million)	NH India (₹ Million)	NCHL Consol (US$ Million)	NH Consol (₹ Million)
Borrowings	5,984	31.1	8,135	5,046	28.2	7,178
Trade Payables	3,041	4.3	3,335	3,217	5.3	3,616
Gross Tangible Assets	19,297	59.5	23,231	20,171	60.0	24,707
Trade Receivables	2,078	8.5	2,664	1,946	8.9	2,622
Inventories	563	3.9	832	386	2.9	602

Borrowings

NH India

Total Borrowings decreased from ₹ 5,984 Million as on 31st March, 2019 to ₹ 5,046 Million as on 31st March, 2020.

Comprehensive performance across the units with tight control over the capital investment coupled with efficient working capital management (enhanced focus on receivables/collection and inventory management) resulted in robust cash accrual from operations which helped us to retire some portion of debt.

HCCI

Total Borrowings came down slightly from US$ 31.1 Million as on 31st March, 2019 to US$ 28.2 Million, this is in line with the repayment schedule of the term loan from First Caribbean International Bank.

Trade Payables

NH India

The trade payables have increased from ₹ 3,041 Million as on 31st March, 2019 to ₹ 3,217 Million as on 31st March, 2020. This increase is commensurate with increased volume of business done during the year as we witnessed a healthy growth in revenues FY 2019-20 over the last year.

HCCI

The trade payables have increased from US$ 4.3 Million as on 31st March, 2019 to US$ 5.3 Million as on 31st March, 2020. This increase is in line with growth in the business.

Assets

Gross Block

NH India

Gross Block (tangible assets) increased from ₹ 19,297 Million as on 31st March, 2019 to ₹ 20,171 Million as on 31st March, 2020. Bulk of this increase is attributed towards investment in medical equipment across our network to strengthen our clinical offerings so as to provide quaternary care.

HCCI

Gross Block (tangible assets) increased slightly from US$ 59.5 Million as on 31st March, 2019 to US$ 60.0 Million as on 31st March, 2020. This increase is attributed towards investment towards area/premises development and medical equipment.

Trade Receivables

NH India

The trade receivables (net of provision for doubtful receivables) decreased from ₹ 2,078 Million as on 31st March, 2019 to ₹ 1,946 Million as on 31st March, 2020. This decrease in the receivables is primarily on account of better reimbursements and collections from various government schemes.

HCCI

The trade receivables (net of provision for doubtful receivables) increased from US$ 8.5 Million as on 31st March, 2019 to US$ 8.90 Million as on 31st March, 2020. This increase in receivables is lower than growth in Cayman operations which grew at 12.1% during FY 2019-20 over last year.

Inventories

NH India

The inventory has decreased from ₹ 563 Million as on 31st March, 2019 to ₹ 386 Million as on 31st March, 2020. This decrease in inventory is mainly due to consignment stock not being counted as a part of inventory in fiscal year 2020 as per our revised contracts with our vendors with NH bearing minimal risks for consignment stock.

HCCI

The inventory has decreased from US$ 3.9 Million to US$ 2.9 Million as on 31st March, 2020 due to better inventory management.

Risks and Concerns

Risks are an unavoidable and integral part of any enterprise. Efficient management of business risks is a key factor that determines growth, profitability and at times, even survival. In the last few years, the healthcare industry in India has been witnessing increased consolidation even among the larger players. Further, Government intervention, by way of an active regulatory regime, be it in terms of price control or capping of margins on medicines and implants has been stepped up. State and Central Healthcare coverage schemes are also impacting industry margins.

At NH, we continue to strive for a focussed approach on risk identification, management and mitigation. We have revitalised our Risk management framework with a detailed exercise aimed at a better and updated understanding of all our operational, financial and strategic risks. Post this activity, we are documenting operational risks and concerns at the unit level as well as the strategic and financial risks at the enterprise level in the form of a robust risk register. The aim is to improve responsibility accounting and bring the right stakeholders to focus on appropriate risk mitigation and monitoring measures at various levels within the organisation.

Internal Control Systems and their adequacy

The Company has Internal Control Systems, commensurate with the size, scale and complexity of its operations. The Board of Directors has laid down internal financial controls to be followed by the Company and the policies and procedures to be adopted by the Company for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies and compliance with all applicable Laws, Rules and Directives from any Statutory or Regulatory Authority, safeguarding of its assets, prevention and detection of frauds and errors, accuracy and completeness of the accounting records, and timely preparation of reliable financial information.

The Audit, Risk and Compliance Committee, comprising of three independent directors of the Company, scrutinises and reviews the effectiveness of the Company's financial controls and other internal controls and risk management systems and processes (including those relating to compliance with all applicable laws and regulations) to ensure that they are robust and have been appropriately developed, implemented and maintained so that financial, compliance and other risks are identified, assessed, mitigated and controlled. They are aided in this task by an Internal Audit Team which continually evaluates the existing internal controls, providing feedback on its effectiveness and recommendations on possible improvements to the Operational and Executive Management team. The key findings are reported on a quarterly basis to the Audit, Risk and Compliance Committee for in-depth review and follow-up on appropriate resolutions of critical issues.

Material developments in Human Resources / Industrial Relations front, including number of people employed

At NH, the Human Resources function has evolved over the past years to align with market in terms of processes, practices and policies. We continuously strive to keep ourselves abreast of market forces to ensure that we provide our employees an organisational environment that is designed to engage and motivate employees and help them deliver superior performance at work. The NH brand continues to carry a respectable goodwill in the field of Healthcare delivery and is one of the most sought-out workplaces for good talent. Being spread across geographical locations have helped us to leverage our expertise across the group entities.

We have developed an HR strategy in alignment with the organisational objectives, to support development of capability in the organisation to enable delivery of high quality healthcare to every patient who comes to NH.

The Company also recognises the importance of Human Resources Development and in the context of programmes on training and development of the employees which continues to be an important focus area have been undertaken. The Company acknowledges the value every employee brings with him / her and continuously strives to nurture competence and potential. Trainings continue to be conducted for both Clinical and Non-Clinical areas which has helped us raise the quality of performance. As an organisation, we believe in being compliant with all statutes and labour-related acts, we also ensure that our partners and vendor organisations who work as an integrated part of NH are also following the same standards of compliance.

Training and Development

At NH we continue to invest significantly in training of our workforce on a continuous basis. The focus for Learning & Development (L&D) function in FY 2019-20 has been to enhance the reach of the training programme through a digital platform "NHExcelerate". This has enabled us to make training accessible at every corner of the network, on a mobile-based self-learning platform. We have also invested in developing the senior and mid-level leadership to build skills and competency on Operational Excellence; cross-functional skill development, core leadership skill development and interpersonal & communication skills. During the year, the L&D Team rolled out specific initiatives that are aimed at enhancing the customer experience, leadership and overall development of our workforce.

Recruitment

This year saw the best available talent among doctors coming on board at our units. We have fulfilled key positions in core clinical areas of expertise that were started in several units, including some in our Cayman subsidiary. Recruitment of nursing talent continues to be a core challenge for the team, where we have managed to maintain our position as the most-sought after place to work. We have also managed to retain key and critical talent within the organisation with a combination of role and responsibility enhancements, and benchmarking with market roles.

Compensation

Being a vital function of Human resources, our compensation strategies ensure there is a balance in work-employee relation by providing competitive monetary and non-monetary benefits which are as per market standards. As part of the strategy, we review market forces to align the compensation philosophy of the organisation, thereby providing all associates with a good balance of compensation and benefits.

Key Financial Ratio Analysis

Standalone

Ratios	FY 2019-20	FY 2018-19	Movement	Remarks
Debtors Turnover	3.61	3.19	13.1%	
Inventory Turnover	12.68	10.18	24.6%	
Interest Coverage Ratio	8.62	5.78	49.1%	Reduction in borrowings from ₹ 4,988 Million to ₹ 4,257 Million coupled with improved performance attributed to improvement
Current Ratio	0.72	0.91	-20.8%	
Debt Equity Ratio	0.32	0.40	-18.0%	
Operating Profit Margin (%)	6.8%	5.5%	22.4%	
Net Profit Margin (%)	3.0%	1.3%	127.6%	Improved performance coupled with better margins
Return on Net Worth	5.8%	2.4%	146.4%	Improved performance coupled with better margins

Consolidated

Ratios	FY 2019-20	FY 2018-19	Movement	Remarks
Debtors Turnover	3.94	3.61	9.1%	
Inventory Turnover	9.15	7.83	16.8%	
Interest Coverage Ratio	8.78	5.51	59.4%	Reduction in borrowings (₹ 8,135 Million to ₹ 7,178 Million) coupled with improved performance attributed to improvement
Current Ratio	0.98	1.03	-5.5%	
Debt Equity Ratio	0.55	0.68	-18.7%	
Operating Profit Margin (%)	8.3%	5.8%	42.5%	Improved performance coupled with better margins
Net Profit Margin (%)	3.8%	2.1%	83.4%	Improved performance coupled with better margins
Return on Net Worth	10.48%	5.48%	91.1%	Improved performance coupled with better margins

Note:

Significant movement is due to improved performance and better margins

Board's Report

Dear Members,

Your Directors have immense pleasure in presenting their 20th Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended 31st March, 2020.

1. FINANCIAL SUMMARY/HIGHLIGHTS, PERFORMANCE AND STATE OF AFFAIRS OF THE COMPANY

(₹ in Million, except per share data)

Particulars	Standalone		Consolidated	
	FY 2019-20	FY 2018-19	FY 2019-20	FY 2018-19
Income				
Revenue from Operations	22,393.51	20,771.57	31,278.09	28,609.20
Other Income	241.42	176.62	237.64	166.69
Total Income	**22,634.93**	**20,948.19**	**31,515.73**	**28,775.89**
Total Expenditure*	**19,826.60**	**18,883.70**	**27,048.99**	**25,731.06**
Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional items	2,808.33	2,064.49	4,466.74	3,044.83
Less: Interest & Depreciation	1,768.29	1,266.04	2,710.69	2,087.54
Less: Exceptional Items	-	4.49	108.70	-
Profit Before Tax	1,040.04	793.96	1,647.35	957.29
Less: Income Tax	362.61	293.12	422.53	341.18
Profit/(Loss) After Tax	**677.43**	**500.84**	**1,224.82**	**616.11**
Add: Share of Profit/ (Loss) in Associate (Net)	-	-	-34.30	-23.34
Profit for the year	**677.43**	**500.84**	**1,190.52**	**592.77**
Add: Other Comprehensive Income	-46.00	-22.94	46.58	-4.14
Net Profit/(Loss)	**631.43**	**477.90**	**1,237.10**	**588.63**
Earnings Per Share (Basic)	3.34	2.47	5.86	2.92
Earnings Per Share (Diluted)	3.34	2.47	5.86	2.92

* Expenses before depreciation and amortisation, finance costs and exceptional items.

2. PERFORMANCE OVERVIEW

Standalone Operations

- During the year under review, the total income of the company increased from ₹ 20,948.19 Million in FY 2018-19 to ₹ 22,634.93 Million in FY 2019-20.
- Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional Items increased from ₹ 2,064.49 Million in FY 2018-19 to ₹ 2,808.33 Million in FY 2019-20.
- Profit for the year increased from ₹ 500.84 Million in FY 2018-19 to ₹ 677.43 Million in FY 2019-20.

Consolidated Operations

- During the year under review, the total income of the company increased from ₹ 28,775.89 Million in 2018-19 to ₹ 31,515.73 Million in FY 2019-20.
- Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional Items increased from ₹ 3,044.83 Million in FY 2018-19 to ₹ 4,466.74 Million in FY 2019-20.
- Profit for the year increased from ₹ 592.77 Million in FY 2018-19 to ₹ 1,190.52 Million in FY 2019-20.

Your Company continues to emphasise on maintaining the highest standards of clinical excellence, patient care and satisfaction. With regards to accountability and governance, your Company continues to ensure an environment of transparency and responsibility while aiming for the highest standards of corporate governance and trust.

3. TRANSFER TO RESERVES

Dividend and transfer to reserves

Based on the Company's performance, the Directors vide circular resolution dated 3rd March, 2020 had declared and paid an interim dividend of ₹ 1 per share for the financial year ended 31st March, 2020. The amount of interim dividend paid was ₹ 243.33 Million for the current year, including dividend tax. In view of the severe adverse impact on the operations and revenues of the Company since the emergence of COVID-19 pandemic, and with a view to conserve the cashflows in this uncertain time, your directors at their meeting held on 15th June, 2020, decided not to recommend any final dividend to the shareholders and that the interim dividend of ₹ 1 per share which was already paid to members of the Company be treated as the final dividend for the financial year ended 31st March, 2020.

The Directors have decided to retain an amount of ₹ 432.11 Million.

Pursuant to SEBI's notification dated 8th July, 2016, the Board of Directors of the Company have formulated a Dividend Distribution Policy ("the policy"). The detailed policy is annexed to this Report as **Annexure-I** and is also available on our website (URL: https://www.narayanahealth.org/sites/default/files/download/codes-policies/DIVIDEND-DECLARATION-POLICY-website.pdf).

4. SUBSIDIARY AND ASSOCIATE COMPANIES

Review of performance of Subsidiaries and Associate Companies

As on 31st March, 2020, the Company has 11 Subsidiary Companies and 2 Associate Companies. Except Health City Cayman Islands Ltd, none of the other subsidiary companies is a Material Subsidiary within the meaning of Material Subsidiary as defined under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 as amended from time to time.

Pursuant to the provisions of Section 129(3) of the Companies Act 2013, a statement containing the salient features of the Financial Statements of the Company's Subsidiaries and Associates in Form AOC-1, that forms part of this Report is attached as **Annexure II**.

Pursuant to Section 129 of the Companies Act, 2013, the Consolidated Financial Statements of the Company, prepared in accordance with the relevant Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rules made thereunder, forms part of this Annual Report.

Further, pursuant to provisions of Section 136 of the Companies Act, 2013:

i. The Annual Report of the Company, containing therein its standalone and consolidated financial statements are available on the Company's website i.e., https://www.narayanahealth.org/stakeholder-relations/annual-reports.

ii. The audited financial statements of Subsidiary Companies are available on the website of the Company i.e., https://www.narayanahealth.org/stakeholder-relations/financial-results.

The brief details of all the Subsidiary and Associate Companies are as follows:

i. Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)

NHSHPL is a wholly owned subsidiary of the Company and is engaged in the business of operating and maintaining hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary operates a multispecialty hospital in Mysore, offering a wide range of services across specialties, which includes cardiology, cardiac surgery, nephrology, urology, neurology, neuro-surgery, endocrinology, orthopaedics, internal medicines, obstetrics, gynaecology, paediatrics, neonatology, gastroenterology and oncology to name a few. The subsidiary also operates and runs the Dharamshila Narayana Superspecialty Hospital in Delhi under a Service Agreement with Dharamshila Cancer Foundation and Research Centre. Further, other financial information is included in Form AOC-1.

ii. Meridian Medical Research & Hospital Limited (MMRHL)

MMRHL is a subsidiary of the Company and is engaged in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary operates two hospitals in Howrah offering multi-specialty and super-specialty healthcare services which includes nephrology, urology, neurology, neurosurgery, etc. Further, other financial information is included in Form AOC-1.

iii. Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)

NVDSHPL is a wholly owned subsidiary of the Company and is engaged in the business of providing healthcare services of superior quality with state of the art technology, clinics, health centers, diagnostic centers and other related activities. This subsidiary operates a hospital at Kakryal near Katra in Jammu which caters to patients across more than 20 different specialties which includes radiology, obstetrics & gynaecology, oncology, etc. Further, other financial information is included in Form AOC-1.

iv. Narayana Hospitals Private Limited (NHPL)

NHPL is a wholly owned subsidiary of the Company and is authorised to engage in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

v. Narayana Institute for Advanced Research Private Limited (NIARPL)

NIARPL is a wholly owned subsidiary of the Company and is authorised to engage in the business of research and development work connected with faculty of medicines and operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

vi. Narayana Health Institutions Private Limited (NHIPL)

NHIPL is a wholly owned subsidiary of the Company and is authorised to engage in the business of running medical colleges and operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

vii. NH Health Bangladesh Private Limited (NHBPL)

NHBPL is a step-down subsidiary of the Company, incorporated on 22nd July, 2018 and is authorised to engage in the business of running and operation of hospitals, clinics, health centers, nursing homes and other related activities. NHBPL has commenced the operation of a Heart Centre in Bangladesh during the year. Further, other financial information is included in Form AOC-1.

viii. Narayana Cayman Holdings Limited (NCHL)

NCHL is a wholly owned subsidiary of the Company and has the power and authority to carry out any object not prohibited by the Companies Law of the Cayman Islands. Further, other financial information is included in Form AOC-1.

ix. Narayana Holdings Private Limited (Narayana Holdings)

Narayana Holdings Private Limited, Mauritius is 100% step-down subsidiary of the Company incorporated in the Republic of Mauritius in April, 2016. Further, other financial information is included in Form AOC-1

x. Health City Cayman Islands Limited (HCCI)

HCCI is a Company incorporated in Cayman Islands and operates a hospital in Cayman Islands. HCCI is a 100% step down subsidiary of the Company. HCCI is a Material Subsidiary within the meaning of Material Subsidiary as defined under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Further, other financial information is included in Form AOC-1.

xi. Narayana Health North America LLC

Narayana Health North America LLC is a subsidiary Company incorporated in Delaware, United States of America on 9th April, 2019. The Company is yet to commence its operations. Further, other financial information is included in Form AOC-1

Associate Companies

i. Cura Technologies Inc (Cura)

Cura is an Associate Company incorporated in the State of Delaware, USA, in which the Company holds 44.43% of common stock of the Associate Company through NCHL and the remaining shares are held by Mr. Samir Mitra and others. This Company is engaged in the business of developing software and technology to transform delivery of patient care. Further, other financial information is included in Form AOC-1.

ii. ISO Healthcare

ISO Healthcare is an Associate Company incorporated in Mauritius in which the Company holds 18.52% of the equity shares through its step-down subsidiary Narayana Holdings. Further, other financial information is included in Form AOC-1.

The Company has adopted a Policy for determining Material Subsidiaries in line with Regulation 16 of the SEBI Listing Regulations. The Policy, as approved by the Board, is uploaded on the Company's Website (URL: https://www.narayanahealth.org/sites/default/files/download/codes-policies/Policy_for_material_subsidiary.pdf)

5. SHARE CAPITAL

As on 31st March, 2020, the Authorised Share Capital of the Company is ₹ 3,800.00 Million comprising of 30,90,00,000 Equity Shares of ₹ 10 each and 7,10,00,000 Preference Shares of ₹ 10 each. The Paid-up Share Capital is ₹ 2,043.61 Million comprising of 20,43,60,804 Equity Shares of ₹ 10 each.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that:

i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts on a going concern basis.

v) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.

vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant Board Committees, including the Audit, Risk and Compliance Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during FY 2019-20.

7. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board of Directors and changes thereof

As on 31st March, 2020, the composition of your Company's Board has an ideal combination of Executive, Non-Executive and Independent Directors and thereby ensuring separation of management and governance while maintaining its independence. In compliance with the terms of the SEBI Regulations, Independent Directors constitute more than 50% of the Board strength including an independent women director as required to be appointed by top 500 listed entities.

Type of Directorship	No. of Directors	% of Board Strength
Executive Directors	3	30%
Non-executive & Non-independent Directors	1	10%
Independent Directors	6	60%

The Composition of the Board and Committees of the Board along with the changes in composition during the year is detailed in the Corporate Governance Report which forms a part of this Report.

Appointments

At the previous annual general meeting held on 10th August, 2019, the Members approved:

i. the appointment of Dr. Emmanuel Rupert, as Managing Director and Group CEO effective 11th February, 2019 for a term of three year years.

ii. the appointment of Ms. Nivruti Rai as an Independent Director effective 27th March, 2019 for a term of three years.

iii. continuation of Mr. Muthuraman Balasubramanian, as an Independent Director till the remainder of his current tenure which ends on 7th August, 2023 under Regulation 17(A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Retirements

Dr. Kiran Mazumdar Shaw, Non-executive Director is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnel (KMPs) of the Company are:

Sl. No.	Name of the KMPs	Position held in the Company
1.	Dr. Emmanuel Rupert	Managing Director and Group CEO
2.	Mr. Venugopalan Kesavan	Group Chief Financial Officer
3.	Mr. Sridhar S	Group Company Secretary, Legal & Compliance Officer

Committees and their Constitution

As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has formed four Committees viz. Stakeholders' Relationship Committee, Audit, Risk and Compliance Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee and the details of membership of the Committees are disclosed in Corporate Governance Report which forms a part of Board's Report.

Keeping in view the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended from time to time, the Board reviews the Terms of Reference of these Committees and the nomination of Board Members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

Number of meetings of the Board

The meetings of the Board are scheduled at regular intervals to decide and discuss on the business performance, policies, strategies and other matters of significance. The schedule of the meetings is circulated in advance to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through circulation.

The Board during the financial year under review met six (6) times. Detailed information regarding the meetings of the Board and meetings of the Committees of the Board is included in the Report on Corporate Governance which forms a part of Board's Report.

8. COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is uploaded on the Company's Website (URL:https://www.narayanahealth.org/sites/default/files/download/codes-policies/Nomination-and-Remuneration-Policy.pdf).

9. DECLARATION BY INDEPENDENT DIRECTORS OF THE COMPANY

A declaration of independence in compliance with Section 149(6) of the Companies Act, 2013, has been taken on record from all the Independent Directors of the Company.

10. PERFORMANCE EVALUATION OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 and 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, evaluation of performance of every director, Board and the Chairman was carried out by the Nomination and Remuneration Committee. The Chairman of the respective committees reviewed the performance of the respective committees. The performance evaluation of Non-Independent Directors and Board as a whole, Committees thereof and Chairman of the Company was also carried out by the Independent Directors through a separate meeting of the Independent Directors. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated.

The evaluation was carried out on the basis of response of the Directors to a structured questionnaire covering various aspects of Board performance such as Board composition and expertise, Board oversight, strategy and direction, Corporate Governance and Board administration and inputs shared by the Directors at the meeting.

11. RELATED PARTY TRANSACTIONS

The Company has taken necessary approvals as and when required as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the transactions entered into with the Related Parties are stated in the notes to accounts, and also in Form AOC-2 as prescribed under the Companies Act, 2013 which is annexed herewith as **Annexure III**.

12. CORPORATE SOCIAL RESPONSIBILITY

Your Company has formulated a Corporate Social Responsibility Policy (CSR Policy) which is available on the website of the Company at (URL: https://www.narayanahealth.org/sites/default/files/download/codes-policies/NHL-CSR-Policy-Document-2016-17.pdf).

Your Company is building a robust support structure to empower the less privileged sections of society. Through its community outreach programs, your Company is building the infrastructure necessary to bring about the changes to ensure improved health and well-being for the community. As a responsible corporate citizen, your Company undertook several social welfare initiatives during the year under review. The Annual Report on CSR activities for FY 2019-20 as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure - IV** and forms integral part of this Report.

13. PARTICULARS OF EMPLOYEES

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report and is appended herewith as **Annexure V** to the Boards' Report.

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report. Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the Members of the Company and others entitled thereto. The said information is available for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Secretarial Team of the Company in this regard.

14. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is detailed in **Annexure VI**.

15. CORPORATE GOVERNANCE

Your Company places utmost importance on its fiduciary role as a guardian of stakeholders' interest and strives to achieve a mutually aligned objective of value and wealth creation for all interested parties. The Board and the Management humbly acknowledges this role and continues to propagate this belief through all layers of the organisation to create an environment of accountability and trust.

These responsibilities continue to be the focus of its attention through the tumultuous ride along the path of expansion, ensuring the highest standards of ethics and integrity in all its business dealings while avoiding potential conflicts of interest. The result of this is a corporate structure which serves its ever expanding business needs while maintaining transparency and adherence to the above stated beliefs.

A Report on Corporate Governance, including Certificate from CEO and CFO as per Regulation 17 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, has been appended as **Annexure VII** and forms integral part of this Report.

Further, a certificate from M/s. Ganapathi and Mohan, (Firm Registration Number P2002KR57100), Bengaluru, affirming the compliance with the various provisions of the Corporate Governance as stipulated under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this Report as **Annexure VIII**.

16. BUSINESS RESPONSIBILITY REPORT

The Board of Directors of the Company has adopted the Business Responsibility Policy of the Company at its meeting held on 29th May, 2017 which is available on our website i.e., https://www.narayanahealth.org/stakeholder-relations/Company-policies.

Details of the various initiatives taken by the Company towards the wellbeing of consumers, employees and the equitable development of the society at large, sustainability of the environment, etc. are given separately in the Business Responsibility Report attached in **Annexure IX**.

17. AUDITORS

A. Statutory Auditors

M/s. Deloitte Haskins and Sells LLP (Firm Registration Number 117366W/W-100018), Chartered Accountants, Bengaluru are the statutory auditors of the Company who were appointed at the 17th Annual General Meeting of the Company held on 3rd August, 2017 for a period of 5 years.

Auditor's Report

The Auditors' have issued an unmodified Report for the year ended 31st March, 2020 and hence, do not call for any comments from the Management under Section 134 of the Companies Act, 2013.

B. Cost Auditors

The Board has approved the appointment of M/s. PSV & Associates, Cost Accountants having Firm Registration Number 000304, as the Cost Auditor of the Company for the financial year 2020-21, at a remuneration of ₹3,00,000 (Rupees Three Lakh) only, exclusive of taxes and reimbursement of out-of-pocket expenses incurred if any, in connection with the cost audit.

The Board of Directors of the Company proposes the ratification of remuneration of M/s. PSV & Associates, Cost Accountants as the Cost Auditor of the Company, for financial year 2020-21 at the ensuing Annual General Meeting.

C. Secretarial Auditor

The Company has appointed M/s. Ganapathi and Mohan, (Firm Registration Number P2002KR57100), Practicing Company Secretaries to undertake the Secretarial Audit of the Company for financial year 2019-20. The Report of the secretarial audit is annexed herewith as **Annexure X**.

Pursuant to Regulation 24A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a Secretarial Audit Report, given by a company secretary in practice. The company in this regard, has received the secretarial audit report from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore – 560 004 (firm Registration No. P2002KR057100) and said Report is annexed herewith as **Annexure XI**.

There is no qualification, reservations or adverse remarks made by M/s. Ganapathi and Mohan, Practicing Company Secretaries, Secretarial Auditor of the Company in their Secretarial Audit Report.

The Institute of Company Secretaries of India had revised the Secretarial Standards on Meetings of the Board of Directors (SS-1) and Secretarial Standards on General Meetings (SS-2) with effect from 1st October, 2017. The Company has devised proper systems to ensure compliance with its provisions and is in compliance with the same.

18. INTERNAL AUDIT SYSTEMS

Your Company has continued its engagement with M/s. Ernst & Young LLP, Chartered Accountants, to conduct internal audit across the organisation during the year under review. We also have an in-house internal audit team to supplement and support the efforts of M/s. Ernst & Young LLP.

19. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

The pandemic has impacted the financials of the Company with consolidated operational revenue for the month of April, 20 registering around 35% of our pre-COVID revenue. Since then, there has been progressive improvement in the operational trends with May registering around 47% of our pre-COVID consolidated revenue and June is trending towards a material improvement over May.

To reduce losses, we have embarked upon cost-control measures like graded cuts in compensation of our staff along with temporary closure of certain hospital wings (depending on the occupancies) to minimise overhead-utility costs.

Cashflows in this period of negative profitability has been well managed without recourse to any further borrowing since 31st March, 2019 through efficient working capital management aided by strong cash collections and ample liquidity on books.

20. DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

21. PARTICULARS OF LOANS, SECURITIES, GUARANTEES AND INVESTMENTS

The loans given, security provided, guarantees given and investments made by the Company under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

22. EMPLOYEE STOCK OPTION PLAN

The Company has adopted the Narayana Hrudayalaya Employee Stock Option Plan (NH ESOP), 2015 pursuant to the approval of the Board on 7th September, 2015 and the approval of Shareholders on 12th September, 2015. The Plan is administered by the Nomination and Remuneration Committee through Narayana Health Employees Benefit Trust. Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 the details of the Employee Stock Option Plan are annexed as **Annexure XII** to this Report.

23. THE EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT 9 as required under Section 92(3) of the Companies Act, 2013 and Rule 12 of the Companies (Management and Administration) Rules, 2014 is annexed as **Annexure XIII** is available on the website of the Company at the link: https://www.narayanahealth.org/stakeholder-relations/investor-presentations.

24. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

25. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in its key functional areas are separately discussed in this Annual Report.

26. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has developed a Whistle Blower Policy with a view to provide a mechanism for employees and Directors of the Company to voice concerns and grievances in a responsible manner. The policy of vigil mechanism is available on the Company's website at (URL: https://www.narayanahealth.org/sites/default/files/download/codes-policies/whistle_blower-NHPL.pdf).

Further, details of the same are provided in Corporate Governance Report attached to this Report.

27. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on prevention of sexual harassment in workplace framed under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Below is the report on the same containing details of number of cases filed, their disposal, nature of action taken, number of cases pending and number of workshop/awareness sessions conducted.

Disclosure under the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

No. of cases reported	No. of cases disposed		No. of cases pending	No. of workshops conducted (Induction & Refresher)	No. of participants
11	11	Out of 11 cases, in 6 cases the services of the respondents were terminated. Five cases have been settled through conciliation and warning letters issued to the concerned party.	Nil	625	7826

28. RISK MANAGEMENT POLICY

The Board of Directors of the Company at their meeting held on 31st October, 2018 has decided to entrust the Audit, Risk and Compliance Committee to perform the role of a Risk Management Committee in terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and has amended the Terms of Reference of the Committee suitably to include the following:

i. To assist the Board of Directors in meeting its responsibility of oversight on identification, evaluation, mitigation and resolution of strategic, operational, financial, reputational and compliance risks.

ii. To approve Risk Management Policy of the Company and review the same annually to keep it updated to address varying nature and dynamics of risks faced by the Company from time-to-time.

iii. To review management's assessment of risk at least once in a year and provide an update to the Board in this regard.

The Company has implemented Enterprise Risk Management wherein business units and corporate functions review and address risks. This is being facilitated by the Internal Audit team of the Company. The Risk Management Policy of the Company is available on our website i.e., https://www.narayanahealth.org/stakeholder-relations/Company-policies.

29. DECLARATION ON CODE OF CONDUCT

The Company has adopted the Code of Conduct for all its Senior Management Personnel and Directors and the same is affirmed by all the Board Members and Senior Management Personnel as required under Regulation 34 read with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A declaration signed by Dr. Emmanuel Rupert, Managing Director and Group CEO of the Company affirming the compliance with the Code of Conduct of the Company for the financial year 2019-20 has been annexed as part of this Report.

30. ACKNOWLEDGEMENT

Your Directors are grateful for all the help, guidance and support extended to them by patients, bankers, suppliers and investors. Your Directors also wish to thank the medical professionals and employees at each level for their hard work, commitment and performance during the year.

For and on behalf of the Board.

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

Place: Bengaluru
Date: 15th June, 2020

DECLARATION ON CODE OF CONDUCT

To
The Members of
Narayana Hrudayalaya Limited

I, Dr. Emmanuel Rupert, Managing Director and Group CEO, declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March, 2020.

For **Narayana Hrudayalaya Limited**

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

Place: Bengaluru
Date: 15th June, 2020

ANNEXURE I

DIVIDEND DECLARATION POLICY

1. Purpose and Scope

Regulation 43A of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations and Disclosure Requirements) (Second Amendment) Regulations, 2016 mandated framing of Dividend Distribution Policy by top 500 listed companies, based on the market capitalisation.

In view of the said requirement, the Board of Directors of the Company recognises the need to lay down a broad framework with regard to distribution of dividend to its shareholders and utilisation of the retained earnings. The Policy reflects the intent of the Company to reward its shareholders by distributing a portion of its profits after retaining sufficient funds for the business needs and growth of the Company.

The policy, in the interest of providing transparency to the shareholders, sets out the circumstances and different factors for consideration by the Board at the time of deciding on distribution or of retention of profits.

The Company would ensure to strike the right balance between the quantum of the dividend paid and amount of profits retained in the business for various purposes. The Company believes that driving growth through the unique business model of the company in the healthcare sector is the key to maintaining a balance between creating value for the shareholders and ensuring growth of the company. Towards this end, the company would utilise its profits first towards various business requirements like expenditure to meet expansion, reducing debt, maintaining optimum working capital, funds for inorganic growth opportunities. The Board of Directors will have regards to this policy while declaring / recommending dividends on behalf of the Company. Through this policy, the Company would strive to maintain a consistent approach to dividend pay-out plans.

The Board of Directors (the "Board") of the Company (Narayana Hrudayalaya Limited) in its meeting held on 23rd March, 2017 had approved and adopted the Dividend Distribution Policy (the "Policy") as required in terms of Regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 read with SEBI (Listing Obligations & Disclosure Requirements) (Second Amendment) Regulations, 2016.

The policy shall become effective from the date of its approval by the Board i.e.23rd March, 2017.

2. Parameters for the policy

2.1. Operating Performance

The Board shall determine the dividend pay-out in a particular year after taking into consideration the operating and financial performance of the Company, the advice of executive management and other relevant factors in this regard.

2.2. Operating cash flow of the Company

In case of inadequacy in operating cash flow, the Company may need to rely on external funding to meet its financial obligations and other working capital needs. The Board will consider the same before deciding on whether to declare dividend or retain its profits.

2.3. Inadequacy of profits

If during any financial year, the Board determines that the profits of the Company are inadequate or in the event of loss, the Board may decide not to declare dividends for the financial year.

2.4. Statutory / Regulatory requirements and tax considerations

a. The Company shall observe the relevant statutory requirements including those with respect to mandatory transfer of a certain portion of profits to any specific reserve(s), as may be applicable to the Company at the time of taking decision with regard to dividend declaration or retention of profit.

b. Dividend distribution tax as per applicable tax regulations in India.

c. Any restriction on payment of dividends by virtue of any regulation, if any, as may be applicable to the Company at the time of declaration of dividend.

2.5. Operational and working capital requirements, provision for depreciation and capital expenditure plans

In addition to the operational and working capital requirements, the Board may also take into account the need to plough back the earnings on account of depreciation, replacement of capital assets, expansion and modernisation or augmentation of capital assets, including any major capital expenditure proposal(s) and inter-corporate investments.

2.6. Prudential requirements

The Company may take into account the following prudential requirements:-

a. The need to augment long term financial resources for the Company.

b. Ability of the Company to raise finance from the lending markets and capital markets and prevailing market conditions thereto.

c. Prospective projects and strategic decisions in order to decide to build a healthy reserve of retained earnings to fund organic and inorganic expansions.

2.7. Stakeholders' expectations

The Board, while considering the decision of dividend pay-out or retention of a certain amount out of entire profits of the Company, shall, as far as possible, consider the expectations of the major stake holders including the small shareholders of the Company, who generally expects for a regular dividend pay-out.

3. Other significant parameters

3.1. Circumstances under which the shareholders may or may not expect dividend

The Shareholders of the Company may not expect Dividend under the following circumstances:-

a. Significant expansion project requiring higher allocation of capital.

b. Any acquisitions or joint ventures requiring significant allocation of capital.

c. Utilisation of surplus cash for buy-back of securities.

3.2. Financial parameters that shall be considered while declaring dividend

a. Profits earned during the year.

b. The need for ploughing back the profits into business.

c. Need for conservation of cash due to economic downturn.

d. Additional investments in subsidiaries/ associates.

e. Working capital requirements.

f. Capital expenditure requirements.

g. Funds required for organic and inorganic growth plans from time to time.

h. Funds to meet any contingencies.

i. Position of the outstanding borrowings.

j. Cost of debt.

k. Consolidated net profit after tax.

l. Prior dividend trends.

3.3. Internal and External factors to be considered while declaring dividend

The decision regarding dividend pay-out is a crucial business decision as it determines the amount of profit to be distributed among the shareholders and amount of profit to be retained in business. The Board of Directors may decide to declare / recommend dividend, subject to several factors and hence, any optimal policy in this regard may depend upon multifarious factors.

The dividend pay-out decision depends upon the following external and internal factors.

External Factors

Prevailing economic and monetary conditions including credit availability, both domestic and international.

Internal Factors

a. Restructuring events including mergers and acquisitions.

b. Loan covenants entered into with Bankers / Lenders / Financial institutions.

c. Expansion of existing business.

d. Legal and regulatory requirements.

e. Any other relevant factors as may be deemed fit by the Board of Directors of the Company.

4. Policy on utilisation of retained earnings

The Company may utilise the retained earnings for issue of fully paid bonus shares, buy back of shares, restructuring events including mergers and acquisitions, other general factors specified in this policy and for such other purposes as may be statutorily permissible.

5. Parameters adopted with regard to various classes of shares

a. At present, the issued, subscribed and paid up share capital comprises only one class, i.e. equity shares.

b. The payment of dividend shall be based on the respective rights attached to each class of shares as per their terms of issue.

c. The dividends shall be paid out of the Company's distributable profits and / or general reserves and from such other reserves as may be statutorily permissible and shall be allocated among shareholders on a pro-rata basis according to the number of each type and class of shares held.

6. Rate/ Quantum of Dividend

It has always been the Company's endeavour to deliver sustainable value to all its stakeholders. The Company will strive to distribute an optimal and appropriate level of the profits earned by it in its business, to the shareholders, in the form of dividend. The Company would maintain a dividend pay-out as may be determined by the Board from time to time, considering the general business factors and other significant parameters specified in this policy.

7. Amendments to the Policy

This policy may be amended by the Board at any time either suo-moto and / or pursuant to amendments to the SEBI (Listing Obligations & Disclosure Requirements) Regulations or such other law, rules, regulations, standards, guidelines as applicable and such amendment will take effect from date of the approval of such amendment.

ANNEXURE II

FORM AOC-I

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

Part A: Subsidiaries

Sl. No.	1	2	3	4	5	6	7	8	9	10	11
Name of the subsidiary	**Narayana Institute for Advanced Research Private Limited**	**Narayana Health Institutions Private Limited**	**Narayana Hospitals Private Limited**	**Narayana Hrudayalaya Surgical Hospital Private Limited**	**Narayana Vaishno Devi Specialty Hospitals Private Limited**	**Narayana Cayman Holdings Limited**	**Meridian Medical Research & Hospitals Limited**	**Health City Cayman Islands Ltd**	**NH Health Bangladesh Private Limited**	**Narayana Holdings Private Limited**	**Narayana Health North America, LLC**
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20	31-Mar-20
Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹	₹	₹	₹	₹	USD	₹	USD	BDT	USD	USD
Share capital	10,383,870	11,040,400	532,614,420	227,488,000	10,000,000	510	292,788,200	484	20,000,000	1,150,000	-
Reserves & surplus	46,251,663	(11,665,106)	131,874,089	(282,020,547)	(20,094,762)	52,057,719	338,453,226	52,137,674	(29,422,433)	(200,483)	-
Total assets	56,768,533	619,027	2,123,097,910	2,792,915,648	187,968,311	52,061,320	1,400,443,282	94,034,128	14,907,846	954,409	-
Total liabilities	133,000	1,243,733	1,458,609,401	2,847,448,194	198,063,074	3,091	769,201,855	41,895,970	24,330,279	4,892	-
Investments	-	-				51,909,364		9,170,609	-	756,368	-
Turnover	120,000	99,627	31,192,020	2,020,805,307	775,111,052	124,799	1,965,163,779	61,207,194	7,385,506	86	-
Profit before taxation	(5,100)	(42,479)	(3,143,985)	(377,977,650)	(5,026,060)	117,040	213,863,848	8,712,237	(27,012,267)	(53,063)	-
Provision for taxation	-	-	-	-	297,046	-	59,637,583				-
Profit after taxation	(5,100)	(42,479)	(3,143,985)	(377,977,650)	(5,323,107)	117,040	154,226,265	8,712,237	(27,012,267)	(53,063)	-
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.13%	100.00%	99.99%	100.00%	100%

Notes:

1. Name of the subsidiaries which are yet to commence operations
   i) Narayana Hospitals Private Limited
   ii) Narayana Institute for Advanced Research Private Limited,
   iii) Narayana Health Institutions Private Limited.
   iv) NH Health Bangladesh Private Limited - Commenced in Feb 2020
   v) Narayana Health North America, LLC
2. Name of the subsidiaries which have been liquidated or sold during the year: Nil.

Part “B”: Subsidiaries/Joint Ventures

Name of Associates /Joint Ventures	Cura Technologies Inc. (Associate)	ISO Healthcare (Associate)
	USD	USD
Latest audited Balance Sheet Date	31-Mar-20	31-Mar-20
Shares of Associate/Joint Ventures held by the company on the year end		
Number	39,000,000	1,287
Amount of Investment in Associates	136,833	662,000
Extent of Holding %	44.43%	18.52%
Description of how there is significant influence.	Due to percentage of share capital held	Due to participation in policy making processes and technological dependency
Reason why the associate/ joint venture is not consolidated	Consolidated as per Ind AS 28	Consolidated as per Ind AS 28
Net worth attributable to Shareholding as per latest audited Balance Sheet	(48,22,572)	64,83,356
Profit / (Loss) for the year	(9,98,565)	(1,91,267)
i. Considered in Consolidation	(4,46,012)	(37,930)
ii. Not Considered in Consolidation	(5,52,553)	(1,53,337)

Notes:-

1. Names of associates or joint ventures which are yet to commence operations.
    1. ISO Healthcare
2. Names of associates or joint ventures which have been liquidated or sold during the year - NIL

Place: Bengaluru
Date: 15th June, 2020

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

ANNEXURE III

FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8 (2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS: NIL

2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1.	Hrudayalaya Pharmacy, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Varun Shetty (Son of Dr. Devi Prasad Shetty) and Dr. Anesh Shetty (Son of Dr. Devi Prasad Shetty)	Purchase of goods or materials	Ongoing	Purchase of Medicines and Surgical Consumables. Value of transactions during the year was ₹ 2,32,288.	25th March, 2019	NIL
2.	Amaryllis Healthcare Private Limited, Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer) is a Director & Member in Amaryllis Healthcare Private Limited	Purchase of goods or materials	Ongoing	Supply of disposable drapes, etc. Value of transactions during the year was ₹ 11,38,22,495.	25th March, 2019	NIL
3.	Charmakki Infrastructures, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Varun Shetty (Son of Dr. Devi Prasad Shetty) and Dr. Anesh Shetty (Son of Dr. Devi Prasad Shetty).	Leasing of property – payment of rent	Ongoing	Nursing Hostel Rent. Value of transactions during the year was ₹ 63,86,305.	25th March, 2019	NIL
4.	Biocon Limited, Dr. Kiran Mazumdar Shaw (Non-Executive Director) is the Executive Chairperson of Biocon Limited.	Purchase of goods or materials	Ongoing	Purchase of Medicines. Value of transactions during the year was ₹ 4,18,73,117.	25th March, 2019	NIL
5.	Biocon Biologics India Ltd, Dr. Kiran Mazumdar Shaw (Non-executive Director) is a Director of Biocon Biologics India Ltd.	Purchase of goods or materials	Ongoing	Purchase of Medicines. Value of transactions during the year was ₹ 6,74,27,136.	31st January, 2020	NIL
6.	Mazumdar Shaw Medical Foundation (MSMF), Section 8 Company under the Companies Act, 2013. Dr. Devi Prasad Shetty (Chairman and Whole-time Director) and Mrs. Kiran Mazumdar Shaw (Non-Executive Director) are the Directors in Mazumdar Shaw Medical Foundation.	Leasing Arrangement	Ongoing	Payment towards lease rent. Value of the transactions during the year was ₹ 2,95,17,700.	25th March, 2019	NIL
		Availing Services	Ongoing	Availing of Diagnostic Services. Value of transactions during the year was ₹ 31,48,395.	25th March, 2019	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
7.	Health City Cayman Islands, subsidiary company in Cayman Islands. Dr. Devi Prasad Shetty (Chairman & Whole-time Director), and Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Varun Shetty relative of Dr. Devi Prasad Shetty are Directors of Health City Cayman Islands Limited.	Sale / Purchase of assets & purchase of goods or materials.	Ongoing	Sale / Purchase of Biomedical Equipments, medicines and consumables, software license. Value of transactions during the year was ₹ 19,11,55,370.	25th March, 2019	NIL
		Rendering of service	Ongoing	For providing cloud managed services. Value of transactions during the year was USD 1,44,000.	25th March, 2019	NIL
8.	Meridian Medical Research & Hospital Limited, Subsidiary in which the Company is holding 99.12% of the shares. Dr. Devi Prasad Shetty (Chairman & Whole-time Director), Dr. Emmanuel Rupert (Managing Director and Group CEO) and Mr. Viren Prasad Shetty (Executive Director and Group Chief Operating Officer), are Directors of Meridian Medical Research & Hospital Limited	Sale of Medicine and fixed assets.	Ongoing	Sale of Medicine and fixed assets. Value of transactions during the year was ₹ 2,24,79,522.	25th March, 2019	NIL
9.	Narayana Hrudayalaya Surgical Hospital Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Dr. Emmanuel Rupert (Managing Director and Group CEO) are Directors and Nominee Shareholders in Narayana Hrudayalaya Surgical Hospital Private Limited.	Leasing of property – payment of rent	Ongoing	Hospital Lease rent. Value of transactions during the year was ₹ 45,36,000.	25th March, 2019	NIL
		Purchase of goods or materials.	Ongoing	Sale/ Purchase of pharmacy stock, fixed assets, provision or receipt of services, excluding IT related services. Value of transactions during the year was ₹ 5,13,429.	25th March, 2019	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
10.	Narayana Vaishno Devi Specialty Hospitals Private Limited, Wholly Owned Subsidiary of the Company. Dr. Devi Prasad Shetty (Chairman), Dr. Emmanuel Rupert (Managing Director and Group CEO of NHL), Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer), Dr. Kiran Mazumdar Shaw (Non-executive Director) are Directors in Narayana Vaishno Devi Specialty Hospitals Private Limited. Also, Dr. Devi Prasad Shetty, Dr. Emmanuel Rupert and Mr. Viren Prasad Shetty, Dr. Varun Shetty, Relative (son of Dr. Devi Prasad Shetty) are Nominee Shareholders in this Company.	IT Services	Ongoing	Payment towards IT Service reimbursement. Value of transactions during the year was ₹ 69,27,148.	25th March, 2019	NIL
		Reimbursement of expenses	Ongoing	Reimbursement of expenses towards corporate management services excluding IT services. Value of transactions during the year was ₹ 20,17,788.	25th March, 2019	NIL
		Purchase of medical stores and consumables.	Ongoing	Purchase of medical stores and consumables. Value of transactions during the year was ₹ 2,71,379.	25th March, 2019	NIL
11.	Narayana Hospitals Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) is the Managing Director and a Nominee Shareholder in this Company	Leasing of property – payment of rent	Ongoing	Hospital Lease rent. Value of transactions during the year was ₹ 97,20,000.	25th March, 2019	NIL
		Manpower Service	Ongoing	For receipt and providing manpower and services. The value of the transaction during the year was ₹ 56,18,315.	25th March, 2019	NIL
12.	Narayana Health Institutions Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Mr. Viren Prasad Shetty (Whole-time Director and Group COO) are Directors	Reimbursement of expenses.	Ongoing	Payment towards professional fees. Value of transactions during the year was ₹ 1,18,000.	25th March, 2019	NIL
13.	Narayana Institute for Advanced Research Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer) are Directors	Reimbursement of expenses.	Ongoing	Payment towards professional fees. Value of transactions during the year was ₹ 1,20,100.	25th March, 2019	NIL
14.	Dr. Varun Shetty, relative (son) of Dr. Devi Prasad Shetty and relative (brother) of Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer).	Appointment to office or place of profit	Ongoing	Payment of professional fees for providing consultancy services. Value of transactions during the year was ₹ 71,00,004.	25th March, 2019	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
15.	Dr. Anesh Shetty, relative (son) of Dr. Devi Prasad Shetty (Chairman) and relative (brother) of Mr. Viren Prasad Shetty (Whole-time Director and Group Chief Operating Officer).	Appointment to office or place of profit.	Ongoing	Payment of remuneration for appointment as Senior Manager – Group Operations. Value of transactions during the year was ₹13,14,853.	25th March, 2019	NIL
16.	Dr. Vivek Shetty, relative (son in law) of Dr Devi Prasad Shetty (Chairman).	Reimbursement expenses	Ongoing	Payment of professional fee for consultancy service. Value of transactions during the year was ₹ 53,49,996.	25th March, 2019	Nil
17.	Narayana Hrudayalaya Foundation (NHF). Dr. Devi Prasad Shetty (Chairman), Mr. Viren Prasad Shetty (Mrs. Shakuntala Shetty and Dr. Varun Shetty (relatives of Dr. Devi Prasad Shetty) are trustees of this Trust.	Leasing of property – payment of rent	Ongoing	Amount paid towards Rental charges for the Assets. Value of transactions during the year was ₹ 31,60,838.	25th March, 2019	Nil
		Reimbursement of expenses	Ongoing	Amount received for Group Staff Insurance paid by NHL. Value of transactions during the year was ₹ 1,85,987.	25th March, 2019	Nil
		Reimbursement of expenses	Ongoing	Medical fees received from NHF for treatment of patients. Value of transactions during the year was ₹ 13,97,150.	25th March, 2019	Nil
		Payment of professional fees	Ongoing	Amount paid towards professional fees for training of staff by NHL. Value of transactions during the year was ₹ 3,18,000.	25th March, 2019	Nil
		IT services	Ongoing	Payment received for provision of IT to NHF support. Value of transactions during the year was ₹ 90,000.	25th March, 2019	Nil

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
18.	Asia Heart Foundation (AHF). Dr. Devi Prasad Shetty (Chairman), Mr. Viren Prasad Shetty (Mrs. Shakuntala Shetty and Dr. Varun Shetty (relatives of Dr. Devi Prasad Shetty) are trustees of this Trust.	Discount entitlement for the year	Ongoing	Value of transactions during the year was ₹1,32,00,156.	25th March, 2019	Nil
		Depreciation of Right of use of Building	Ongoing	Value of transactions during the year was ₹ 1,69,10,505.	25th March, 2019	Nil
		TDS remitted in the name of the Trust, Recovery of student expenses etc.	Ongoing	Value of transactions during the year was ₹ 4,45,388.	25th March, 2019	Nil
		Rental expense for Robotic CT ingenuity and Dental bus	Ongoing	Value of transactions during the year was ₹ 96,05,938.	25th March, 2019	Nil

Place: Bengaluru
Date: 15th June, 2020

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

ANNEXURE IV

ANNUAL REPORT ON NARAYANA HRUDAYALAYA CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ("NH CSR")

1. CSR goals at NH:

Alignment with healthcare and socio-economic imperatives have been a constant and continuing concern at Narayana Health, even before the advent of Companies Act, 2013. Formalisation of the social initiatives under the aegis of CSR has helped NH align with the larger national development agenda in a broader and structured manner. The interconnectedness of corporate social responsibility, corporate governance, sustainable development goals and inclusive growth are factors which underline our CSR strategy.

1.1 Brief outline of NH CSR Policy

1.1.1 NH CSR Policy Statement

NH aims to make a positive difference in the lives of the people by engaging in activities that eliminates or alleviates pain and suffering to the under privileged sections of the society.

1.1.2 NH CSR Objectives

- Promoting healthcare facilities for the upliftment of people at large and creating a positive impact by addressing issues of accessibility and affordability.
- Promoting educational facilities to help and assist in unfolding the creative potentials and talents of the children and amateurs.
- Strive for socio-economic development thereby reducing inequality between rich and poor.

1.1.3 NH CRS Focus Areas

- Healthcare
- Education

1.1.4 NH CSR Projects (discussed in detail in later section of the report)

- Mobile Mammography Screening
- Non-communicable diseases (NCD) program
- CHAMPS program
- Safe School Program
- Care Companion Program
- E-Health Centers
- Suposhan program
- Rajiv Gandhi Arogya Yojana (RAY)
- Udaan
- Namma Naadi- Community Radio Station

1.1.5 Governance and Administration
Board of Directors has

- Appointed CSR Committee
- Ensured that the CSR activities are in conformity to the activities mentioned in Schedule VII of the Companies Act 2013.
- Approved the CSR policy as recommended by the CSR Committee.
- Ensured that the Company spent the approved budget in the financial year to comply with Section 135 of Companies Act 2013 and Rules notified.

CSR Committee has

- Formulated and recommended the CSR Policy for approval of the Board.
- Recommended CSR programmes and budget allocation.
- Instituted a transparent monitoring mechanism for implementation of the CSR activities and expenditure of funds.
- Taken professional support from individuals and organisations having expertise in related fields to carry out aforesaid activities.

1.1.6 Project based approach

NH follows a project-based approach for carrying out its CSR initiatives.

1.1.7 Overview of projects/programs undertaken during the financial year 2019-20

Mobile Mammography Screening

In India, breast cancer is the most common cancer among women in many regions, having surpassed cervical cancer which was more frequent a decade ago (Ghoncheh, Momenimovahed, & Salehiniya, 2016). Unlike other cancers, breast cancer is eminently treatable if detected at an early stage. The long-term prognosis of breast cancer patients is strongly dependent on the stage of disease at diagnosis. In India, lack of organised screening programs, paucity of diagnostic aids, and lack of awareness have resulted in majority of women being diagnosed at a locally advanced stage (Leong, et al., 2010). Therefore, the effort of the mammography screening program has been to collaborate with various NGOs and civil society institutions in urban and rural areas of Karnataka. The program aims to educate, demystify, screen, identify and refer women with suspected breast pathology for further treatment.

Since February 2014, the program has screened approximately 30,689 women through 749 camps organised across several districts in Karnataka. In the financial year 2019-20, 4689 women were screened across 98 camps and 1139 mammograms were conducted. Till date, 45 women have been diagnosed with breast cancer and treated successfully at various hospitals. An annual increase in breast cancer incidence of almost 3% is being seen in Bangalore, higher than other cities like Chennai (2.44%), Delhi (1.44%) and Mumbai (1.42%) (Malvia, Bagadi, Dubey, & Saxena, 2017). It would be the continued endeavour of the team to continue focused surveillance activities with social distancing and other requisite measures.

Non-Communicable Diseases (NCD) Program

The NCD program was initiated in June 2017 with a focus to improve awareness and conduct screening for non-communicable diseases including breast and oral cancer. The focus has been on a continuum of activities including promotive, preventive, curative and palliative care services. The program has been initiated at five locations – Mysore, Jamshedpur, Delhi, Howrah and Bangalore in collaboration with various local institutions, government healthcare bodies and non-governmental organisations. The focus of the program has been on promotive, preventive, curative as well as palliative activities. Program staff at various locations coordinate with several groups in both urban and rural settings to increase the reach of screening services.

The NCD program has been able to screen more than 62,000 people since inception. In the financial year 2019-20, approximately 17,000 people were screened for oral cancer. 31,000 people were screened for a spectrum of non-communicable diseases including diabetes, hypertension and anaemia. 1751 diabetics, 2938 hypertensives and 3236 anaemic patients were newly detected, followed up and referred to the nearest healthcare facility through the program.

Through NH Bandhu, the mobile palliative care program in Howrah, the team has conducted more than 570 house-visits over the year and has provided end-of-life care to patients with terminal illness.

In the context of novel coronavirus disease (COVID-19), international studies have found that presence of non-communicable diseases including diabetes mellitus, hypertension, cerebrovascular disease, coronary artery disease and chronic obstructive pulmonary disease, predispose towards poor prognosis (Huang, et al., 2020). In addition, the NCD program found that 13.3% of the screened male respondents were smokers. Studies have shown that smokers were 1.4 times more likely to have severe symptoms of COVID-19 and 2.4 times more likely to be admitted to the intensive care unit (Vardavas & Nikitara, 2020).

Therefore, it would be the continued endeavour of the CSR team to focus on multi-level measures, leveraging on technology, innovations and behavioural change communication as cornerstones towards a robust strategy addressing NCDs in the wake of COVID-19.

CHAMPS program

Several national and international studies have indicated that the burden of hypertension has increased alarmingly in India over the last two decades. National surveys have indicated a prevalence of 25.3% in India, with greater prevalence in men (27.4%) compared to women (20%). In absolute numbers, this translates to 207 Million persons with hypertension. Importantly, these studies have indicated there is low awareness and control of hypertension (Gupta, Gaur, & Ram, 2019).

Against this background, the CHAMPS program had been envisioned by Dr. Devi Prasad Shetty, Chairman -Narayana Health, as an initiative wherein high school students could be engaged as change agents towards improving health seeking behaviour with a focus on hypertension. CHAMPS is an acronym for Child Health Activist Mentoring and Promoting health in Society. The objective of the program was to educate students about hypertension, a ubiquitous lifestyle disease. In turn the students would, through guided visits, spread awareness and measure blood pressure of adults in their nearby communities. This unique program was initiated as a pilot in partnership with Biocon Foundation, Syngene and Agastya International. The program was rolled out across 14 government schools in Anekal Taluk. 90 students were selected and trained by the NH CSR team. Through scheduled visits in the community over five months, the students along with the volunteers from Agastya International were able to screen more than 2000 people in their community. Approximately 26% of the people screened were hypertensive with almost half of the people being detected as hypertensive for the first time. Based on the success of the model, we hope to scale the CHAMPS program across other regions too.

In light of COVID-19, the CHAMPS program would be suitably modified to engage and educate students on the need for social distancing, hand hygiene protocols as well as the need to increase awareness levels in their communities.

Safe School Program

The development of healthy behaviours, attitudes and lifestyles during adolescence can contribute significantly to a person's current and future physical well-being. Youth risk behaviours are described as adverse health behaviours adopted in childhood or adolescence and are one of several indicators of the health of young people. Youth risk behaviours serve as a basis for measuring adolescent health over time as well as for the improved targeting of health policies and programmes. According to the World Health Organisation (WHO), 67% of premature deaths and 33% of the disease burden among adults is due to behavioural patterns that emerge during adolescence.

With this aim, Narayana Health CSR undertook a pilot in collaboration with the Consortium for Tobacco Free Karnataka. The program aimed at improving awareness towards tobacco, alcohol and substance abuse as well as assess mental health among adolescents. The program was conducted across 28 government and private schools in Anekal and Doddaballapura Talukas. Validated questionnaires, used previously in the Indian context, were pre-tested and administered across the students from 7th Standard to 12th Standard.

The preliminary results suggest that the screened adolescents have poor physical health, with 60% of the students screened being underweight (BMI less than 18.5). One-third of the students surveyed inadequately practiced handwashing since soap was not used most of the time, while 6% of the male students surveyed had experienced smoking and a lower percentage (2%), the consumption of drugs. These aspects are especially significant against the backdrop of COVID-19, given that handwashing is a crucial preventive measure and smoking, a risk factor.

The objective of the program in the following year, therefore, would be to focus on educating students towards adopting a nutritious diet, sustained hygiene measures, curbs on adverse risk behaviour and a focus on positive mental health.

Care Companion Program

The Care Companion Program was first set up in 2013 in the NH hospital in Mysore. The program was started in direct response to the needs of patients and to recognise patient family members as an untapped existing resource. The program focuses on creating a therapeutic alliance with the patient and creating a platform for shared power and responsibility. The program undertakes in-hospital education-cum-training program for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc. These sessions are conducted in Hindi, Tamil, English, Telugu, Bengali, Assamese and Kannada. The program has been implemented across 24 facilities of NH. Since its inception in 2013, more than 1,60,783 caregivers have been educated, with 30,000 caregivers being trained in the financial year 2019-20. The financial year 2019-20 also saw the TEACH (Teaching Empowering Activating Caregivers at Home) summit being organised by NH CSR in collaboration with M/S. Noora Health as education partner. The summit witnessed participation of senior nursing educators from public and private healthcare institutions, academicians, practitioners and health administrators. The summit showcased best practices and insights in patient communication across diverse healthcare facilities.

The program has provided valuable insights on the knowledge & behavioural attributes of caregivers. Sensitising caregivers on clinical, nutritional, and preventive aspects of the underlying medical condition helps create a cadre of caregivers who are better positioned to understand the clinical management; not only in the hospital, but more importantly, in the post-discharge scenario. Institutionalising the program across NH has brought uniformity & consistency in the manner that the CCP program is practiced.

E - Health Centre Program

The e-Health centre program was initiated in 2015 with focus on delivering accessible, quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. NH is the healthcare partner to implement, operate and manage e-Health Centres. The centres are rapidly deployable healthcare facilities powered by cloud-enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services. 5 e-Health Centres have been running in Karnataka and Rajasthan. Around 90,000 tele-consultations have been witnessed since inception. In the last financial year, 10,624 patients were provided teleconsultations and approximately 5,000 people availed speciality consultation.

Over the years, the CSR team has tried to assess the impact of the e-Health centre program in terms of access and affordability of the healthcare provided. Several studies have been conducted at different locations with focus on the impact of tele-medicine services on out-of-pocket expenses of respondents consuming the services.

Most studies have clearly shown majority of the population accessing services were from lower socio-economic status and that availability of telemedicine services had reduced not only direct expenses in terms of consultation fee (50%), medicines (25%) and investigations (33%), but also indirect expenses in terms of wage loss (53%) and travel time (44%) had reduced considerably.

SUPOSHAN program

Adolescents in the age group 10-19 years, comprise almost one-fifth of the total population in India. (Samal & Dehury, 2017). The biological and psycho-social changes make adolescence a unique period affecting health related behaviours and spectrum of diseases. For instance, studies in various parts of India have indicated that the prevalence of anaemia varied between 37% to 85% among adolescents (Raj & Chopra, 2016; Aishwarya, ParitaGajjar, Raykundaliya, Patel, & Neeta, 2015; Biradar, Biradar, Alatagi, Wantamutte, & Malur, 2012).

In Rajasthan, as per National Family Health Survey III, the prevalence of anaemia in adolescent girls was 53.9% while in adolescent boys, the prevalence of anaemia was 30.8%. Despite implementation of weekly iron and folic acid supplementation (WIFS) programs by the government, studies have found that more than 50 percent of children were consuming the tablets occasionally or rarely (IJCMR, 2016).

Against this context, Suposhan program was envisaged as a pilot intervention in Jaipur District in collaboration with Britannia Nutrition Foundation, National Health Mission, Rajasthan and the Jaipur education department. The program, modelled as an action research study, aimed at introducing iron fortification in a palatable manner which would be an adjunct to the existing WIFS program. In addition, the program was supplemented by efforts to engage students on need for iron fortification and supplementation, nutritional and hygiene guidelines.

Suposhan program witnessed the distribution of 29,00,000 biscuits among 13,325 adolescent students across 52 government schools in two blocks of rural Jaipur. In the first phase of the program, iron fortified biscuits and educational inputs were provided in the intervention block, Chaksu. After 100 days of intervention, the prevalence of anaemia decreased by 22% (from 55.8% to 33.8%) among the students who consumed the iron fortified glucose biscuits. In comparison, in the control block, Phagi, wherein only educational inputs were provided, there was an insignificant overall decrease in prevalence of anaemia by 7% (from 73.9% to 66.8%). In the second phase, the fortified biscuits were introduced in Phagi with continued educational inputs. After 100 days of intervention, the prevalence of anemia decreased among students by 41% (from 71.4% to 25.7%).

In summary, the action research program has demonstrated that educational and awareness activities alone, while important, need to be supplemented by sustained fortification, in order to address the burden of anemia. This is especially so for adolescent female students, wherein despite all inputs, reduction in prevalence of anemia was lower compared to male students. We hope to share these findings with public health officials and work on a sustainable fortification program.

Rajiv Gandhi Arogya Yojana (RAY)

This program was initiated in November 2005, with a vision to develop a model of rural primary health care system in Amethi. The Project currently includes one Primary Healthcare Clinic in Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 70,000 people. Non-communicable diseases (NCD) screening was additionally introduced through a portable screening kit to increase the scope of services under the program. The portable kit enables baseline screening for a wide range of conditions including obesity, diabetes, hypertension, anemia, vision disorders, as well as cardiac function. The NCD screening has helped in improving traction on the program and captured early insights on disease prevalence in the area. Since its inception, the RAY program has served more than 20,74,589 patients from marginalised communities. The RAY program has been running in a limited manner in the financial year 2019-20. The RAY clinic was restarted in Bahua and free consultation as well as medicines are being provided.

Udaan

India has a large shortfall of doctors. According to the World Health Organisation, India has seven doctors for every 10,000 people, half the global average. These shortages exist despite India having one of the largest medical education systems in the world. The unwillingness of doctors to work in rural areas is another challenge. Considering these twin challenges, the objective of the program has been to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage on towards realising medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community. The Udaan Bidar program was initiated with Shaheen group of Institutions in Bidar wherein 46 pre-university students have been selected and provided full scholarship. The Dharwad chapter was started with selection of forty students in partnership with Avanti Institute. The program has enabled scholarships for NEET (National Eligibility cum Entrance Test) in Tier II cities of Karnataka. The Udaan students are regularly motivated and mentored by NH panel of doctors.

Considering the uncertainty on reopening of educational institutes in lieu of COVID-19, efforts would be taken to understand needs of selected students in terms of access and continuity to relevant educational content.

Namma Naadi- Community Radio program

Narayana Hrudayalaya Foundation acquired a wireless operating license in January 2017 and was granted 90.4 spectrum for establishing a community radio station in Health City, Anekal. The broader objective of our community radio station is to serve as a consensus-building platform wherein communication processes would help the communities around us to share common understanding and common goals. The community radio was named “Namma Nadi” with focus on health, education, environment, culture and civic issues within the primary and secondary zones of Health City. Various programs were aired on Namma Nadi with participation from multiple communities of interest. In the financial year 2019-20, 250 programs were aired on various themes including health, education, music, theatre, environment, voter awareness and other civic issues.

The community radio program, with internet radio software is an ideal medium to reach the local population with credible health-based information and this was evident in the context of COVID-19. Several programs were recorded and broadcast with relevance to COVID-19 symptoms, safety measures, helplines, nutrition, pregnant women and COVID, as well as pointers for those who have chronic diseases. It would be the continued endeavour of Namma Naadi to engage, educate and empower communities in and around Anekal Taluk.

1. Composition of CSR Committee:

Mr. K. Dinesh	Chairman
Mr. B N Subramanya	Member
Mr Viren Prasad Shetty	Member

2. Average Net Profit (before tax) for last three financial years is ₹ 1,17,30,33,020/-

3. Prescribed CSR expenditure (i.e. 2% of the amount mentioned in point 3 above) is ₹ 2,34,60,660. Amount spent on CSR during the year is ₹ 2,44,91,713.

4. Details of CSR spent during FY 2019-20:

(amount in ₹ Million)

Sl. no.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Direct Expenditure on projects or programs	Overheads		
1.	Rajiv Gandhi Arogya Yojana (RAY)	Healthcare and Enhancing livelihood	Amethi, Uttar Pradesh	1.50	0.87	0.04	0.91	Direct
2.	Mobile Mammography Screening	Healthcare	Karnataka	1.99	1.51	0.08	1.59	Direct
3.	Care Companion Program	Healthcare and promoting education	PAN India	1.35	1.53	0.08	1.61	Direct
4.	E - Health Centre Program	Healthcare and Enhancing livelihood	PAN India	3.16	8.61	0.4	9.04	Direct
5.	Udaan – A Scholarship Programme	Promoting education	Karnataka	1.91	1.26	0.06	1.32	Direct
6.	Community Radio program	Promoting education	Karnataka	1.57	0.99	0.55	1.04	Direct
7.	Non-Communicable Diseases (NCD) Program	Healthcare	PAN India	7.10	8.55	0.43	8.98	Direct
	Total			**20.68**	**23.33**	**1.17**	**24.49**	

5. Our responsibility statement

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with our CSR objectives.

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director and Group CEO
DIN: 07010883

Place: Bengaluru
Date: 15th June, 2020

ANNEXURE V

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is detailed as under:

a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Non-Executive Directors	Ratio to median remuneration
Mr. Muthuraman Balasubramanian	2.66
Mr. Dinesh Krishna Swamy	2.66
Mr. Manohar D Chatlani	2.66
Mr. Arun Seth	2.66
Ms. Kiran Mazumdar Shaw	2.66
Mr. B N Subramanya	2.66
Ms. Nivruti Rai	2.66

Executive Directors	Ratio to median remuneration
Dr. Devi Prasad Shetty	284.96
Mr. Viren Prasad Shetty	58.63
Dr. Emmanuel Rupert	142.86

b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary	% increase
Dr. Devi Prasad Shetty	10%
Mr. Viren Prasad Shetty	10%
Dr. Emmanuel Rupert*	0%
Mr. Venugopalan Kesavan	9%
Mr. Sridhar S	9%

*appointed in Feb 2019.

c. The percentage increase in the median remuneration of employees in the financial year: 5%

d. The number of permanent employees on the rolls of Company: 11,261

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

On an average, employees received an annual increase of 5.1% based on individual performance against the managerial remuneration of 8.8%

f. Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company affirms that the remuneration is as the remuneration policy adopted by the Company.

ANNEXURE VI

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

A) CONSERVATION OF ENERGY

Implementation of Energy Conservation measures through investment on equipment/components was a key agenda for Energy Conservation initiatives in FY 2019-20 at NH. Process improvement and utilisation of existing resources identified in last financial year were also reviewed to ensure continued savings.

Various initiatives have been undertaken by the Company to optimise the energy usage and cost.

Key energy conservation measures executed in the FY 2019-20 are summarised below:

a. Completed two (2) internal energy audits at facilities located in Gurugram and Delhi through in-house resources.

b. Following improvement measures were implemented and commissioned in FY 2019-20:

   i. Successfully commissioned HVAC optimisation project worth ₹18 Million at Rabindranath Tagore Institute of Cardiac Sciences (RTIICS) located in Kolkata resulting in an estimated savings of ₹ 9 Million/year.

   ii. Installation of Variable Frequency Drives (VFD)/ Electronically Controlled (EC) motors for Air Handling Units, at 3 facilities have estimated savings of 0.6 Million per annum worth of energy.

   iii. Successfully commissioned heat pump worth ₹ 3 Million at Mazumdar Shaw Medical Centre (MSMC) resulting in an estimated savings of ₹ 1.4 Million/year and replacement of fossil fuel powered hot water generator.

   iv. Sourcing 85% of Health City (2 facilities) energy consumption from renewable energy source (Solar) resulting in an estimated savings of ₹16 Million/year

   v. Reasonable power factor improvement and contract demand optimisation has been achieved at facilities located in Gurugram and Guwahati. A consistent power factor of 0.95 or more is maintained at majority of facilities, resulting in an anticipated savings of ₹ 2 Million/ year from power factor incentives.

   vi. 100% replacement of low efficacy conventional lights with high efficacy LED lights at 4 facilities, have estimated savings of ₹ 1.2 Million per annum worth of energy.

   vii. Phased replacement of conventional lighting with energy efficient LED fittings across all our hospitals.

   viii. Through continuous monitoring, control and various water conservation initiatives, facilities specific water consumption was optimised.

In addition to the savings achieved through various initiatives in the last financial year, following table summarises savings achieved in FY 2019-20, with specific efforts on energy conservation and energy cost savings:

Activity	**Benefits ₹ in Million (Estimated)**
Energy Conservation through HVAC optimisation	9.60
Sourcing Renewable Energy through Open Access	16.00
Installation of heat pump at MSMC	1.40
Replacement of conventional lightings with LED lightings	1.20
Power Factor Improvement and Contract demand optimisation	2.00
Total	30.20

Note: The numbers presented above are those calculated for the time from which various activities were commissioned which were mostly towards middle of the financial year. Hence, they do not represent the annual benefit, and represent only the approximate values of actual benefits in the financial year 2019-20.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption are detailed as under

1. NH Software Development Centre (SDC) developed Athma Hospital Information System (HIS) and associated mobile apps which has gone live in Raipur, Mysore, Shimoga, HSR Layout, Health City, Heart Centers.

2. Latest version of Centralised Radiology Information System (RIS) and Picture Archival and Communication System (PACS) rolled out across India and Cayman Islands

3. Signed 3-year contract to deploy and manage NH Data Intelligence Platform for Pan-India Hospital Group

4. ECG and ECHO machine undergoing integration with PACS; real-time data acquisition will enable development of AI solutions in Cardiac Screening and Monitoring

5. Implemented a digital claims management system which allows end to end claims tracking across Government schemes, Insurance providers and TPA's

6. Implemented a centralised data repository system to support online and offline data capture for clinical research studies and related operations

7. Implemented several automation initiatives across the application landscape spanning Finance, Human Resources, Supply Chain and Operations.

8. Multiple initiatives to monitor, maintain and enhance the network and security posture of the hospitals were implemented.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- Reduce complexity
- Reduce costs
- Transform digitally by reducing manual intervention
- Reduce possibilities of non-compliance to information security guidelines
- Improve overall turnaround time

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

The Company is in the business of providing healthcare services and it continues to use the latest technology in medical equipments.

(iv) The expenditure incurred on Research and Development- NIL

(C) FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

(amount in ₹ Million)

Particulars	2019-20	2018-19
Foreign Exchange Earnings	1,926.82	1,813.24
Foreign Exchange Expenditure	105.17	98.14
Value of Imports on CIF Basis	48.72	96.03

ANNEXURE VII

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2020

1. Corporate governance Philosophy

Your Company is committed to the principles of 'Accountability', 'Transparency' and 'Trusteeship' in its dealing with stakeholders. Accordingly, in the endeavor to take balanced care of stakeholders, your Company adheres to good corporate governance practices in its business processes.

The Company is conscious of the fact that the success of a corporation reflects the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organisation. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its Employees including the Managing Director and the Executive Directors. In addition, the Company's terms of appointment with Independent Directors suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. These Codes and terms of appointment are available on the Company's website and can be accessed at www.narayanahealth.org.

A Report on Corporate Governance, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, and amendments thereto is outlined below.

2. Board of Directors

The Board of Directors (the Board) is at the core of the Company's Corporate Governance practices and oversees how Management serves and protects the long-term interest of its stakeholders. It brings in strategic guidance, leadership and an independent view to the Company's Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of ethics, transparency and disclosure.

The Board consists of an optimal combination of Executive Directors and Non-Executive Directors including Independent Directors, representing a judicious mix of in-depth knowledge and experience.

(a) Composition and Category of Directors

The Board comprises of 10 (Ten) Directors viz., 3 (Three) Executive Directors and 7 (Seven) Non-Executive Directors out of which 6 (Six) are Independent Directors. In the opinion of the Board, the Independent Directors of the Company fulfill the conditions specified in the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and are independent of the management.

Composition of the Board and Committees as on 31st March, 2020 are given below

Sl. No.	Name of Director	Designation	Category	Board	Audit, Risk and Compliance Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholder Relationship Committee
1	Dr. Devi Prasad Shetty	Chairman & Executive Director	ED & Promoter	√√	-	-	-	-
2	Dr. Emmanuel Rupert	Managing Director & Group CEO	ED	√	-	-	-	-
3	Mr. Viren Prasad Shetty	Executive Director & Group COO	ED	√	-	√	-	√
4	Dr. Kiran Mazumdar Shaw	Director	NE	√	-	-	√	-
5	Mr. Manohar Dayaram Chatlani	Director	INED	√	-	-	-	-
6	Mr. Dinesh Krishna Swamy	Director	INED	√	√	√√	√	-
7	Mr. Muthuraman Balasubramanian	Director	INED	√	√	-	-	√√
8	Mr. Arun Seth	Director	INED	√	-	-	√√	-
9	Mr. B.N Subramanya	Director	INED	√	√√	√	-	√
10	Ms. Nivruti Rai	Director	INED	√	-	-	√	-

√√-Chairman, √-Member, ED – Executive Director, INED – Independent Non-Executive Director, NE – Non-Executive Director

(b) Changes in the composition of the Board

➢ Change in designations and appointments

- During the year under review, Dr. Emmanuel Rupert, who was appointed by the Board of Directors as an Additional Director on 3rd February, 2019 and as a Managing Director and Group CEO w.e.f 11th February, 2019, subject to approval of the Shareholders, was appointed by the Shareholders at Annual General Meeting held on 10th August, 2019 as a Director of the Company and his appointment as Managing Director and Group CEO w.e.f. 11th February, 2019 was also confirmed.
- Ms. Nivruti Rai who was appointed by the Board of Directors as an Additional Director (Independent) of the Company on 27th March, 2019 was appointed as an Independent Director for a period of 3 consecutive years w.e.f 27th March, 2019 in the Company's Annual General Meeting held on 10th August, 2019.

➢ Resignations or removal of the Directors, if any

- During the year under review, no Directors have resigned or have been removed from the services of the Company.

(c) Attendance of each director at the Board Meetings and the last Annual General Meeting

Directors	Number of Board Meetings		Attendance at the last Annual General Meeting held on 10th August, 2019
	Held	Attended	
Dr. Devi Prasad Shetty	6	6	Yes
Dr. Emmanuel Rupert	6	6	Yes
Ms. Nivruti Rai	6	5	Yes
Dr. Kiran Mazumdar Shaw	6	6	Yes
Mr. Muthuraman Balasubramanian	6	6	Yes
Mr. B N Subramanya	6	5	Yes
Mr. Manohar Dayaram Chatlani	6	4	Yes
Mr. Viren Prasad Shetty	6	6	Yes
Mr. Dinesh Krishna Swamy	6	6	Yes
Mr. Arun Seth	6	6	Yes

(d) Number of other Boards or Board Committees in which Director is a member or Chairman

Number of Directorships and Committee chairmanships / memberships held by Directors in other public companies as on 31st March, 2020 are given herein below. Other directorships do not include directorships in private limited companies, foreign companies and companies under Section 8 of the Companies Act 2013. Chairmanships / Memberships of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

Sl. No.	Name of the Director	Name of the Listed entity where he/she is a Director and the category of Directorship	No. of Directorship in other public entities including this entity	No. of memberships in Audit and Stakeholder Relationship Committee(s) held in other public entities including this entity	No. of post of Chairman in Audit and Stakeholders Relationship Committee held in public entities including this entity
1	Dr. Devi Prasad Shetty	Narayana Hrudayalaya Limited Chairman & Executive Director	2	0	0
2	Dr. Emmanuel Rupert	Narayana Hrudayalaya Limited Group CEO & Managing Director	2	1 – Audit Committee	0
3	Mr. Viren Prasad Shetty	Narayana Hrudayalaya Limited Group COO and Executive Director	2	1 – Stakeholder Relationship committee	0

Sl. No.	Name of the Director	Name of the Listed entity where he/she is a Director and the category of Directorship	No. of Directorship in other public entities including this entity	No. of memberships in Audit and Stakeholder Relationship Committee(s) held in other public entities including this entity	No. of post of Chairman in Audit and Stakeholders Relationship Committee held in public entities including this entity
4	Dr. Kiran Mazumdar Shaw	• Infosys Limited Independent Director • Biocon Limited Executive Chairperson • United Breweries Ltd Independent Director • Syngene International Ltd Non-Executive Chairperson • Narayana Hrudayalaya Limited Non-Executive Director	9	0	1 – Audit Committee
5	Mr. Manohar Dayaram Chatlani	Narayana Hrudayalaya Limited Independent Director	1	0	0
6	Mr. Dinesh Krishna Swamy	Narayana Hrudayalaya Limited Independent Director	2	1 – Audit Committee	0
7	Mr. Muthuraman Balasubramanian	• Sundaram Fasteners Ltd Independent Director • Narayana Hrudayalaya Limited Independent Director	3	2 – Audit Committee	1 – Stakeholder Relationship Committee
8	Mr. Arun Seth	• Jubilant Life Sciences Ltd Independent Director • Narayana Hrudayalaya Limited Independent Director	5	1 – Stakeholder Relationship Committee 2 – Audit Committee	0
9	Mr. BN Subramanya	Narayana Hrudayalaya Limited Independent Director	5	1 – Stakeholder Relationship Committee	2 – Audit Committee
10	Ms. Nivruti Rai	Narayana Hrudayalaya Limited Independent Director	2	0	0

(e) Number of Board meetings held, dates on which held

During the financial year under review 6 (Six) Board Meetings were held on 24th May, 2019, 9th August, 2019, 8th November, 2019, 30th January, 2020, 31st January, 2020 and 24th March, 2020. The gap between two Board Meetings did not exceed 120 (One Hundred and Twenty) days as required under Section 173 of the Companies Act, 2013 read with Rule 3 & 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 along with Regulation 17 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These Meetings were well attended including Independent Directors.

(f) Meeting of Independent Directors

The Company's Independent Directors are required to meet at least once in every Financial Year in compliance with the provisions of the Companies Act, 2013. Such meetings are conducted to enable Independent Directors to discuss the matters pertaining to the Company's affairs and put forth their views. Further, Independent Directors also review the performance of the Non-Independent Directors, Chairman (after considering the views of Executive and Non-Executive Directors of the Company) and the Board as a whole. In view of the relaxation granted by the Ministry of Corporate Affairs vide Circular No. 11/2020 dated 24th March, 2020 on account of COVID-19 pandemic, the meeting of Independent Directors was not held. However, the Independent Directors met on 15th June, 2020 and all the Independent Directors attended the meeting.

(g) Pecuniary Relationship

There were no pecuniary relations or transactions of Non-Executive Directors vis-a-vis the Company other than:

a. The sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

b. Dr. Kiran Mazumdar Shaw (Non-executive Director) holds 47,05,671 equity shares of ₹ 10 each of the Company as on 31st March, 2020.

c. Mr. Arun Seth (Non-executive Independent Director) holds 1,111 equity shares of ₹ 10 each of the Company as on 31st March, 2020.

d. Mr. Muthuraman Balasubramanian (Non-executive Independent Director) holds 258 equity shares of ₹ 10 each of the Company as on 31st March, 2020.

e. Related Party Transactions in the normal course of business with Biocon Limited, Syngene International Limited in which Dr. Kiran Mazumdar Shaw is interested as an Executive Chairperson and Non-Executive Director, Chairperson respectively to an extent of ₹ 4,18,73,117 and ₹ 7,64,550 respectively.

(h) Familiarisation Programs for Board Members

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarise with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, operations review, quarterly and annual results, budgets, review of internal audit reports and action taken reports, statutory compliances, risk management, operations of subsidiaries and business strategy and risks involved. Such presentations and documents provide an opportunity to the Independent Directors to interact with the Senior Management Team of the Company and help them understand the Company's strategy, operations, services, organisation structure, finance, human resources, technology, quality and such other areas as may arise from time to time.

The Policy on the Familiarisation Programs for Independent Directors and their terms of appointment are also posted on the website of the Company and can be accessed at www.narayanahealth.org.

(i) Key Board skills/expertise/competencies

Pursuant to Regulation 34(3) read with Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time, the Board of Directors have identified the following key skills/expertise/competence so that the Board of Directors comprises of a diverse and multidisciplinary group of professionals with requisite skills/expertise/competence who can contribute towards providing strategic direction to the Company's Management to continue to pursue its vision of providing quality and affordable healthcare whilst upholding the highest standards of Corporate Governance.

Key Competencies	Brief Description	Name of Directors
Governance and Board service	The Board shall collectively comprise of Directors who demonstrate competence and experience in application of Corporate Governance principles.	All the Directors
Business/ Management	Experience with, or can demonstrate knowledge or expertise in, sound management and operational business processes and practices in the private or public sector including an understanding of topics such as managing complex projects, leveraging information technology, planning and measuring performance, and allocating resources to achieve outcomes.	All the Directors
Risk/Legal/ Regulatory Compliance	Ability to identify key risks to the organisation in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.	Mr. Muthuraman Balasubramanian Mr. B N Subramanya Mr. Arun Seth Mr. Dinesh Krishna Swamy Dr. Kiran Mazumdar Shaw

Key Competencies	Brief Description	Name of Directors
Information Technology	Knowledge and experience in the strategic use and governance of information management and information technology with ability to apply technology to the hospital sector.	Mr. Dinesh Krishna Swamy Mr. Arun Seth Mr. Viren Prasad Shetty Ms. Nivruti Rai
Accounting/ Financial Experience	Experience with, or can demonstrate knowledge or expertise in, accounting or financial management including analysing and interpreting financial statements, evaluating organisational budgets and use of resources, critically analyse performance and financial viability, oversee funding arrangements and understanding financial reporting.	Mr. B N Subramanya Mr. Muthuraman Balasubramanian
Industry/Sector Knowledge	Experience with or is able to demonstrate knowledge or expertise of Healthcare industry with specific exposure in Hospital segment including an understanding of particular trends, challenges and opportunities, or unique dynamics within the sector that are relevant to the Company.	Dr. Devi Prasad Shetty Mr. Viren Prasad Shetty Dr. Emmanuel Rupert
Strategy development and implementation	Ability to think strategically and contribute to effective strategy formulation in the light of the strategic objectives of the company.	All the Directors
Human Resource management	Experience in the Human Resource Management with understanding of employment law.	Mr. Muthuraman Balasubramanian Dr. Kiran Mazumdar Shaw Mr. Arun Seth Mr. Dinesh Krishna Swamy Mr. Manohar Dayaram Chatlani

3. Board Procedure

A detailed agenda and notes thereon are sent to each Director in advance of Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any documents with the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. To enable the Board to discharge its responsibilities effectively, the Board is kept abreast at every meeting on the overall performance of the Company. All the relevant reports are also presented at the Board Meetings.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the Senior Management, finalise the agenda for Board meetings.

Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and on the occasion of the Annual General Meeting. Additional meetings are held when necessary.

4. Board member evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Nomination and Remuneration Committee has laid down the manner of evaluation of performance of the Board, its committees and individual directors and its implementation and review. The Board of Directors have adopted the same.

Some of the performance indicators, based on which the Independent Directors are evaluated include:

- The ability to contribute to and monitor our corporate governance practices.
- The ability to contribute by introducing international best practices to address business challenges and risks.
- Active participation in long-term strategic planning.
- Commitment to the fulfilment of a Director's obligations and fiduciary responsibilities; these include participation in Board and Committee meetings.

To improve the effectiveness of the Board and its Committees, as well as that of each individual director, a formal Board review is internally undertaken on an annual basis. The members may refer to the Board's Report for the evaluation process followed by the Company.

5. Audit, Risk and Compliance Committee

The Audit, Risk and Compliance Committee has been constituted in terms of Section 177 of the Companies Act, 2013 read with Regulations 18 and 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The terms of reference of Audit, Risk and Compliance Committee are broadly as follows:

The Audit, Risk and Compliance Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The Committee functions as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act, 2013. The responsibilities of the Committee include review of the quarterly and annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements, approve risk management policy, assist the Board in oversight of risk identification, evaluation and mitigation and review management's assessment of risk. The Committee also reviews the functioning of whistle blower mechanism, adequacy and effectiveness of internal audit function, review of management discussion and analysis of financial condition and results of operation.

As on 31st March, 2020, the Audit, Risk and Compliance Committee comprised of 3 Directors. All are Independent Directors and the details of the same are as follows:

Director	Nature of Directorship	Designation
1. Mr. B N Subramanya	Independent Director	Chairman
2. Mr. Dinesh Krishna Swamy	Independent Director	Member
3. Mr. Muthuraman Balasubramanian	Independent Director	Member

Meetings and attendance during the year

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. B N Subramanya	24.05.2019 13.06.2019 09.08.2019 08.11.2019 31.01.2020 24.03.2020	6	6
Mr. Dinesh Krishna Swamy	24.05.2019 13.06.2019 09.08.2019 08.11.2019 31.01.2020 24.03.2020	6	6
Mr. Muthuraman Balasubramanian	24.05.2019 13.06.2019 09.08.2019 08.11.2019 31.01.2020 24.03.2020	6	6

6. Nomination and Remuneration Committee

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Nomination and Remuneration Committee includes determination of the Company's policy on specific remuneration packages for the Executive Directors and Senior Management, oversee the framing, review and implementation of compensation policy of the Company on behalf of the Board. The Committee's terms also include to form a policy, procedures and schemes and to undertake overall supervision and administration of Employee Stock Option Plan (ESOP) of the Company and to review the Board structure, size and composition and make recommendation for any change. The committee also formulates evaluation criteria for Directors and the Board.

The Nomination and Remuneration Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

The composition, name of members and Chairman of the Nomination and Remuneration Committee are as under:

Director	Nature of Directorship	Designation
1. Mr. Arun Seth	Independent Director	Chairman
2. Mr. Dinesh Krishna Swamy	Independent Director	Member
3. Dr. Kiran Mazumdar Shaw	Non-Executive Director	Member
4. Ms. Nivruti Rai	Independent Director	Member

Meetings and attendance during the year:

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Arun Seth	24.05.2019	1	1
Dr. Kiran Mazumdar Shaw	24.05.2019	1	1
Mr. Dinesh Krishna Swamy	24.05.2019	1	1
Ms. Nivruti Rai*	24.05.2019	NA	NA

* Nivruti Rai was appointed as a Committee Member with effect from 9th August, 2019.

7. Stakeholders' Relationship Committee

The members of the Stakeholders' Relationship Committee are:

Director	Nature of Directorship	Designation
1. Mr. Muthuraman Balasubramanian	Independent Director	Chairman
2. Mr. B. N. Subramanya	Independent Director	Member
3. Mr. Viren Prasad Shetty	Group COO and Executive Director	Member

Meetings and attendance during the year:

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Muthuraman Balasubramanian	24.03.2020	1	1
Mr. B N Subramanya	24.03.2020	1	1
Mr. Viren Prasad Shetty	24.03.2020	1	1

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013 and Regulation 20 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The terms of reference of the Stakeholders' Relationship Committee of our Company include effectively overseeing the resolution of the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of annual reports, resolving investors' complaints pertaining to share transfers, issue of duplicate share certificates, transmission of shares and other Shareholder related queries, complaints, monitoring implementation of code of conduct for prohibition of insider trading etc.

The details with regard to Stakeholders' grievances as on 31st March, 2020 are:

Sl. No.	Particulars	Related Details
1.	Name of the Non-executive Director heading the Committee	Mr. Muthuraman Balasubramanian (Independent Director), Chairman
2.	Name and Designation of Compliance Officer	Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer
3.	No. of shareholders' complaints received as on 31st March, 2020	Nil
4.	No. of complaints not solved to the satisfaction of shareholders as on 31st March, 2020	Nil
5.	No. of pending complaints as on 31st March, 2020	Nil

8. Other Committees

a. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Director	Nature of Directorship	Designation
1. Mr. K. Dinesh	Independent Director	Chairman
2. Mr. B. N. Subramanya	Independent Director	Member
3. Mr. Viren Prasad Shetty	Group COO and Executive Director	Member

Meetings and attendance during the year:

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Dinesh Krishna Swamy	09.08.2019 08.11.2019 31.01.2020 24.03.2020	4	4
Mr. B N Subramanya	09.08.2019 08.11.2019 31.01.2020 24.03.2020	4	4
Mr. Viren Prasad Shetty	09.08.2019 08.11.2019 31.01.2020 24.03.2020	4	4

The Committee owns the Corporate Social Responsibility Policy and recommends any changes to the policy (or related activities) from time to time to the Board. The Committee also oversees the implementation of the policy, approves plans and programs.

The Corporate Social Responsibility Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

b. Risk Management Committee

In terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed entities, are required to constitute a Risk Management Committee. The responsibilities related to a Risk Management Committee are being performed by our Audit, Risk and Compliance Committee. The Board has nominated the Audit, Risk and Compliance committee also as Risk Management Committee.

In addition to the scope and function of the Audit, Risk and Compliance Committee of the Company as referred above, the scope of the Committee is also to assist the Board in fulfilling its responsibilities about the identification, evaluation and mitigation of operational, strategic and environmental risks. The Committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company. It is also responsible for reviewing and approving risk disclosure statements in public documents or disclosures.

The Risk Management Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

9. Remuneration to Directors

a. Details of remuneration to Directors for the Financial Year ended March 31, 2020

(In ₹)

Director	All elements of remuneration packages of the Directors				Total
	Salary and allowances	Contribution to PF and other funds	Other benefits and perquisites	Performance related pay	
Dr. Devi Prasad Shetty, Chairman & Executive Director	49,328,400	-	39,600	-	49,368,000
Mr. Viren Prasad Shetty, Group COO & Executive Director	10,157,400	-	-	-	10,157,400
Dr. Emmanuel Rupert, MD and Group CEO	30,227,530	647,667	-	-	30,875,197

b. Remuneration to Non-executive, Independent Directors paid as on 31st March, 2020

(In ₹)

Director	All elements of remuneration packages of the Directors				Total
	Sitting fees (Board)	Sitting fees (Committees)	Commission	Other benefits, if any	
Mr. Arun Seth	3,00,000	25,000	6,00,000	-	9,25,000
Dr. Kiran Mazumdar Shaw	3,00,000	25,000	6,00,000	-	9,25,000
Mr. B N Subramanya	2,50,000	2,75,000	6,00,000	-	11,25,000
Mr. Manohar D Chatlani	2,00,000	---	6,00,000	-	8,00,000
Mr. Muthuraman Balasubramanian	3,00,000	1,75,000	6,00,000	-	10,75,000
Mr. Dinesh Krishna Swamy	3,00,000	2,75,000	6,00,000	-	11,75,000
Ms. Nivruti Rai	2,50,000	---	6,00,000		8,50,000

The remuneration of Non-Executive Directors comprises of sitting fees of ₹ 50,000/- per Board Meeting and ₹ 25,000/- per Committee Meeting in accordance with the provisions of Companies Act, 2013. Also, reimbursement of expenses incurred by the Non-executive Directors in connection with attending the Board Meetings, Committee Meetings, General Meetings and in relation to the business of the Company are extended to the Non-executive Directors.

c. Service Contracts, Notice and Severance Fees

As at 31st March, 2020, the Board comprised 10 members including 3 Executive Directors and 7 Non-executive Directors of which 6 Directors are Independent Directors. The Executive Directors are the employees of the Company and are subject to service conditions as per the Company's Policy. There is no separate provision for payment of severance fees. However, Independent Directors are subject to a notice period of 30 days but are not eligible for severance fees.

d. Criteria for making payment to Non-executive Directors

The criteria of making payment to the Non-executive directors is based on the varied roles played by them towards the Company. It is not just restricted to corporate governance or outlook of the Company, but they also bring along with them significant professional expertise and rich experience across the wide spectrum of functional areas such as technology, corporate strategy, finance and other corporate functions. The Company seeks their expert advice on various matters in general management, strategy, business planning, finance, science, technology or intellectual property.

e. Disclosure of relationships between Directors inter-se

There is no inter-se relationship between any directors except Dr. Devi Prasad Shetty, Chairman & Executive Director and Mr. Viren Prasad Shetty, Group COO and Executive Director of the Company.

f. Number of shares and convertible instruments held by Non-executive Directors

- Dr. Kiran Mazumdar Shaw holds 47,05,671 equity shares of ₹ 10 each as on 31st March, 2020.
- Mr. Arun Seth (Independent Director) holds 1,111 equity shares of ₹ 10 each of the Company as on 31st March, 2020.
- Mr. Muthuraman Balasubramanian (Independent Director) holds 258 equity shares of ₹ 10 each of the Company as on 31st March, 2020.

The Company has not issued any convertible instruments.

10. General Body Meetings

a. Details of location and time, where last three Annual General Meetings were held:

Financial year ended	Day, Date and Time of Annual General Meeting	Location
31st March, 2019	Saturday, the 10th August, 2019 at 11.30 A.M	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029
31st March, 2018	Friday, the 3rd day of August 2018 at 11.30 AM	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029
31st March, 2017	Thursday, the 3rd day of August 2017 at 11.30 AM	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029

b. Details of Special Resolutions passed in the previous three Annual General Meetings:

Annual General Meeting held on 10th August, 2019	Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as Managing Director and Group CEO of the Company
	Continuation of Mr. Muthuraman Balasubramanian (DIN: 00004757) as an Independent Director of the Company
	Revision in remuneration of Dr. Devi Prasad Shetty (DIN: 00252187) as Whole-time Director
	Revision in remuneration of Mr. Viren Prasad Shetty (DIN:02144586) as Whole-time Director and Group Chief Operating Officer (COO)
	To provide loans to and / or give guarantees and / or provide securities in connection with loans raised by Meridian Medical Research and Hospital Limited, Subsidiary Company
	Issue of debt securities on Private Placement Basis
	Revision in remuneration payable to Dr. Vivek Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013
	Revision in remuneration payable to Dr. Varun Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013

Annual General Meeting held on 3rd August, 2018	Re-appointment of Dr. Devi Prasad Shetty (DIN:00252187) as Whole-time Director of the Company for a term of five years
	Re-appointment of Dr. Ashutosh Raghuvanshi (DIN: 02775637) as Managing Director of the Company for a term of five years
	Re-appointment of Mr. Viren Prasad Shetty (DIN:02144586), as Whole-time Director of the Company for a term of five years
	Re-appointment of Mr. Dinesh Krishna Swamy (DIN: 00041553) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. Muthuraman Balasubramanian (DIN:00004757) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. Arun Seth (DIN:00204434) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. B.N. Subramanya (DIN:00483654) as an Independent Director of the Company for a second term of five consecutive years
	Re-appointment of Mr. Manohar D Chatlani (DIN:00101591) as an Independent Director of the Company for a second term of five consecutive years
	Increase in borrowing powers of Board of Directors under Section 180(1)(c) of the Companies Act, 2013
	Increase in provision for security in connection with the borrowings under Section 180(1)(a) of the Companies Act, 2013
	Approval of Related Party Transaction for appointment of Dr. Anesh Shetty as Senior Manager-Operations
	Approval for Related Party Transaction for appointment of Dr. Varun Shetty as Consultant Surgeon
	Approval for Related Party Transaction for appointment of Dr. Vivek Shetty as Consultant Surgeon
Annual General Meeting held on 3rd August, 2017	Alteration of Articles of Association with respect to removal of common seal clause.

11. Details of Postal Ballot

The Company did not pass any special resolution by means of postal ballot during the FY 2019-20 as the Company provided the facility of voting by electronic means under Section 108 of the Companies Act, 2013.

12. Details of Special Resolution proposed to be conducted through Postal Ballot at the ensuing Annual General Meeting

None of the businesses proposed to be transacted at the ensuing AGM requires passing of a special resolution through postal ballot.

13. Remote e-voting at the Annual General Meeting

To allow the Members to vote on the resolutions proposed at the Annual General Meeting to be held through Video Conferencing facility, the Company has arranged for a remote e-voting facility. The Company has engaged NSDL to provide e-voting facility to all the Members. Members whose names appear on the register of Members as on 24th August, 2020 shall be eligible to participate in the e-voting.

14. Means of Communication

a. Financial results

The quarterly, half yearly and yearly financial results are filed with the Stock Exchanges immediately after the Board approves the same and within the stipulated timelines as specified in SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These results are published in newspapers like Financial Express (English) and Vijaya Vani (Kannada).

b. The results along with investor presentations and press release are also posted on the website of BSE Limited and National Stock Exchange of India Limited, and on Company's website i.e., www.narayanahealth.org.

15. General Shareholder Information

a. Annual General Meeting

Venue

The Company shall be conducting Annual General Meeting through Video Conferencing facility or other audio visual means pursuant to MCA circular dated 5th May, 2020. Details are provided in the Notice of this AGM.

Day, date and time

The 20th Annual General Meeting of the Company will be held on Monday, the 31st day of August 2020, at 11:30 AM by means of Video Conferencing (VC)/ Other Audio-Visual Means (OAVM).

b. Financial Year:

Financial Year covers the period from 1st April, 2019 to 31st March, 2020.

c. Listing on Stock Exchanges

Equity Shares of the Company are listed on the BSE Limited (BSE Limited), Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Limited (NSE), Exchange plaza, Bandra Kurla Complex, Mumbai – 400 050. The requisite listing fees have been paid in full to the Stock Exchanges where the Company's Shares are listed.

d. Stock Exchange Codes

NSE: NH

BSE: 539551

e. International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares

ISIN: INE410P01011

f. Suspension of Trading

No securities of the Company were suspended from trading on stock exchanges during the year under review.

g. Registrar and Share Transfer Agents

Kfin Technologies Private Limited situated at Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad – 500 032, Telangana.

h. Share Transfer System

Trading in equity shares of the Company through recognised Stock Exchanges is permitted only in dematerialised form.

Pursuant to amended Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, with effect from 1st April, 2019, requests for effecting transfer of securities shall not be processed unless the securities are held in the dematerialised form with a depository.

i. Distribution of shareholdings as on 31st March, 2020

Distribution Schedule - Consolidated As on 31-03-2020

Category (Amount)	No. of Cases	% of Cases	Total Shares	Amount	% of Amount
1-5000	33,221	94.36	2,466,459	24,664,590	1.20
5001- 10000	978	2.78	738,856	7,388,560	0.37
10001- 20000	487	1.38	684,828	6,848,280	0.33
20001- 30000	128	0.37	317,752	3,177,520	0.16
30001- 40000	78	0.22	274,826	2,748,260	0.13
40001- 50000	46	0.14	214,617	2,146,170	0.11
50001- 100000	82	0.24	597,274	5,972,740	0.30
100001 & Above	183	0.51	199,066,192	1,990,661,920	97.40
Total	**35,203**	**100.00**	**204,360,804**	**2,043,608,040**	**100.00**

a. Category of Equity Shareholders as on 31st March, 2020

Consolidated Shareholding Pattern As on 31-03-2020			
Category	**No. of Holders**	**Total Shares**	**% To Equity**
Promoter Individuals	6	126,783,666	62.03
Mutual Funds	46	28,458,425	13.92
Foreign Portfolio - Corp	67	19,573,897	9.58
Resident Individuals	32,580	12,215,373	5.98
Bodies Corporates	322	7,251,859	3.55
Promoters Bodies Corporate	1	3,702,064	1.82
Alternative Investment Fund	11	2,208,440	1.08
Qualified Institutional Buyer	5	1,519,771	0.75
Trusts	1	1,469,203	0.72
Non-Resident Indians	774	318,670	0.16
Indian Financial Institutions	5	286,845	0.15
Non-Resident Indian Non Repatriable	322	254,825	0.12
HUF	957	217,703	0.10
Clearing Members	101	93,196	0.04
NBFC	2	5,469	0.00
Foreign Nationals	1	1,000	0.00
Banks	2	398	0.00
Total	**35,203**	**204,360,804**	**100.00**

k. Dematerialisation of Shares & Liquidity

As on 31st March, 2020, except one resident individual holding 1 (one) share in physical form, the entire Paid-up Equity Share Capital of the Company is held in dematerialised form with National Securities Depository Limited and Central Depository Services (India) Limited.

l. Outstanding ADRs/GDRs Warrants or any Convertible Instruments, Conversion date and likely impact on Equity

The Company had not issued any ADRs/GDRs, Warrants or any Convertible Instruments during the year under review.

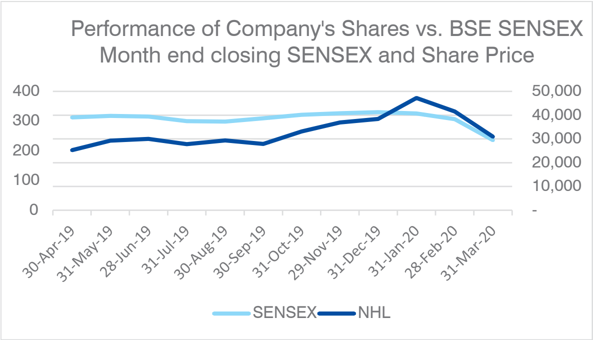
m. Address for correspondence

Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer.

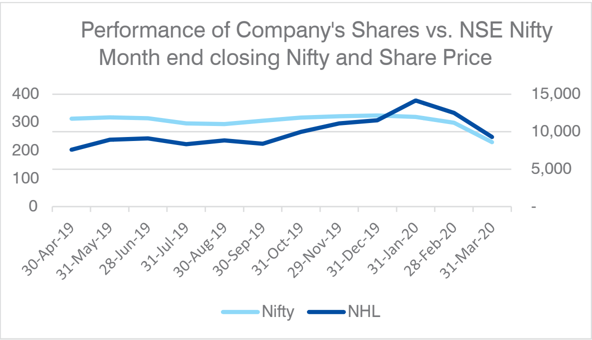
Narayana Hrudayalaya Limited, Corporate Office, 2nd Floor, 261/A, Bommasandra Industrial Area, Anekal Taluk, Hosur Road, Bangalore – 560099.

n. Performance in comparison to broad-based indices

i. BSE:



ii. NSE:



o. Unit Locations

In view of the nature of the Company's business viz. Healthcare and allied activities, the Company operates from various facilities in India and abroad.

The first facility was established in Bengaluru with approximately 225 operational beds and since then the company has grown to 21 hospitals, 5 heart centres and 19 primary care facilities across India and 1 hospital and 1 heart centre overseas.

p. Credit Ratings

The credit rating assigned to Long term and Short-term loans of the Company during the financial year 2019-20 is given below:

Instrument	Credit Rating
	ICRA
Long – Term Loans	AA- (stable)
Short-Term Loans	A1+

Details relating to these Credit Ratings are also available on the company's website: https://www.narayanahealth.org/stakeholder-relations/credit-rating

q. Auditors Fees

Deloitte Haskins & Sells LLP (Firm Registration No. 117366W/W-100018) have been appointed as the Statutory Auditors of the Company. The Company paid an amount of ₹ 1,10,96,798/- (Rupees One crore ten lakhs ninety-six thousand seven hundred and ninety-eight) to Statutory Auditors on a consolidated basis for the FY 2019-20.

r. Certificate from Practicing Company Secretary

The Company has received a certificate from a Company Secretary-in-Practice that none of the directors on the board of the company have been debarred or disqualified from being appointed or continuing as Directors of companies by the Securities and Exchange Board of India or the Ministry of Corporate Affairs or any such statutory authority.

s. Details of utilisation of funds raised through preferential allotment or qualified institutions placement as specified under Regulation 32 (7A)

The Company during the year under consideration has not raised any funds through preferential allotment or qualified institutional placement.

t. Non-acceptance of any recommendation of any committee of the Board which is mandatorily required

The Board of Directors have taken in all the recommendations of the various Committees of the Board as statutorily prescribed.

u. Demat Suspense Account/Unclaimed Suspense Account

The Company during the year under consideration does not have any demat suspense account or unclaimed suspense account.

v. Stock Market Data:

High, Low and Total Traded Quantity of the Company's equity shares during each month of the financial year 2019-20 at BSE and NSE are given below:

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Total Traded Quantity	High (₹)	Low (₹)	Total Traded Quantity
April 2019	222.05	200.10	12,48,848	220.45	200.05	25,828
May 2019	240.00	184.30	33,74,835	240.00	181.35	1,223,100
June 2019	252.00	215.10	10,47,233	252.40	212.00	63,580
July 2019	244.55	210.25	18,71,969	248.00	212.55	22,599
August 2019	249.00	200.05	38,77,181	248.75	201.35	1,220,474
September 2019	253.00	220.15	9,82,083	255.00	220.80	24,859
October 2019	280.35	221.25	12,37,561	280.00	225.75	46,760
November 2019	316.90	260.00	62,29,665	316.50	262.00	7,398,067
December 2019	319.50	293.00	42,19,046	319.55	293.30	942,019
January 2020	389.00	306.30	77,12,274	389.00	307.25	9,622,458
February 2020	384.00	321.80	56,35,826	383.60	322.00	259,819
March 2020	344.70	204.00	2,04,75,953	344.25	210.00	1,426,195

16. Disclosures

a. Related Party transactions

During the financial year 2019-20, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, Holding Company, Subsidiaries, Associates or relatives that may have potential conflict with the interest of the Company at large except for those mentioned in the Directors' Report. Further, details of related party transactions form part of notes to the standalone accounts of the Annual Report and a policy about same is available on the Company's website i.e., https://www.narayanahealth.org/sites/default/files/download/codes-policies/Related-party-transaction.pdf.

b. Details of Non-compliance with respect to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

c. Whistle Blower Policy/Vigil Mechanism

The Company has developed a Whistle Blower Policy with a view to provide a mechanism for Directors, employees and stakeholders of the Company to report their genuine concern. The Whistle Blower Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

d. Compliance with Corporate Governance Requirements

The Company has complied with all the mandatory Corporate Governance requirements to the extent applicable to the Company.

e. Link for policy on determining Material Subsidiaries

The Company has a Policy for determining material subsidiaries which is disclosed on website and can be accessed at https://www.narayanahealth.org/

f. Disclosure of commodity price risk or Foreign Exchange risk and Hedging activities

Information on foreign exchange risk and hedging activities are provided under Notes to Accounts of Financial Statements section of Annual Report, you are requested to refer to Note No. 44B in page No. 188 of Annual Report.

g. Disclosures regarding appointment or re-appointment of Directors

As per the Companies Act, 2013, at least two thirds of the Board should consist of retiring Directors, of these at least one third are required to retire every year.

Dr. Kiran Mazumdar Shaw, Non-Executive Director of the Company, being the longest in the office, retires by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

The detailed profile of the above director is provided as part of the Notice of the Annual General Meeting of the Company.

h. Code for Prevention of Insider Trading Practices

During the year under review, the Company revised its Insider Trading policy incorporating policy for determination of legitimate purposes, mechanism for internal control, mechanism for dealing with suspected leak of unpublished price sensitive information as per the SEBI (Prohibition of Insider Trading) (Amendment) Regulations, 2018 notified by SEBI on 21st January, 2019 and the same was approved and adopted by the Company with effect from 1st April, 2019.

The insider trading Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

i. Subsidiary Companies

All subsidiary companies are managed by their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. As on 31st March, 2020 the Company has Health City Cayman Island Limited as a Material Subsidiary.

The Company monitors performance of subsidiary companies, inter-alia, by reviewing financial statements, particularly investments (wherever applicable) made by unlisted subsidiary companies.

j. Accounting Treatment in Preparation of Financial Statements

In the preparation of the financial statements, the Company has followed existing Indian Accounting Standards (Ind AS). The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

k. Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The Company has complied with all the mandatory provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

l. Secretarial Audit Report

Pursuant to Regulation 24A of the SEBI (Listing Obligation & Disclosure Requirement) Regulations, 2015, every listed entity and its material unlisted subsidiaries incorporated in India shall undertake secretarial audit and shall annex with its Annual Report, a secretarial audit report, given by a Company Secretary-in-Practice. The Company in this regard, has sought and received certificate from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore – 560 004 (Firm Registration No. P2002KR057100).

m. Disclosures in relation to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

- Number of complaints filed during the financial year: 11
- Number of complaints disposed of during the financial year: 11
- Number of complaints pending as on end of the financial year: 0

n. Discretionary requirements (Schedule II Part E of the SEBI Listing Regulations)

During the year under review, there was no audit qualification in the Auditors' Report on the Company's financial statements. The Company continues to adopt best practices to ensure a regime of unqualified financial statements.

Also, Ernst & Young LLP, the Internal Auditors of the Company, make presentations to the Audit Committee on their reports.

The Company has been filing quarterly, half yearly results with stock exchanges within the stipulated timeline and also publish on our website https://www.narayanahealth.org/stakeholder-relations/financial-results and in widely circulated newspapers.

17. Declaration as required under Regulation 34(3) and Schedule V of the Listing Regulations

All Directors and Senior Management personnel of the Company have affirmed compliance with Narayana Hrudayalaya's Code of Conduct for the financial year ended March 31, 2020.

18. CEO and CFO Certification

The Managing Director & Group Chief Executive Officer ("MD & Group CEO") and the Chief Financial Officer (CFO) of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The MD & Group CEO and CFO have also given quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the MD & CEO and the CFO is annexed to this Annual Report.

19. Compliance Certificate on Corporate Governance

Certificate received from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore – 560 004 (Firm Registration No. P2002KR057100), confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34(3) and Regulation 53(f) read with Schedule-V(E) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 is annexed to this report as **Annexure VIII**.

For and on behalf of the Board of Directors

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director & Group CEO
DIN: 07010883

Place: Bengaluru
Date: 15th June, 2020

ANNEXURE VIII

REPORT ON CORPORATE GOVERNANCE BY COMPANY SECRETARY-IN-PRACTICE

To
The Members,
NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bangalore - 560099

We have examined the compliance of conditions of Corporate Governance by Narayana Hrudayalaya Limited ('the Company') for the year ended 31st March, 2020 as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations 2015 as amended from time to time.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations of the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Ganapathi & Mohan
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN: F005659B000344437

Place: Bengaluru
Date: 15th June, 2020

ANNEXURE IX

BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L85110KA2000PLC027497.

2. Name of the Company: Narayana Hrudayalaya Limited.

3. Registered address: No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099.

4. Website: www.narayanahealth.org

5. E-mail id: investorrelations@narayanahealth.org

6. Financial Year reported: 2019-20.

7. Sector(s) that the Company is engaged in (Industrial activity code-wise): The Company is in the healthcare sector running, operating, maintaining multi-specialty hospitals and heart care centres and applicable NIC Code: 8610.

8. List three key products/services that the Company manufactures/provides (as in balance sheet):

   The Company provides only Healthcare Services.

9. Total number of locations where business activity is undertaken by the Company

   a. Number of International Locations (Provide details of major 5)

      The Company has one hospital in the Grand Cayman Islands and also operates 1 heart centre at Chittagong, Bangladesh

   b. Number of National Locations

      The Company and its Group has 21 owned/operated hospitals, 1 managed hospital, 56 heart centers and 19 clinics

10. Markets served by the Company – Local/State/National/International

National Presence

The Company has its hospitals and clinics across the country including Ahmedabad, Bengaluru, Mysore, Davangere, Dharwad, Guwahati, Jaipur, Jamshedpur, Katra, Kolar, Kolkata, Raipur, Shimoga, Bellary, Delhi, Gurugram.

International

Cayman Islands, Bangladesh

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹): ₹ 2043.61 Million

2. Total Turnover (₹): ₹ 22,643.93 Million

3. Total Profit After Taxes (₹): ₹ 677.43 Million

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%):

   ₹ 24.49 Million spent on CSR which is 3.62% of the profit for Financial Year 2019-20. However, the prescribed minimum amount to be spent on CSR as per Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is 2% of the average net profit of the previous three years (Financial Year 2016-17 to 2018-19) which amounts to ₹ 23.46 Million.

5. List of activities in which expenditure in 4 above has been incurred:

(amount in ₹ Million)

Sl. no.	CSR project or activity identified	Cumulative expenditure upto the reporting period
1.	Rajiv Gandhi Arogya Yojana (RAY)	0.91
2.	Mobile Mammography Screening	1.59
3.	Care Companion Program	1.61
4.	E - Health Centre Program	9.04
5.	Udaan – A Scholarship Programme	1.32
6.	Community Radio program	1.04
7.	Non-Communicable Diseases (NCD) Program	8.98
8.	Total	24.49

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?

   Yes, the Company has totally Eleven Subsidiaries.

   a. Narayana Hospitals Private Limited (India)

   b. Narayana Institute for Advanced Research Private Limited (India)

   c. Narayana Health Institutions Private Limited (India)

   d. Narayana Hrudayalaya Surgical Hospital Private Limited (India)

e. Meridian Medical Research and Hospital Limited (India)

f. Narayana Vaishno Devi Specialty Hospitals Private Limited (India)

g. Narayana Cayman Holdings Limited (Cayman)

h. Narayana Holdings Private Limited (Mauritius)

i. NH Health Bangladesh Private Limited (Bangladesh) and

j. Health City Cayman Islands Limited (Cayman)

k. Narayan Health North America LLC (USA)

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary Company(s)?

Certain business responsibility initiatives in the area of ethics, transparency and accountability, sustainable use of resources, wellbeing of employees is being implemented by four operating subsidiaries-

a. Narayana Hrudayalaya Surgical Hospital Private Limited (India)

b. Meridian Medical Research and Hospital Limited (India)

c. Narayana Vaishno Devi Specialty Hospitals Private Limited (India)

d. NH Health Bangladesh Private Limited (Bangladesh)

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being responsible business.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies:

Name	DIN	Designation
Dr. Emmanuel Rupert	07010883	Managing Director and Group CEO

(b) Details of the BR head:

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	07010883
2	Name	Dr. Emmanuel Rupert
3	Designation-	Managing Director & Group CEO
4	Telephone number	080 71222129
5	e-mail id	investorrelations@narayanahealth.org

2. Principle-wise (as per NVGs) BR Policy/Policies:

(a) Details of compliance (Reply in Y/N)

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/ policies for	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Has the policy being formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Does the policy confirm to any national / international standards? If yes, specify? (50 words)	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Has the policy been approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Does the Company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	✓	x	✓	✓	✓	x	✓	✓	✓
6	Indicate the link for the policy to be viewed online?	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
8	Does the Company have in-house structure to implement the policy / policies?	✓	✓	✓	✓	X	✓	✓	✓	✓
9	Does the Company have a grievance redressal mechanism related to the policy / policies to address stakeholders' grievances related to the policy / policies?	✓	✓	✓	✓	✓	X	✓	✓	✓
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	X	X	X	X	X	✓	X	X	X

Note1: https://www.narayanahealth.org/sites/default/files/download/codes-policies/Anti-Bribery-Policy.pdf

Note 2: https://www.narayanahealth.org/sites/default/files/download/codes-policies/ESG-Policy.pdf

Note 3: https://www.narayanahealth.org/sites/default/files/download/codes-policies/FAW-Policy.pdf

Note 4: https://www.narayanahealth.org/sites/default/files/download/codes-policies/NHL-CSR-Policy-Document-2016-17.pdf

Note 5: https://www.narayanahealth.org/sites/default/files/download/codes-policies/NHL-CSR-Policy-Document-2016-17.pdf

Note 6: same as policy for Principle 2.

Note 7: same as policy for Principle 2.

Note 8: same as policy for Principle 4.

Note 9: same as policy for Principle 2.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)- Not Applicable.

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles.	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles.	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The Company does not have financial or manpower resources available for the task.	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months.	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year.	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify).	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Governance related to Business Responsibility (BR):

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?

BR performance is reviewed as a part of the ongoing business review by the Management and the Board of Directors.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The Company has qualified under clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during financial 2016-17 and hence this is the fourth year of publishing this report. The Reports for the first three Financial Years 2016-17, 2017-18, and 2018-19 is hosted on our website as a part of respective Annual Reports. The link for viewing the reports is https://www.narayanahealth.org/stakeholder-relations/annual-reports.

It is published annually as a part of Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE:

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the Company? Yes/No. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs/Others?

   Yes. This policy extends to NH, all its Subsidiaries, all its Vendors, Employees, and all its related entities.

2. How many stakeholder complaints have been received in the past Financial Year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   The details with regard to Stakeholders' Grievances are:

Sl. No.	Nature of compliant	Received	Resolved	Pending as on 31st March, 2020
1.	Non-Receipt of refund orders	Nil	Nil	Nil
2.	Non-Receipt of Annual Reports	Nil	Nil	Nil

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   Program HOPE or the non-communicable diseases (NCDs) screening program has focused on top three cancers namely – oral, breast and cervical cancer along with screening for NCDs. NCDs currently account for almost 60% of the burden of disease in India. In the context of novel coronavirus disease (COVID-19), international studies have found that presence of non-communicable diseases including diabetes mellitus, hypertension, cerebrovascular disease, coronary artery disease and chronic obstructive pulmonary disease, predispose towards poor prognosis. The NCD program has been able to screen more than 100,000 people since inception. 25783 hypertensives, 14673 diabetics have been detected through this campaign.

   In the context of novel coronavirus disease (COVID-19), international studies have found that presence of non-communicable diseases including diabetes mellitus, hypertension, cerebrovascular disease, coronary artery disease and chronic obstructive pulmonary disease, predispose towards poor prognosis (Huang, et al., 2020).

   In addition, the NCD program found that 13.3% of the screened male respondents were smokers. Studies have shown that smokers were 1.4 times more likely to have severe symptoms of COVID-19 and 2.4 times more likely to be admitted to the intensive care unit (Vardavas & Nikitara, 2020).

Therefore, it would be the continued endeavour of the CSR team to focus on multi-level measures, leveraging on technology, innovations and behavioural change communication as cornerstones towards a robust strategy addressing NCDs in the wake of COVID-19.

During the lockdown period, our teams have telephonically reached out to more than 13,000 high risk individuals and counselled them about COVID-19 and preventive measures. We were able to leverage on the program and its reach to provide credible information to screened people across several States.

CHAMPS program

Several national and international studies have indicated that the burden of hypertension has increased alarmingly in India over the last two decades. National surveys have indicated a prevalence of 25.3% in India, with greater prevalence in men (27.4%) compared to women (20%). In absolute numbers, this translates to 207 Million persons with hypertension. Importantly, these studies have indicated there is low awareness and control of hypertension (Gupta, Gaur, & Ram, 2019).

Against this background, the CHAMPS program had been envisioned by Dr. Devi Prasad Shetty, Chairman, as an initiative wherein high school students could be engaged as change agents towards improving health seeking behaviour with a focus on hypertension. CHAMPS is an acronym for Child Health Activist Mentoring and Promoting health in Society. The objective of the program was to educate students about hypertension, a ubiquitous lifestyle disease. In turn the students would, through guided visits, spread awareness and measure blood pressure of adults in their nearby communities. This unique program was initiated as a pilot in partnership with Biocon Foundation, Syngene and Agastya International. The program was rolled out across 14 government schools in Anekal Taluk. 90 students were selected and trained by the NH CSR team. Through scheduled visits in the community over five months, the students along with volunteers from Agastya International were able to screen more than 2000 people in their community. Approximately 26% of the people screened were hypertensive with almost half of the people being detected as hypertensive for the first time. Based on the success of the model, we hope to scale the CHAMPS program across other regions too.

In light of COVID-19, the CHAMPS program would be suitably modified to engage and educate students on the need for social distancing, hand hygiene protocols as well as the need to increase awareness levels in their communities.

Safe School Program

The development of healthy behaviours, attitudes and lifestyles during adolescence can contribute significantly to a person's current and future physical well-being. Youth risk behaviours are described as adverse health behaviours adopted in childhood or adolescence and are one of several indicators of the health of young people. Youth risk behaviours serve as a basis for measuring adolescent health over time as well as for the improved targeting of health policies and programs. According to the World Health Organisation (WHO), 67% of premature deaths and 33% of the disease burden among adults is due to behavioural patterns that emerge during adolescence.

With this aim, Narayana Health CSR undertook a pilot in collaboration with the Consortium for Tobacco Free Karnataka. The program aimed at improving awareness towards tobacco, alcohol and substance abuse as well as assess mental health among adolescents. The program was conducted across 28 government and private schools in Anekal and Doddaballapura Talukas. Validated questionnaires, used previously in the Indian context, were pre-tested and administered across the students from 7th standard to 12th standard.

The preliminary results suggest that the screened adolescents have poor physical health, with 60% of the students screened being underweight (BMI less than 18.5). One-third of the students surveyed inadequately practiced handwashing since soap was not used most of the time, while 6% of the male students surveyed had experienced smoking and a lower percentage (2%), the consumption of drugs. These aspects are especially significant against the backdrop of COVID-19, given that handwashing is a crucial preventive measure and smoking, a risk factor.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

    a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

        We have been able to bring down the number of patient visits to the hospital post procedure/ treatment with the help of our care companion system.

    b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

    Care Companion has approximately reduced 0.3 to 0.7 days of patients stay in many of our hospitals, which translates to more than rupees one crore of savings for the patients.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

    a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

        The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empaneled vendors who are governed by various statutes.

        In the recent procurement of high value utilities, the facilities have started adopting life cycle cost analysis to identify a sustainable product with lesser energy footprint. This procedure ensures that energy efficiency, resource consumption to an optimum level, while meeting the requirement.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

    a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

        The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence, we procure the products and services from empaneled vendors who are governed by various statutes.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

    a. As part of water conservation initiatives, domestic wastewater from hospitals are treated in on-site wastewater treatment plants and reused in the hospitals for suitable non-contact purposes like flushing, gardening, etc.

    b. Based on water quality of Reverse Osmosis reject water, the water is segregated separately and reused at suitable locations. By above means more than 20% of the treated wastewater is recycled in various process.

c. Recyclable wastes like paper and non-contaminated plastics were collected and disposed through authorised recyclers. By above means >15% of general wastes are recycled through authorised vendors.

d. E-wastes, lead wastes and metal scraps generated at the facility were disposed through authorised recyclers/dismantlers. Entire quantity of e-wastes and lead wastes generated are handed over to authorised recyclers.

Principle 3

1. Please indicate the total number of employees: 11,261

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 3776

3. Please indicate the number of permanent women employees: 6,943

4. Please indicate the number of permanent employees with disabilities: 8

5. Do you have an employee association that is recognised by management? No

6. What percentage of your permanent employees is members of this recognised employee association? Not Applicable

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last Financial Year and pending, as on the end of the financial year.

Sl. No.	Category	No of complaints filed during the financial year	Pending as on 31st March, 2020
1.	Child labour/forced labour/ involuntary labour	Nil	Nil
2.	Sexual harassment	11	Nil
3.	Discriminatory employment	Nil	Nil

8. What percentage of under mentioned employees were given safety & skill up - gradation training in the last year?

(a) Permanent Employees: 84.5% (9,510 of 11,261)

(b) Permanent Women Employees: 82.3% (5,713 of 6,943)

(c) Casual/Temporary/Contractual Employees: 100% (3,776 of 3,776) – As per the contract between NH & Vendor, this is to be managed by the vendor.

(d) Employees with Disabilities: 50.0% (4 of 8)

Principle 4

1. Has the Company mapped its internal and external stakeholders?

   Yes, the Company has mapped its internal and external stakeholders

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalised stakeholders

   It has been the continued effort of the CSR team to identify vulnerable and marginalised populations. Before initiating programs, we conduct baseline surveys wherein we understand demographics, socio-economic profile as well as healthcare indices. This helps us address gaps in services for identified populations.

3. Are there any special initiatives taken by the Company to engage with the disadvantaged, vulnerable and marginalised stakeholders. If so, provide details thereof, in about 50 words or so.

Care Companion Program

The Care Companion Programme (CC Programme) was first set up in 2013 at Mysore. The programme was started in direct response to the needs of patients and to recognise patient family members as an untapped existing resource. This programme is designed to educate patient family members with low or no prior medical knowledge for attending to the needs of patients. The programme undertakes in-hospital education-cum-training programme for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc. These sessions are conducted in Hindi, Tamil, English, Telugu, Bengali, Assamese and Kannada. The programme has been implemented across 24 facilities of NH, wherein the programme was introduced in five facilities in the last financial year. Since its inception in 2013, more than 80,000 families have been educated, with 45,000 families who were trained in the last financial year. As per an impact study conducted across five units to assess care giver competencies and perception, 82% of the care givers stated that they have learnt to deal with the medical situation while 87% stated that they felt confident of handling patient care requirements after attending the program

Udaan

India has a large shortfall of doctors. According to the World Health Organisation, India has seven doctors for every 10,000 people, half the global average. These shortages exist despite India having one of the largest medical education systems in the world. The unwillingness of doctors to work in rural areas is another challenge. Considering these twin challenges, the objective of the program has been to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage on towards realising medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community. The Udaan Bidar program was initiated with Shaheen Group of Institutions in Bidar wherein 20 pre-university students have been selected and provided full scholarship. The program has been expanded to included Sharan Basveshwara University in Gulbarga, wherein 10 students were enrolled, Dharwad- wherein 15 students have enrolled, and Tumkur, wherein 9 students have been enrolled. The Udaan students are regularly motivated and mentored by NH panel of doctors.

E - Health Centre Program

The programme focuses on delivering quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. NH is the healthcare partner to implement, operate and manage e-Health Centres. The Centres are rapidly deployable healthcare facilities powered by cloud enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   Applies to Company and its Subsidiaries and it also extends to the employees/ workers hired from outsourced agencies.

2. How many stakeholder complaints have been received in the past Financial Year and what percent was satisfactorily resolved by the management?

   The Company has not received any stakeholder complaint during the financial year.

Principle 6

1. Does the policy related to Principle 6 cover only the Company or extends to the Group/ Joint Ventures/ Suppliers/ Contractors/ NGOs/ others

   The Environment Social Governance (ESG) Policy of the Company covers the Company and all its subsidiaries.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc.? Y/N. If yes, please give hyperlink for webpage etc.

   Yes, as part of the strategy, Company has adopted environment initiatives like resource conservation audits, sourcing energy from renewable sources and energy conservation projects to combat the effects of Climate Change and Global Warming.

3. Does the Company identify and assess potential environmental risks? Y/N

   Yes.

4. Does the Company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Since the Company is in the business of providing healthcare services and is not engaged in any manufacturing process, the compliance with Clean Development Mechanism is not applicable. Hence, no projects relating to the same has been undertaken by the Company.

5. Has the Company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Yes, as part of the sustainability initiatives following activities have been undertaken in FY 2019-20:

   a. Completed two (2) internal energy audits at facilities located in Gurugram and Delhi through in-house resources.

   b. Successfully commissioned HVAC optimisation project worth ₹ 18 Million at Rabindranath Tagore Institute of Cardiac Sciences (RTIICS) located in Kolkata resulting in an estimated savings of ₹ 9 Million/year.

   c. Installation of Variable Frequency Drives (VFD)/ Electronically Controlled (EC) motors for Air Handling Units, at 3 facilities have estimated savings of 0.6 Million per annum worth of energy.

   d. Successfully commissioned heat pump worth ₹ 3 Million at Mazumdar Shaw Medical Centre (MSMC) resulting in an estimated savings of ₹ 1.4 Million/year and replacement of fossil fuel powered hot water generator.

   e. Sourcing 85% of Health City (2 facilities) energy consumption from renewable energy source (Solar) resulting in an estimated savings of ₹ 16 Million/year

   f. Reasonable power factor improvement and contract demand optimisation has been achieved at facilities located in Gurugram and Guwahati. A consistent power factor of 0.95 or more is maintained at majority of facilities, resulting in an anticipated savings of ₹ 2 Million/year from power factor incentives.

g. 100% replacement of low efficacy conventional lights with high efficacy LED lights at 4 facilities, have estimated savings of ₹ 1.2 Million per annum worth of energy.

h. Phased replacement of conventional lighting with energy efficient LED fittings across all our hospitals.

i. Through continuous monitoring, control and various water conservation initiatives, facilities specific water consumption was optimised.

6. Are the Emissions/Waste generated by the Company within the permissible limits given by CPCB/SPCB for the Financial Year being reported?

Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of the Financial Year.

NiL.

8. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/ No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

Yes, Narayana Hrudayalaya Limited is a Member of Association of Healthcare Providers (India) - ("AHPI")

Narayana Hrudayalaya Limited has represented through AHPI for the following initiatives:

(i) Medical Education Reforms:

a. Continued advocacy for generating opportunities to create more specialists;

b. Continued advocacy for Nurse Intensivist and Nurse Anesthetist courses to provide career progression for nurses.

c. Created a framework and international working group towards establishment of Global Medical University for Asia, Africa and Latin American Countries to address the shortage of doctors, nurses and paramedics.

(ii) Information Technology in Healthcare:

a. Continued working on mobile based inpatient records for hospitals for quicker and better clinical decisions while minimising clinical errors.

b. Working on technology aided fire safety measures for hospitals.

c. Working with Govt of India and MCI towards creating guidelines for tele-consultations / online consultations / remote consultations and online prescriptions.

d. Working on creation of cost-effective hospital information and management system, Electronic Medical Records and Radiological Image Management System.

(iii) Public Health Policy:

a. Part of High Level Group on Health Sector constituted by 15th Finance Commission, Government of India.

b. Chaired Vision Group on Healthcare for Karnataka to bring about reforms in public health system.

c. Chaired Academics Committee of Health Sector Skills Council and have initiated work on creating skilling courses to fill the gaps in healthcare delivery.

d. As Chairman, Board of Governors, IIM Bangalore, involved academicians and researchers of IIMB in generating suggestions for Govt of Karnataka for effective implementation and exit strategy during COVID lock down.

Principle 8

1. Does the Company have specified programmes/ initiatives/ projects in pursuit of the policy related to Principle on inclusive growth and equitable development? If yes details there.

   Over the past decade, Company has rolled out several social initiatives whether in fields of healthcare or education. The healthcare initiatives are mainly taken up in rural/semi-rural areas or places where there is lack of availability of adequate healthcare services.

Rajiv Gandhi Arogya Yojana (RAY)

This program was initiated in November 2005, with a vision to develop a model of rural primary health care system in Amethi. The Project currently includes one Primary Healthcare Clinic in Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 70,000 people. Non-communicable diseases (NCD) screening was additionally introduced through a portable screening kit to increase the scope of services under the program. The portable kit enables baseline screening for a wide range of conditions including obesity, diabetes, hypertension, anemia, vision disorders, as well as cardiac function. The NCD screening has helped in improving traction on the program and captured early insights on disease prevalence in the area. Since its inception, the RAY program has served more than 20,74,589 patients from marginalised communities. The RAY program has been running in a limited manner in the financial year 2019-20. The RAY clinic was restarted in Bahua and free consultation as well as medicines are being provided.

Mobile Mammography Screening:

In India, breast cancer is the most common cancer among women in many regions, having surpassed cervical cancer which was more frequent a decade ago (Ghoncheh, Momenimovahed, & Salehiniya, 2016). Unlike other cancers, breast cancer is eminently treatable if detected at an early stage. The long-term prognosis of breast cancer patients is strongly dependent on the stage of disease at diagnosis. In India, lack of organised screening programs, paucity of diagnostic aids, and lack of awareness have resulted in majority of women being diagnosed at a locally advanced stage (Leong, et al., 2010). Therefore, the effort of the mammography screening program has been to collaborate with various NGOs and civil society institutions in urban and rural areas of Karnataka. The program aims to educate, demystify, screen, identify and refer women with suspected breast pathology for further treatment.

Since February 2014, the program has provided screened approximately 30,689 women through 749 camps organised across several districts in Karnataka. In the financial year 2019-20, 4689 women were screened across 98 camps and 1139 mammograms were conducted. Till date, 47 women have been diagnosed with breast cancer and treated successfully at various hospitals.

Namma Naadi - Community Radio program

Narayana Hrudayalaya Foundation acquired a wireless operating license in January 2017 and was granted 90.4 spectrum for establishing a community radio station in Health City, Anekal. The broader objective of our community radio station is to serve as a consensus-building platform wherein communication processes would help the communities around us to share common understanding and common goals. The community radio was named “Namma Nadi” with focus on health, education, environment, culture and civic issues within the primary and secondary zones of Health City. Various programs were aired on Namma Nadi with participation from multiple communities of interest. In the financial year 2019-20, 250 programs were aired on various themes including health, education, music, theatre, environment, voter awareness and other civic issues.

The community radio program, with internet radio software is an ideal medium to reach the local population with credible health-based information and this was evident in the context of COVID-19. Several programs were recorded and broadcast with relevance to COVID-19 symptoms, safety measures, helplines, nutrition, pregnant women and COVID, as well as pointers for those have chronic diseases. It would be the continued endeavour of Namma Naadi to engage, educate and empower communities in and around Anekal Taluk.

Udaan

India has a large shortfall of doctors. According to the World Health Organisation, India has seven doctors for every 10,000 people, half the global average. These shortages exist despite India having one of the largest medical education systems in the world. The unwillingness of doctors to work in rural areas is another challenge. Considering these twin challenges, the objective of the programme has been to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage on towards realising medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community. The Udaan Bidar program was initiated with Shaheen Group of Institutions in Bidar wherein 46 pre-university students have been selected and provided full scholarship. The Dharwad chapter was started with selection of forty students in partnership with Avanti institute. The program has enabled scholarships for NEET (National Eligibility cum Entrance Test) in Tier II cities of Karnataka. The Udaan students are regularly motivated and mentored by NH panel of doctors.

SUPOSHAN program

Adolescents in the age group 10-19 years, comprise almost one-fifth of the total population in India. (Samal & Dehury, 2017). The biological and psycho-social changes make adolescence a unique period affecting health related behaviours and spectrum of diseases. For instance, studies in various parts of India have indicated that the prevalence of anaemia varied between 37% to 85% among adolescents (Raj & Chopra, 2016; Aishwarya, ParitaGajjar, Raykundaliya, Patel, & Neeta, 2015; Biradar, Biradar, Alatagi, Wantamutte, & Malur, 2012).

In Rajasthan, as per National Family Health Survey III, the prevalence of anaemia in adolescent girls was 53.9% while in adolescent boys, the prevalence of anaemia was 30.8%. Despite implementation of weekly iron and folic acid supplementation (WIFS) programs by the government, studies have found that more than 50 percent of children were consuming the tablets occasionally or rarely (IJCMR, 2016).

Against this context, Suposhan program was envisaged as a pilot intervention in Jaipur District in collaboration with Britannia Nutrition Foundation, National Health Mission, Rajasthan and the Jaipur education department. The program, modelled as an action research study, aimed at introducing iron fortification in a palatable manner which would be an adjunct to the existing WIFS program. In addition, the program was supplemented by efforts to engage students on need for iron fortification and supplementation, nutritional and hygiene guidelines.

Suposhan program witnessed the distribution of 29,00,000 biscuits among 13,325 adolescent students across 52 government schools in two blocks of rural Jaipur. In the first phase of the program, iron fortified biscuits and educational inputs were provided in the intervention block, Chaksu. After 100 days of intervention, the prevalence of anaemia decreased by 22% (from 55.8% to 33.8%) among the students who consumed the iron fortified glucose biscuits. In comparison, in the control block, Phagi, wherein only educational inputs were provided, there was an insignificant overall decrease in prevalence of anaemia by 7% (from 73.9% to 66.8%). In the second phase, the fortified biscuits were introduced in Phagi with continued educational inputs. After 100 days of intervention, the prevalence of anemia decreased among students by 41% (from 71.4% to 25.7%).

In summary, the action research program has demonstrated that educational and awareness activities alone, while important, need to be supplemented by sustained fortification, in order to address the burden of anemia. This is especially so for adolescent female students, wherein despite all inputs, reduction in prevalence of anemia was lower compared to male students. We hope to share these findings with public health officials and work on a sustainable fortification program.

2. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Community engagement has been a central tenet in most of our programs and taking the narrative to the field has been a critical program deliverable. For instance, in the Non-communicable diseases program, CHAMPS program, Safe School Program as well as Community Radio program, the project team has been actively involved in communitisation activities. Apart from regularly meeting and updating the frontline ASHA workers, teachers, students & NGO volunteers, meetings have also been held with Health & education functionaries to apprise them about the status of various programs. We have also reached out to communities of interest, Gram Panchayat representatives, NGOs and SHGs in the adjoining areas. Based on these regular interactions, our programs have gained traction.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   109 cases are pending before consumer forums and civil courts pertaining to customers as on the end of financial year.

2. Does the Company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

   Company is a healthcare service provider and hence this question is not applicable.

3. Is there any case filed by any stakeholder against the Company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

   NIL.

4. Did your Company carry out any consumer survey/ consumer satisfaction trends?

   The Company collects patient feedback (OP, IP and health check-up patients) through physical feedback forms. Feedback is also collected through the website and reviewed by the Company.

ANNEXURE X

Form No. MR-3
SECRETARIAL AUDIT REPORT

For the financial year ended 31st March, 2020

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 24A of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, as amended]

To,

The Members,

NARAYANA HRUDAYALAYA LIMITED

CIN: L85110KA2000PLC027497

No. 258/A, Bommasandra Industrial Area,

Anekal.T.Q., Bengaluru - 560099

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by "NARAYANA HRUDAYALAYA LIMITED" (CIN: L85110KA2000PLC027497) having its registered office at No. 258/A, Bommasandra Industrial Area, Anekal.T.q., Bengaluru - 560099 (herein after referred to as "Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, declaration of compliance provided by the Company, its officers, agents and authorised representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2020, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance- mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minutes' books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2020 according to the provisions of:

1. The Companies Act, 2013, (the Act) and the rules made there under;
2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;
3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;
4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :

   a) SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

   b) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   c) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   d) The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009;

   e) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

6. Other laws specifically applicable to the Company;

   i. Employees Provident Fund and Miscellaneous Provisions Act, 1952.

   ii. Employees State Insurance Act, 1948.

   iii. Environment Protection Act, 1986 and other applicable environmental laws.

   iv. Indian Contract Act, 1872.

   v. Income Tax Act, 1961 and other related laws.

   vi. Indian Stamp Act, 1899.

   vii. Payment of Bonus Act, 1965

   viii. Payment of Bonus (Amendment) Act, 2015.

   ix. Payment of Gratuity Act, 1972 and such other applicable labour laws.

   x. Clinical Establishments (Registration & Regulations) Act, 2010.

   xi. Karnataka Private Medical Establishments Act, 2007.

   xii. Drugs and Cosmetics Act, 1940 and Rules 1945.

   xiii. Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (Ethics Regulations).

   xiv. Atomic Energy Act, 1962 and Rules thereunder.

   xv. Narcotic Drugs and Psychotropic Substance Act, 1985.

   xvi. Medical Termination of Pregnancy Act, 1971.

   xvii. Pre-Natal Diagnostic Techniques (Regulations & Preventions of Misuse) Act, 1994.

   xviii. Transplantation of Human Organs Act, 1994.

   xix. Registration of Births and Deaths Act, 1969.

   xx. Water (Prevention and Control of Pollution) Act, 1974.

   xxi. Air (Prevention and Control of Pollution) Act, 1981.

   xxii. Bio-medical Waste (Management and Handling) Rules, 1998.

   xxiii. Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.

   xxiv. Pre-conception and Prenatal Diagnostic Techniques (Prohibition of Sex Selection) Rules, 1996.

   xxv. The Information Technology Act, 2000

   xxvi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

   xxvii. The Central Goods and Service Tax Act, 2017.

   xxviii. Various State laws wherein the Company has its establishments.

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, Rules and Regulations to the Company. We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India notified as applicable to Companies pursuant to Section 118 (10) of the Companies Act 2013.

b) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

c) Tripartite Agreements signed with National Securities Depositories Limited and Central Securities Depositories (India) Limited.

During the period under review, the Company has largely complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director, Independent Directors and Independent Women Director.

ii. Adequate notice is given to all directors to schedule the Board and other Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii. Majority decisions were carried through in each such meetings of the Board and committees of the Board. Further during the course of audit, we have not come across the views of dissenting members' recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance especially relating to clinical section, with applicable laws, rules, regulations and guidelines. We are given to understand that the Company has taken effective steps to further strengthen the compliance mechanism through systems and processes during the current financial year.

We further report that during the audit period, the Company has reported following events/activities having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

i. Approval of members was taken at the Annual General Meeting held on 10th August, 2019 for;

   (a) Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as Director /Managing Director and Group CEO of the Company or a period of 3 (three) years with effect from 11th February, 2019.

   (b) Appointment of Ms. Nivruti Rai (DIN:01353079), as Women - Independent Director as per Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for a term of 3 consecutive years from 27th March, 2019 to 26th March, 2022.

   (c) Approval for continuation of Mr. Muthuraman Balasubramanian as an Independent Director, on his attaining the age of 75 years on 26.09.2019 for the remainder of his tenure by way of Special Resolution.

   (d) Providing loans to and / or give guarantees and / or provide securities in connection with loans raised by Meridian Medical Research and Hospital Limited, Subsidiary Company to the extent of ₹ 25,00,00,000/- (Rupees Twenty Five Crore only) by way of Special Resolution.

   (e) Issue of debt securities on Private Placement Basis - secured, or unsecured, including redeemable Non-Convertible Debentures ("Debt Securities") not exceeding ₹ 200 Crores in one or more series/ tranches by way of Special Resolution.

ii. The Company has declared final dividend of Re.1 per share for the year ending 31st March, 2019 at the AGM held on 10th August, 2019 to those beneficial owners whose name appears in the records of the depositories as on 03rd August, 2019, being the record date.

iii. The Company has declared an Interim Dividend of Re.1 per share during the financial year 2019-20 through circular resolution passed on 03rd March, 2020 to those beneficial owners whose name appears in the records of the depositories as on 12th March, 2020, being the record date.

iv. As informed by the Company, the meeting of Independent Directors could not be held during the financial year 2019-20 due to COVID -19 pandemic. This is in line with the relaxation granted by Ministry of Corporate Affairs vide its circular No. 11/2020 dated 24th March, 2020.

v. On 19th April, 2019, Narayana Health North America LLC, USA has been incorporated as a wholly owned subsidiary of the Company.

vi. The Board of Directors, in their meeting held on 8th November, 2019 approved the closure of the operations of the Whitefield unit of the Company and the operations of the unit were ceased with effect from 1st December, 2019.

We further report that, during the audit period, there were no instances of:

a) Public / Rights / Preferential issue of shares / debentures / sweat equity.

b) Redemption/ buy back of securities

c) Foreign technical collaborations.

This report shall be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For Ganapathi & Mohan
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN: F005659B000344426

Place: Bengaluru
Date: 15th June, 2020

Annexure - A

To,

The Members,
NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bengaluru - 560099

Our report of even date is to be read along with this letter.

a. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on the maintenance of these secretarial records based on our audit.

b. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

d. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

f. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like Labour laws & Environment laws and Data protection policy.

g. We further report that due to Covid-19 pandemic, we could not able to have personal interaction with the heads of various departments. We have relied on the documents submitted/clarifications given by the Company during the process of audit.

h. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws, the correctness and appropriateness of financial records and books of accounts of the Company has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For Ganapathi & Mohan
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)

Place: Bengaluru
Date: 15th June, 2020

ANNEXURE XI

SECRETARIAL COMPLIANCE REPORT OF NARAYANA HRUDAYALAYA LIMITED (CIN: L85110KA2000PLC027497) FOR THE YEAR ENDED 31ST MARCH 2020

(Pursuant to Rule 3(b) of SEBI Circular CIR/CFD/CMD1/27/2019 dated February 08, 2019)

We have examined:

(a) all the documents and records made available to us and explanation provided by NARAYANA HRUDAYALAYA LIMITED ("the listed entity"),

(b) the filings/ submissions made by the listed entity to the stock exchanges,

(c) website of the listed entity,

(d) any other document/ filing, as may be relevant, which has been relied upon to make this certification,

for the financial year ended 31st March, 2020 ("Review Period") in respect of compliance with the provisions of :

(a) the Securities and Exchange Board of India Act, 1992 ("SEBI Act") and the Regulations, circulars, guidelines issued thereunder; and

(b) the Securities Contracts (Regulation) Act, 1956 ("SCRA"), rules made thereunder and the Regulations, circulars, guidelines issued thereunder by the Securities and Exchange Board of India ("SEBI");

The specific Regulations, whose provisions and the circulars/ guidelines issued thereunder, have been examined, include:-

(a) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

(b) Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2018;

(c) Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

(e) Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

(f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 and circulars/ guidelines issued thereunder;

And based on the above examination, we hereby report that, during the Review Period:

(a) The listed entity has largely complied with the provisions of the above Regulations and circulars/ guidelines issued thereunder, wherever applicable.

(b) The listed entity has generally maintained proper records under the provisions of the above Regulations and circulars/ guidelines issued thereunder insofar as it appears from our examination of those records.

(c) As per the information provided to us, there are no actions taken against the listed entity/ its promoters/ directors/ material subsidiaries either by SEBI or by Stock Exchanges (including under the Standard Operating Procedures issued by SEBI through various circulars) under the aforesaid Acts/ Regulations and circulars/ guidelines issued thereunder.

(d) The listed entity has taken the following actions to comply with the observations made in previous reports: NIL

For Ganapathi & Mohan
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)
UDIN: F005659B000335285

Place: Bengaluru
Date: 11/06/2020

ANNEXURE XII

DISCLOSURES BY THE BOARD OF DIRECTORS

[Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014]

A. Details related to ESOP

(i) Summary of status of ESOP

(a)	Date of shareholders' approval	12th September, 2015
(b)	Total number of options approved under ESOP	9,97,947
(c)	Vesting requirements	All vested options shall be respectively exercised in one or more tranches within a period of 4 (four) years from the date of first Vesting, failing which the Options shall lapse.
(d)	Exercise price or pricing formula	**Exercise Price:** ₹ 10 per option. **Pricing Formula:** The options are granted at face value of ₹ 10 per equity share. The number of options granted to each eligible employee are determined by his length of service and current responsibility handled and future potential contribution.
(e)	Maximum term of options granted	4 years.
(f)	Source of shares (primary, secondary or combination)	Secondary Market
(g)	Variation in terms of options	Nil

(ii) Method used to account for ESOP - Fair Value. Refer to note 43 of Consolidated Financial Statements.

B. Option movement during the year (for each ESOP):

Particulars	Details
Number of options outstanding at the beginning of the period	2,96,437
Number of options granted during the year	-
Number of options forfeited / lapsed during the year	732
Number of options vested during the year	1,62,027
Number of options exercised during the year	1,00,868
Number of shares arising as a result of exercise of options	1,00,868
Money realised by exercise of options (₹), if scheme is implemented directly by the company	10,08,680
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	1,94,837
Number of options exercisable at the end of the year	66,655

C. Employee wise details (Name of employee, Designation, Number of options vested during the year, exercise price) of options vested with:

(a)	Senior Managerial personnel	1. Dr. Emmanuel Rupert, Managing Director & Group CEO • Options vested during the year – 54,935 • Options exercised during the year – Nil • Exercise price – NA 2. Mr. Sunil Kumar C N, Regional Director • Options vested during the year – 4396 • Options exercised during the year – Nil • Exercise price – NA 3. Mr. R Venkatesh, Regional Director • Options vested during the year – 4396 • Options exercised during the year – 4396 • Exercise price – ₹ 10 per option. 4. Mr. Shajan Joseph – Head – (Non-medical purchase) • Options vested during the year – 1464 • Options exercised during the year – 1464 • Exercise price – ₹ 10 per option.
(b)	Any other employee who receives a grant of options in any one year of option amounting to 5% or more of options granted during that year	None
(c)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None

D. Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a)	The weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Refer note no 43 of consolidated financial statements.
(b)	The method used, and the assumptions made to incorporate the effects of expected early exercise;	Method- Black Scholes Valuation option pricing model
(c)	How expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Refer note no 43 of consolidated financial statements.
(d)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	Not Applicable

E. Disclosures in respect of grants made in three years prior to IPO under each ESOP: NA

F. Disclosures in respect of transactions made by Trust under ESOP Scheme

(i) General information on the scheme

Sl. No.	Category	Details
1.	Name of the Trust	Narayana Health Employees Benefit Trust
2.	Details of the Trustee(s)	Mr. A Shankar and Mr. Murali Krishnan K N
3.	Amount of loan disbursed by company/any company in the group, during the year	NA
4.	Amount of loan outstanding (repayable to company/ any company in the Group) as at the end of the year	NA
5.	Amount of loan, if any, taken from any other source for which company/any company in the Group has provided any security or guarantee	NA
6.	Any other contribution made to the Trust during the year	NA

(ii) Brief details of transactions in shares by the Trust

1.	Number of shares held at the beginning of the year	15,56,674
2.	Number of shares acquired during the year through (i) primary issuance (ii) secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	0
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	*87,471
4.	Number of shares held at the end of the year.	14,69,203

* Signifies shares that were transferred during the year 2019-20. Although 100,868 shares were exercised during the year 2019-20, 87,471 shares were transferred to eligible employees as 13,397 shares that were exercised by eligible employees in the month of February 2020 could not be transferred before 31st March, 2020 due to lockdown imposed by Government Authorities due to COVID-19 pandemic and therefore those shares were transferred in the month of May 2020.

(iii) In case of secondary acquisition of shares by the Trust

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	Not applicable
Acquired during the year	
Sold during the year	
Transferred to the employees during the year	
Held at the end of the year	

ANNEXURE XIII

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31st March, 2020

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS

1	CIN	L85110KA2000PLC027497
2	Registration Date	19th July, 2000
3	Name of the Company	Narayana Hrudayalaya Limited
4	Category/Sub-category of the Company	Public Limited Company/ Limited by shares
5	Address of the Registered office & contact details	No.258/A, Bommasandra Industrial Area, Anekal Taluk,Bangalore-560099 +918071222129
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Kfin Technologies Private Limited, Karvy Selenium Tower B, Plot 31 – 32, Gachibowli Financial District, Nanakramguda, Hyderabad, Telangana-500032 +914067161500

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl.No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Running hospitals, Diagnostic Centres, Clinical Centers or Test Laboratories.	8610	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Narayana Hospitals Private Limited, No. 258/A, Bommasandra Industrial Area, Hosur Road, Bangalore - 560099	U85110KA2004PTC033913	SUBSIDIARY	100	2(87)
2	Narayana Institute For Advanced Research Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore - 560099	U85121KA2006PTC040989	SUBSIDIARY	100	2(87)
3	Narayana Health Institutions Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore - 560099	U85110KA2008PTC046981	SUBSIDIARY	100	2(87)
4	Narayana Hrudayalaya Surgical Hospital Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore - 560099	U85100KA2010PTC055453	SUBSIDIARY	100	2(87)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
5	Narayana Vaishno Devi Specialty Hospitals Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore - 560099	U85110KA2014PTC076218	SUBSIDIARY	100	2(87)
6	Meridian Medical Research & Hospitals Limited, West Bank Hospitals, Andul Road, Howrah-711109	U85110WB1995PLC071440	SUBSIDIARY	99.13	2(87)
7	Narayana Cayman Holding Limited, 89, Nexus Way, Camana Bay, Grand Cayman K1-9007, Cayman Islands	OG-240427	SUBSIDIARY	100	2(87)
8	*Narayana Holdings Private Limited, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	137695-C1/GBL	STEP DOWN SUBSIDIARY	100	2(87)
9	*Health City Cayman Islands Limited, 89, Nexus Way, Camana Bay, Grand Cayman K1-9007, Cayman Islands	OG-240426	STEP DOWN SUBSIDIARY	100	2(87)
10	**Narayana Health North America, LLC, 838, Walker Road, Suite 21-2, City of Dover, County of Kent, Delaware 19904, United States of America		SUBSIDIARY	100	2(87)
11	***NH Health Bangladesh Private Limited, High Tower (9th Floor), 9 Mohakhali C/A, Dhaka- 1212	C-146130/2018	STEP DOWN SUBSIDIARY	99.99	2(87)
12	****Cura Technologies INC, 1013 Centre Road Suite, 403B Street, Wilmington, New Castel, 19805	5618975	ASSOCIATE	44.43	2(6)
13	*****ISO healthcare, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	136656-C2/GBL	ASSOCIATE	18.52	2(6)

* Narayana Hrudayalaya Limited holds 99.99% in these companies via its wholly owned subsidiary Narayana Cayman Holdings Limited.
** The company was incorporated for a potential business opportunity in USA. NHL has not infused any capital as Delaware law provides for incorporation of company without infusing capital.
*** Narayana Hrudayalaya Limited Holds 99.99% in this Company via its step down subsidiary Narayana Holdings Private Limited.(Mauritius)
**** Narayana Hrudayalaya Limited holds 44.43% in this company via its wholly owned subsidiary Narayana Cayman Holdings Limited.
***** Narayana Hrudayalaya Limited holds 18.52% in this Company via its step down subsidiary Narayana Holdings Private Limited (Mauritius)

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year [As on 1st April, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	**(II)**	**(III)**	**(IV)**	**(V)**	**(VI)**	**(VII)**	**(VIII)**	**(IX)**	**(X)**	**(XI)**
(A)	**Promoter and Promoter Group**									
(1)	**Indian**									
(a)	Individual/ HUF	126,783,666	-	126,783,666	62.04	126,783,666	-	126,783,666	62.04	-
(b)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	3,702,064	-	3,702,064	1.81	3,702,064	-	3,702,064	1.81	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub Total (A) (1)	130,485,730	-	130,485,730	63.85	130,485,730	-	130,485,730	63.85	-
(2)	**Foreign**									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Coporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	**130,485,730**	**-**	**130,485,730**	**63.85**	**130,485,730**	**-**	**130,485,730**	**63.85**	
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds/UTI	8,192,123	-	8,192,123	4.01	28,458,425	-	28,458,425	13.93	9.92
(b)	Financial Institutions/Banks	32,855	-	32,855	0.02	287,243	-	287,243	0.14	0.12
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	21,475,328	-	21,475,328	10.51	19,573,897	-	19,573,897	9.58	(0.93)
(g)	Foreign Venture Capital Funds	10,621,978	-	10,621,978	5.20	-	-	-	-	(5.20)

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year [As on 1st April, 2019]				No. of Shares held at the end of the year [As on 31st March, 2020]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(h)	Alternate Investment Funds	-	-	-	-	2,208,440	-	2,208,440	1.08	1.08
	Qualified Institutional Buyer	-	-	-	-	1,519,771	-	1,519,771	0.74	0.74
(i)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(j)	Others	11,765,046	-	11,765,046	5.76	-	-	-	-	(5.76)
	Sub-Total (B)(1):-	**52,087,330**	**-**	**52,087,330**	**25.49**	**52,047,776**	**-**	**52,047,776**	**25.47**	**(0.02)**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	6,870,563	-	6,870,563	3.36	7,251,859	-	7,251,859	3.55	0.19
(b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	4,529,564	1	4,529,564	2.22	4,412,194	1	4,412,195	2.16	(0.06)
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs	8,193,997	-	8,193,997	4.01	8,021,881	-	8,021,881	3.93	(0.08)
(c)	Others									
	Clearing Members	38,304	-	38,304	0.02	93,196	-	93,196	0.05	0.03
	NBFC	5,489	-	5,489	0	5,469	-	5,469	0	(0.00)
	Non Resident Indians	318,714	-	318,714	0.16	318,670	-	318,670	0.16	(0.00)
	NRI Non-Repatriation	274,438	-	274,438	0.13	254,825	-	254,825	0.12	(0.01)
	Trusts	1,556,674	-	1,556,674	0.76	1,469,203	-	1,469,203	0.72	(0.04)
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-total (B)(2)	**21,787,743**	**1**	**21,787,744**	**10.66**	**21,827,297**	**1**	**21,827,298**	**10.68**	**0.02**
	Total (B)=B(1)+B(2)	**73,875,073**	**1**	**73,875,074**	**36.15**	**73,875,073**	**1**	**73,875,074**	**36.15**	**0.00**
	Total (A+B)	**204,360,803**	**1**	**204,360,804**	**100**	**204,360,803**	**1**	**204,360,804**	**100**	**0.00**
(C)	Shares held by custodians, against which Depository Receipts have been issued	-	-	-	-	-	-	-	-	-
(1)	Promoter and Promoter Group	-	-	-	-	-	-	-	-	-
(2)	Public	-	-	-	-	-	-	-	-	-
	Sub-Total (C)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Grand Total (A+B+C)	**204,360,803**	**1**	**204,360,804**	**100**	**204,360,803**	**1**	**204,360,804**	**100**	

(ii) Shareholding of Promoter

Sl. No.	Promoter's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Dr. Devi Prasad Shetty	64,700,571	31.66	-	56,526,139	27.66	-	(4)
2	Viren Prasad Shetty*	-	-	-	2,043,608	1.00	-	1
3	Varun Shetty*	-	-	-	2,043,608	1.00	-	1
4	Anesh Shetty*	-	-	-	2,043,608	1.00	-	1
5	Ameya Shetty*	-	-	-	2,043,608	1.00	-	1
6	Mrs. Shakuntala Shetty	62,083,095	30.38	-	62,083,095	30.38	-	-
7	Narayana Health Academy Private Limited	3,702,064	1.81	-	3,702,064	1.81	-	-

* Forms part of Promoter Group

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Date	Increase/ Decrease in shareholding	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Dr Devi Prasad Shetty						
	At the beginning of the year			64,700,571	31.66	64,700,571	63.85
	Changes during the year	03.09.2019	Transfer	(8,174,432)	-4.00	(8,174,432)	-4.00
	At the end of the year			**56,526,139**	**27.66**	**56,526,139**	**27.66**
2	Viren Prasad Shetty*						
	At the beginning of the year			-	-	-	-
	Changes during the year	03.09.2019	Transfer	2,043,608	1.00	2,043,608	1.00
	At the end of the year			**2,043,608**	**1.00**	**2,043,608**	**1.00**
3	Varun Shetty*						
	At the beginning			-	-	-	-
	Changes during the year	03.09.2019	Transfer	2,043,608	1.00	2,043,608	1.00
	At the end of the year			**2,043,608**	**1.00**	**2,043,608**	**1.00**
4	Anesh Shetty*						
	At the beginning			-	-	-	-
	Changes during the year	03.09.2019	Transfer	2,043,608	1.00	2,043,608	1.00
	At the end of the year			**2,043,608**	**1.00**	**2,043,608**	**1.00**
5	Ameya Shetty*						
	At the beginning			-	-	-	-
	Changes during the year	03.09.2019	Transfer	2,043,608	1.00	2,043,608	1.00
	At the end of the year			**2,043,608**	**1.00**	**2,043,608**	**1.00**

*Forms part of Promoter Group

(iv) Shareholding Pattern of top ten Shareholders as on 31st March, 2020

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Date	Increase/Decrease in shareholding	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	**Name-CDC Group PLC**						
	At the beginning of the year			11,765,046	5.76	11,765,046	5.76
	Changes during the year	31/01/2020	Decrease/Sold	(8,174,432)		3,590,614	1.76
		06/03/2020	Decrease/Sold	(3,590,614)	-	0	0.00
	At the end of the year			**-**	**0.00**	**0**	**0.00**
2	**Name-Ashoka Investment Holdings Limited**						
	At the beginning of the year			8,170,807	4.00	8,170,807	4.00
	Changes during the year	28/06/2019	Decrease/Sold	(42,718)		8,128,089	3.98
		05/07/2019	Decrease/Sold	(27,754)		8,100,335	3.96
		12/07/2019	Decrease/Sold	(7,298)		8,093,037	3.96
		19/07/2019	Decrease/Sold	(4,912)		8,088,125	3.96
		16/08/2019	Decrease/Sold	(279,389)		7,808,736	3.82
		23/08/2019	Decrease/Sold	(1,383,740)		6,424,996	3.14
		30/08/2019	Decrease/Sold	(198,894)		6,226,102	3.05
		13/09/2019	Decrease/Sold	(164,375)		6,061,727	2.97
		27/09/2019	Decrease/Sold	(197,767)		5,863,960	2.87
		04/10/2019	Decrease/Sold	(76,903)		5,787,057	2.83
		11/10/2019	Decrease/Sold	(76,897)		5,710,160	2.79
		18/10/2019	Decrease/Sold	(76,897)		5,633,263	2.76
		25/10/2019	Decrease/Sold	(161,201)		5,472,062	2.68
		01/11/2019	Decrease/Sold	(114,555)		5,357,507	2.62
		08/11/2019	Decrease/Sold	(265,322)		5,092,185	2.49
		15/11/2019	Decrease/Sold	(5,092,185)		0	0.00
	At the end of the year			**0**	**0.00**	**0**	**0.00**
3	**Name-ICICI PRUDENTIAL PHARMA HEALTHCARE AND DIAGANOSTIC**						
	At the beginning of the year			6,622,816	3.24	6,622,816	3.24
	Changes during the year	17/05/2019	Increase/Bought	52		6,622,868	3.24
		24/05/2019	Increase/Bought	26		6,622,894	3.24
		05/07/2019	Increase/Bought	26		6,622,920	3.24
		26/07/2019	Increase/Bought	26		6,622,946	3.24

Sl. No.	For each of the Top 10 Shareholders	Date	Increase/Decrease in shareholding	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		16/08/2019	Increase/Bought	26		6,622,972	3.24
		23/08/2019	Increase/Bought	28		6,623,000	3.24
		30/08/2019	Increase/Bought	26		6,623,026	3.24
		27/09/2019	Increase/Bought	46		6,623,072	3.24
		30/09/2019	Increase/Bought	25		6,623,097	3.24
		04/10/2019	Increase/Bought	25		6,623,122	3.24
		11/10/2019	Increase/Bought	25		6,623,147	3.24
		18/10/2019	Increase/Bought	3		6,623,150	3.24
		25/10/2019	Increase/Bought	25		6,623,175	3.24
		01/11/2019	Decrease/Sold	(850)		6,622,325	3.24
		08/11/2019	Decrease/Sold	(3,180)		6,619,145	3.24
		15/11/2019	Decrease/Sold	(246,924)		6,372,221	3.12
		22/11/2019	Increase/Bought	25		6,372,246	3.12
		22/11/2019	Decrease/Sold	(20,888)		6,351,358	3.11
		29/11/2019	Decrease/Sold	(7,481)		6,343,877	3.10
		06/12/2019	Decrease/Sold	(13,852)		6,330,025	3.10
		13/12/2019	Decrease/Sold	(123,167)		6,206,858	3.04
		20/12/2019	Decrease/Sold	(105,221)		6,101,637	2.99
		27/12/2019	Increase/Bought	28		6,101,665	2.99
		31/12/2019	Decrease/Sold	(17,851)		6,083,814	2.98
		03/01/2020	Decrease/Sold	(122,884)		5,960,930	2.92
		10/01/2020	Increase/Bought	25		5,960,955	2.92
		10/01/2020	Decrease/Sold	(40,953)		5,920,002	2.90
		17/01/2020	Decrease/Sold	(143,891)		5,776,111	2.83
		24/01/2020	Decrease/Sold	(453,652)		5,322,459	2.60
		31/01/2020	Increase/Bought	25		5,322,484	2.60
		31/01/2020	Decrease/Sold	(211,625)		5,110,859	2.50
		07/02/2020	Increase/Bought	25		5,110,884	2.50
		07/02/2020	Decrease/Sold	(434,317)		4,676,567	2.29
		14/02/2020	Increase/Bought	13		4,676,580	2.29
		14/02/2020	Decrease/Sold	(26,110)		4,650,470	2.28
		06/03/2020	Increase/Bought	65		4,650,535	2.28

Sl. No.	For each of the Top 10 Shareholders	Date	Increase/Decrease in shareholding	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
		20/03/2020	Increase/Bought	52,741		4,703,276	2.30
		20/03/2020	Decrease/Sold	(5,050)		4,698,226	2.30
		27/03/2020	Increase/Bought	52		4,698,278	2.30
		31/03/2020	Increase/Bought	26		4,698,304	2.30
	At the end of the year			**4,698,304**	**2.30**	**4,698,304**	**2.30**
4	**Name-Franklin Templeton Investment Funds**						
	At the beginning of the year			4,514,103	2.21	4,514,103	2.21
	Changes during the year	02/08/2019	Decrease/Sold	(2,389)		4,511,714	2.21
		09/08/2019	Decrease/Sold	(6,216)		4,505,498	2.20
		20/12/2019	Decrease/Sold	(438,497)		4,067,001	1.99
		17/01/2020	Decrease/Sold	(56,580)		4,010,421	1.96
	At the end of the year			**4,010,421**	**1.96**	**4,010,421**	**1.96**
5	**Name-CDC India Opportunities Limited**						
	At the beginning of the year			4,360,804	2.13	4,360,804	2.13
	Changes during the year	06/03/2020	Decrease/Sold	(4,360,804)	-	0	0.00
	At the end of the year			**0**	**0.00**	**0**	**0.00**
6	**Name-Credit Suisse (Singapore) Limited**						
	At the beginning of the year			3,312,093	1.62	3,312,093	1.62
	Changes during the year	12/07/2019	Decrease/Sold	(270,549)		3,041,544	1.49
		19/07/2019	Decrease/Sold	(74,000)		2,967,544	1.45
		26/07/2019	Decrease/Sold	(95,000)		2,872,544	1.41
		09/08/2019	Decrease/Sold	(210,000)		2,662,544	1.30
		16/08/2019	Decrease/Sold	(240,000)		2,422,544	1.19
		23/08/2019	Decrease/Sold	(601,829)		1,820,715	0.89
		30/08/2019	Decrease/Sold	(400,000)		1,420,715	0.70
		17/01/2020	Decrease/Sold	(52,333)		1,368,382	0.67
		24/01/2020	Decrease/Sold	(1,368,382)		0	0.00
	At the end of the year			**0**	**0**	**0**	**0.00**

Sl. No.	For each of the Top 10 Shareholders	Date	Increase/Decrease in shareholding	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
7	**Name-First State Investments ICVC- Stewart Investors AS**						
	At the beginning of the year			2,484,224	1.22	2,484,224	1.22
	Changes during the year	05/04/2019	Decrease/Sold	(3,581)		2,480,643	1.21
		26/04/2019	Decrease/Sold	(10,779)		2,469,864	1.21
		03/05/2019	Decrease/Sold	(1,045,801)		1,424,063	0.70
		07/06/2019	Decrease/Sold	(1,424,063)		-	0.00
	At the end of the year			**0**	**0.00**	**0**	**0.00**
8	**Name-Ambadevi Mauritius Holding Limited**						
	At the beginning of the year			2,451,171	1.20	2,451,171	1.20
	Changes during the year	28/06/2019	Decrease/Sold	(12,815)		2,438,356	1.19
		05/07/2019	Decrease/Sold	(8,325)		2,430,031	1.19
		12/07/2019	Decrease/Sold	(2,189)		2,427,842	1.19
		19/07/2019	Decrease/Sold	(1,474)		2,426,368	1.19
		16/08/2019	Decrease/Sold	(74,340)		2,352,028	1.15
		23/08/2019	Decrease/Sold	(425,046)		1,926,982	0.94
		30/08/2019	Decrease/Sold	(59,606)		1,867,376	0.91
		13/09/2019	Decrease/Sold	(49,398)		1,817,978	0.89
		20/09/2019	Decrease/Sold	(23,062)		1,794,916	0.88
		27/09/2019	Decrease/Sold	(35,633)		1,759,283	0.86
		04/10/2019	Decrease/Sold	(23,012)		1,736,271	0.85
		11/10/2019	Decrease/Sold	(23,103)		1,713,168	0.84
		18/10/2019	Decrease/Sold	(23,103)		1,690,065	0.83
		25/10/2019	Decrease/Sold	(48,522)		1,641,543	0.80
		01/11/2019	Decrease/Sold	(34,218)		1,607,325	0.79
		08/11/2019	Decrease/Sold	(79,872)		1,527,453	0.75
		15/11/2019	Decrease/Sold	(1,527,453)		0	0.00
	At the end of the year			**0**	**0.00**	**0**	**0.00**
9	**Name-Valuequest India Moat Fund Limited**						
	At the beginning of the year			2,527,013	1.24	2,527,013	1.24
	Changes during the year	10/05/2019	Decrease/Sold	(900,000)		1,627,013	0.80
		13/12/2019	Decrease/Sold	(162,700)		1,464,313	0.72
		03/01/2020	Decrease/Sold	(400,000)		1,064,313	0.52
	At the end of the year			**1,064,313**	**0.52**	**1,064,313**	**0.52**
10	**Name-Rathnakar Shetty**						
	At the beginning of the year			2,043,608	1.00	2,043,608	1.00
	Changes during the year			-	-	-	-
	At the end of the year			**2,043,608**	**1.00**	**2,043,608**	**1.00**

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Increase/Decrease in shareholding	Shareholding		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Dr. Devi Prasad Shetty						
	At the beginning of the year			64,700,571	31.66	64,700,571	63.85
	Changes during the year		Transfer	(8,174,432)	-4.00	(8,174,432)	-4.00
	At the end of the year			56,526,139	27.66	56,526,139	27.66
2	Viren Prasad Shetty						
	At the beginning of the year			-	-	-	-
	Changes during the year		Transfer	2,043,608	1.00	2,043,608	1.00
	At the end of the year			2,043,608	1.00	2,043,608	1.00
3	Dr. Kiran Mazumdar Shaw						
	At the beginning of the year			4,705,671	2.30	4,705,671	2.30
	Changes during the year			-	-	-	-
	At the end of the year			4,705,671	2.30	4,705,671	2.30
4	Arun Seth						
	At the beginning of the year			0	0.00	0	0.00
	Changes during the year		Increase/Bought	1,111	0.00	1,111	0.00
	At the end of the year			1,111	0.00	1,111	0.00
5	Muthuraman Balasubramanian						
	At the beginning of the year			120	0.00	0	0.00
	Changes during the year		Increase/Bought	138	0.00	258	0.00
	At the end of the year			258	0.00	258	0.00

V. INDEBTEDNESS AS ON 31st March, 2020

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in Million)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,883.66	104.26		4,987.92
ii) Interest due but not paid				
iii) Interest accrued but not due	0.21	0.20		0.41
Total (i+ii+iii)	4,883.87	104.46		4,988.33
Change in Indebtedness during the financial year				
* Addition	509.00	11.97		520.97
* Reduction	1,215.80	35.28		1,251.08
Net Change	(706.80)	(23.31)		(730.11)
Indebtedness at the end of the financial year				
i) Principal Amount	4,177.00	80.74		4,257.74
ii) Interest due but not paid				
iii) Interest accrued but not due	0.08	0.41		0.49
Total (i+ii+iii)	**4,177.08**	**81.15**	**-**	**4,258.23**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name and Designation			Total Amount
		Dr. Devi Prasad Shetty Chairman & Whole-time Director	Mr. Viren Prasad Shetty Whole-Time Director & Group COO	Dr.Emmanuel Rupert Managing Director & Group CEO	(₹)
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	49,328,400	10,157,400	30,227,530	89,713,330
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600			39,600
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option				
3	Sweat Equity				
4	Commission				
	- as % of profit				
	- others, specify				
5	Others, please specify (NPS contribution)			647,667	
	Others, please specify (performance related pay)				-
	Total	49,368,000	10,157,400	30,875,197	90,400,597
	Ceiling as per the Act (10% of profits calculated under section 198 of the Companies Act 2013)	The remuneration paid to the Directors is pursuant to the special resolution passed in the 19th AGM held on 10th August, 2019			

B. Remuneration to other Directors

Sl. No.	Particulars of Remuneration	Name of Directors							Total Amount
		Mr. Manohar D Chatlani	Mr. B N Subramanya	Mr. Arun Seth	Mr. Muthuraman Balasubramanian	Mr. Dinesh Krishnaswamy	Ms. Nivruti Rai	Dr. Kiran Mazumdar Shaw	(₹)
1	Independent Directors								
	Fee for attending board and committee meetings	200,000	525,000	325,000	475,000	575,000	250,000		2,350,000
	Commission *	600,000	600,000	600,000	600,000	600,000	600,000		600,000
	Others, please specify	-	-	-	-	-	-		-
	Total (1)	800,000	1,125,000	925,000	1,075,000	1,175,000	850,000		5,950,000
2	Other Non-Executive Directors								
	Fee for attending board committee meetings							325,000	325,000
	Commission							600,000	600,000
	Others, please specify							-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**925,000**	**925,000**
	Total (B)=(1+2)	**800,000**	**1,125,000**	**925,000**	**1,075,000**	**1,175,000**	**850,000**	**925,000**	**6,875,000**

*Overall Ceiling as per the Act (1% of the profits calculated under section 198 of the Companies Act 2013)

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel & Designation		Total Amount
		Mr. Venugopalan Kesavan	Mr. Sridhar S	(₹)
		CFO	CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17,404,812	3,685,080	42,179,784
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961			
2	Stock Option			
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify	600,912	119,568	
5	Others, please specify (NPS Contribution)	21,600	21,600	86,400
	Others, please specify (Employer PF)			
	Others, please specify (Performance related pay)	4,427,962	688,123	10,232,170
	Others, please specify (Retention bonus)			
	Total	**22,455,286**	**4,514,371**	**26,969,657**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

Place: Bengaluru
Date: 15th June, 2020

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Emmanuel Rupert
Managing Director & Group CEO
DIN: 07010883

Financial
Statements

Independent Auditor's Report

To The Members of Narayana Hrudayalaya Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of **Narayana Hrudayalaya Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2020, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, 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 standalone financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its 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 standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Standalone 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 standalone 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 standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matter described below to be the key audit matter to be communicated in our report.

Key Audit Matter	Auditor's Response
Impairment of Investment and loan	**Principal audit procedures performed:**
Impairment evaluation carried out by Management for investment made in one of the operating subsidiaries of the Company due to significant losses incurred in one of the Cash Generating Units (hereinafter referred to as "the CGU") of the said Subsidiary. The balance sheet includes Rs. 1,233.71 Million of investment and Rs. 72.5 Million of current unsecured loans relating to this Subsidiary. Impairment of investment has been identified as a key audit matter due to: • The significance of the carrying value of the assets being assessed; and • The assessment of the carrying value of the Investments involves assumptions and exercising significant judgements in estimating the recoverable value of the CGU, including taking into account the possible effect of the pandemic relating to COVID-19. Any adverse changes to these assumptions could result in lower recoverable value than the carrying amount.	a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which *inter-alia* includes the completeness and accuracy of the input data considered, reasonableness of the assumptions considered in determining the present value of future cash flows. b. Obtained the business projections of the Subsidiary (prepared by the Management) and performed the following procedures: i. Conducted discussions with the Company/Subsidiary personnel to identify if factors that, in our professional judgement, should be taken into account in the analysis were considered. ii. Compared the actual revenues and cash flows generated by the Subsidiary during the year with the plan and estimates considered in the previous year

Key Audit Matter	Auditor's Response
	iii. Verified if the cash flow projections of the Subsidiary considered for the assessment of impairment were as per cash flow projections reviewed and approved by the Board of Directors of the Company and the Subsidiary. iv. Evaluated the Management's future cash flow projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, sensitivity analysis of the key assumptions etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Company's estimates in the prior periods, and comparison of the assumptions with observable market data wherever available. v. Consulted with valuation specialists to review key assumptions considered in the future cash projections such as discount rate etc.

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

- The Company's Board of Directors is responsible for the other information. Other information comprises the information included in the Annual Report, for example, Corporate Overview, Key Highlights, Directors' Report, Report on Corporate Governance, Management Discussion & Analysis Report, etc. but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

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

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

Management's Responsibility for the Standalone 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 standalone 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 standalone financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone financial statements.

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

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone 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 standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone 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 standalone 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the standalone financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Report on Other Legal and Regulatory Requirements

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

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books

   c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Ind AS specified under Section 133 of the Act.

e) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABM3711

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

Annexure "A" to the Independent Auditor's Report

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

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

We have audited the internal financial controls over financial reporting of **Narayana Hrudayalaya Limited** ("the Company") as of March 31, 2020 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABM3711

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

Annexure "B" to the Independent Auditor's Report

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

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 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 fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, during the year the Company has granted unsecured loan, to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of services rendered. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax and Value Added Tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Million)	Amount Unpaid (₹ In Million)
Income tax Act, 1961	Income Tax	Commissioner of Income tax (Appeals)	FY 2011-12	12.68	-
			FY 2012-13	10.96	-
			FY 2013-14	40.86	-
			FY 2015-16	14.04	0.76
			FY 2016-17	30.67	-
Sales Tax of Rajasthan	Entry Tax	High court of Rajasthan	FY 2010-11	7.41	6.29
			FY 2011-12	0.30	0.25
			FY 2012-13	0.82	0.69
			FY 2013-14	1.47	1.22
Sales Tax of Rajasthan	Value added tax	High court of Rajasthan	FY 2010-11	1.15	1.15
			FY 2011-12	9.07	9.07
			FY 2012-13	17.74	17.74
			FY 2013-14	19.66	19.66
Customs Act, 1962	Customs Duty	Customs, Excise and Service Tax Appellate Tribunal	FY 2012-13	1.74	0.41

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to banks and financial institutions. The Company has not taken any loans or borrowings from government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABM3711

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

Balance Sheet

(₹ in Million)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,407.67	9,440.24
Capital work-in-progress	4	26.45	358.12
Right of use assets	5	1,911.91	-
Intangible assets	4	270.64	50.69
Intangible assets under development	4	-	199.12
Financial assets			
Investments	6	6,193.29	5,965.39
Loans receivables	7	571.30	508.46
Other financial assets	8	4.20	3.12
Income tax assets (net)	9	785.57	495.41
Other non-current assets	10	155.54	633.31
Total non-current assets		**19,326.57**	**17,653.86**
Current assets			
Inventories	11	338.50	493.58
Financial assets			
Trade receivables	12	1,470.16	1,570.65
Cash and cash equivalents	13	407.56	528.95
Bank balances other than above	13	115.11	40.10
Loans receivables	7	154.31	30.82
Other financial assets	8	155.73	164.78
Other current assets	10	233.76	261.34
Total current assets		**2,875.13**	**3,090.22**
TOTAL ASSETS		**22,201.70**	**20,744.08**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14	2,043.61	2,043.61
Other equity	15	9,615.17	9,634.90
Total equity		**11,658.78**	**11,678.51**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	16	3,781.33	4,619.89
Lease liabilities	17	1,625.71	-
Other financial liabilities	18	236.40	168.42
Provisions	19	181.01	148.38
Deferred tax liabilities (net)		525.37	460.36
Other non-current liabilities	20	215.71	284.36
Total non-current liabilities		**6,565.53**	**5,681.41**
Current liabilities			
Financial liabilities			
Lease liabilities	17	191.42	-
Trade payables	21		
Total outstanding dues of micro enterprises and small enterprises		44.50	27.45
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,565.03	2,337.54
Other financial liabilities	18	612.98	533.19
Provisions	19	270.14	218.90
Other current liabilities	20	293.32	267.08
Total current liabilities		**3,977.39**	**3,384.16**
TOTAL EQUITY AND LIABILITIES		**22,201.70**	**20,744.08**
Significant accounting policies	3		

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

As per our report of even date attached
for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Statement of Profit and Loss

(₹ in Million)

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
INCOME			
Revenue from operations	22	22,393.51	20,771.57
Other income	23	241.42	176.62
Total income (A)		**22,634.93**	**20,948.19**
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		5,403.30	5,235.17
Changes in inventories of medical consumables, drugs and surgical instruments - (Increase)/Decrease	24	155.08	11.22
Employee benefits expense	25	4,486.19	3,990.22
Professional fees to doctors		5,060.41	4,764.48
Other expenses	26	4,721.62	4,882.61
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**19,826.60**	**18,883.70**
Earnings before finance costs,depreciation and amortisation,exceptional items and tax (A- B)		**2,808.33**	**2,064.49**
Finance costs (C)	27	491.13	358.97
Depreciation and amortisation expense (D)	28	1,277.16	907.07
Total expenses (E) = (B+C+D)		21,594.89	20,149.74
Profit before exceptional items and tax (F) = (A-E)		**1,040.04**	**798.45**
Exceptional items (G)		-	4.49
Profit before tax (H) = (F-G)		**1,040.04**	**793.96**
Tax expense:			
Current tax			
- Current year		388.52	197.79
- Prior years		(15.00)	-
Add : MAT credit entitlement		-	(197.79)
Deferred tax charge / (credit)		(10.91)	293.12
Total tax expense (I)		**362.61**	**293.12**
Profit for the year (J) = (H-I)		**677.43**	**500.84**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(3.06)	(13.53)
Income tax effect		1.07	4.73
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/ (losses) in cash flow hedge		(67.64)	(21.73)
Income tax effect		23.63	7.59
Other comprehensive income/(loss) for the year, net of income tax (K)		(46.00)	(22.94)
Total comprehensive income for the year (J+K)		**631.43**	**477.90**
Earnings per share	38		
Basic (₹)		3.34	2.47
Diluted (₹)		3.34	2.47
Significant accounting policies	3		

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

As per our report of even date attached
for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Statement of Changes in Equity for the year ended 31st March, 2020

(a) Equity share capital

(₹ in million except share data)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at 1st April, 2018	20,43,60,804	2,043.61
Changes in equity share capital during 2018-19 (refer note 14)	-	-
Balance as at 31st March, 2019	20,43,60,804	2,043.61
Changes in equity share capital during 2019-20 (refer note 14)	-	-
Balance as at 31st March, 2020	**20,43,60,804**	**2,043.61**

(b) Other equity

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI		Total other equity
	Capital Reserve	Securities Premium Reserve	Treasury Shares	Share options outstanding (refer note 40)	General Reserve	Retained earnings	Effective portion of Cash flow hedge reserve	Re-measurement of defined benefit plans	
Balance at 1st April, 2018	**1.54**	**4,901.24**	**(19.54)**	**134.35**	**250.00**	**3,902.20**	**(7.45)**	**0.93**	**9,163.27**
Profit for the year	-	-	-	-	-	500.84	-	-	500.84
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	(14.14)	(8.80)	(22.94)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**500.84**	**(14.14)**	**(8.80)**	**477.90**
Transaction recorded directly in equity									
Exercise of share options	-	100.89	3.97	(100.89)	-	-	-	-	3.97
Share-based payments	-	-	-	27.75	-	-	-	-	27.75
Shares forfeited during the year	-	-	-	(37.99)	-	-	-	-	(37.99)
Balance as at 31st March, 2019	**1.54**	**5,002.13**	**(15.57)**	**23.22**	**250.00**	**4,403.04**	**(21.59)**	**(7.87)**	**9,634.90**
Profit for the year	-	-	-	-	-	677.43	-	-	677.43
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	(44.01)	(1.99)	(46.00)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**677.43**	**(44.01)**	**(1.99)**	**631.43**
Transaction recorded directly in equity									
Exercise of share options	-	21.05	1.01	(21.05)	-	-	-	-	1.01
Share-based payments	-	-	-	30.26	-	-	-	-	30.26
Shares forfeited during the year	-	-	-	(0.15)	-	-	-	-	(0.15)
Dividends (including dividend distribution tax)	-	-	-	-	-	(489.70)	-	-	(489.70)
Impact on account of adoption of Ind AS 116 (net of tax)	-	-	-	-	-	(192.58)	-	-	(192.58)
Balance as at 31st March, 2020	**1.54**	**5,023.18**	**(14.56)**	**32.28**	**250.00**	**4,398.19**	**(65.60)**	**(9.86)**	**9,615.17**

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

As per our report of even date attached
for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Statement of Cash Flows

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit after tax	677.43	500.84
Adjustments :		
Income tax expense	362.61	293.12
Depreciation and amortisation	1,277.16	907.07
Provision for loss allowance	57.70	111.91
Bad receivables written off	7.50	51.29
Provision of inventories for write-down to net realisable value	0.32	12.00
Interest income	(16.69)	(10.96)
Interest income from financial asset at amortised cost	(35.61)	(31.87)
Finance costs	491.13	358.97
Share based payment expenses/(reversed)	29.95	(12.05)
Guarantee Commission income	(6.78)	(6.83)
Government grant income	(38.97)	(18.37)
Loss on disposal / proposed disposal of assets	51.13	29.55
Provision for other than temporary diminution in the value of investments	13.00	-
Profit on sale of investment	(18.69)	(2.73)
Exceptional items	-	4.49
Unrealised foreign exchange gain/(loss) (net)	(121.96)	103.83
Operating cash flow before working capital changes	**2,729.23**	**2,290.26**
Changes in trade receivables	30.30	116.44
Changes in inventories	154.76	(0.78)
Changes in loans, other financial assets and other assets	190.41	9.60
Changes in trade payables, other financial liabilities and other liabilities	241.89	125.02
Changes in provision	80.81	21.07
Cash generated from operations	**3427.40**	**2,561.61**
Income taxes paid (net of refund)	(563.06)	(478.05)
Net cash generated from operating activities (A)	**2864.34**	**2,083.56**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(939.24)	(1031.36)
Proceeds from sale of property, plant and equipment	12.30	0.36
Investment in equity shares of subsidiaries and other	(246.32)	(368.29)
Proceeds from sale of investment in subsidiaries and other [refer note 33]	5.42	45.92
Loan given to subsidiaries	(365.00)	(233.50)
Loan repaid by subsidiaries	292.50	233.50
Purchase of mutual fund	(7455.00)	(2645.00)
Proceeds from sale of mutual fund	7473.69	2,647.73
Investment in bank deposits	(113.44)	(37.57)
Realisation of bank deposits	33.68	8.89
Interest received	11.46	8.13
Net cash (used in) investing activities (B)	**(1289.95)**	**(1371.19)**

Statement of Cash Flows (Contd.)

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from financing activities		
Proceeds from long-term borrowings	391.97	516.30
Repayment of long-term borrowings	(992.44)	(268.19)
Dividend paid on equity share	(489.70)	-
Proceeds from exercise of share options	1.01	3.97
Interest and other borrowing costs	(326.30)	(358.29)
Payment of lease liabilities	(280.32)	-
Net cash (used in) from financing activities (C)	**(1695.78)**	**(106.21)**
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(121.39)**	**606.16**
Cash and cash equivalents at the beginning of the year (refer note 13)*	528.95	(77.21)
Cash and cash equivalents at the end of the year (refer note 13)	**407.56**	**528.95**

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

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

As per our report of even date attached

for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Notes

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

1. Company overview

Narayana Hrudayalaya Limited ('the Company') was incorporated on 19th July, 2000 under the Companies Act, 1956. The Company, headquartered in Bengaluru is engaged in providing economical healthcare services. The Company was rebranded as 'Narayana Health' in 2013. It has a network of multispecialty and superspeciality hospitals spread across multiple locations. The Company owns and operates certain hospitals and also enters into management agreements with hospitals under which the Company acquires the operating control of the hospitals.

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 15th June, 2020.

Details of the accounting policies are included in Note 3.

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

i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April, 2019. As a result, the comparative information has not been restated. Refer Note 37 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1st April, 2019. The Company has evaluated the effect of this amendment on the financial statements and the necessary impact has been given in the financial statement in this regard.

iii) Amendment to Ind AS 19 'Employee Benefits': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from April 1, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On March 30, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1st April, 2019. The Company has evaluated the effect of

Notes

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

this amendment on the financial statements and concluded that there is no significant impact.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

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

2.4. Use of estimates and judgments

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

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

Judgments

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

Note 37 - Leases

Note 29 – Assessment of contingent liabilities and commitments

Note 44 - Financial instruments

Note 40 - Share based payments

Assumptions and estimation uncertainties

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

Note 39- recognition of deferred tax assets

Note 34 - measurement of defined benefit obligation; key actuarial assumptions

Note 29- recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of outflow of resources.

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

Note 6 to 8, 12, 13 and 44 - recognition of impairment of financial assets

2.5. Measurement of fair values

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

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

– Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

– Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

– Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

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

Note 44 – financial instruments;

Note 40 – share based payment arrangement;

Notes

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

3. Significant accounting polices

3.1. Financial instruments

a. *Recognition and initial measurement*

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

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

b. *Classification and subsequent measurement*

Financial assets

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

- amortised cost;
- FVTPL

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

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

– the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and

– the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;

- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

Notes

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Derivative financial instruments

Hedge accounting:

The Company uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the company.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss.

Cash flow hedge:

The Company has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the company.

The use of derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognised in profit & loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Notes

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

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because the beneficiary fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are measured at their applicable fair values.

c. *Derecognition*

Financial assets

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

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

Financial liabilities

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

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

d. *Offsetting*

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

3.2. Inventories

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

3.3. Cash and cash equivalents

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

3.4. Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share based payment to its employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares. Own equity instruments that are acquired (treasury shares) are recognized at cost and deducted from equity. When the treasury shares are issued to the employees by EBT, the amount received is recognized as an increase in other equity and the resultant is transferred to securities premium.

3.5 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. Bank overdrafts are classified as part of cash and cash equivalents as they form an integral part of an entity's cash management.

Notes

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

3.6. Revenue recognition

Revenue from operations

The Company recognizes revenue from medical and healthcare services to patients, on sale of medical consumables and drugs within the hospital premises and on providing services towards patient amenities.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized upon transfer of control of promised products or services to customers/patients in an amount that reflects the consideration we expect to receive in exchange for those products or services. Sales and Service Income exclude Goods and Service Tax (GST) and are net of trade / volume discounts, where applicable.

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

Other healthcare services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

Interest

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

Dividend:

Dividend income is recognised when the Company's right to receive dividend is established.

3.7. Property, Plant and Equipment and intangible assets

(i) Property, Plant and Equipment

Recognition and measurement

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

Depreciation and amortization

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under 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
Electrical installation	10 years
Medical equipment	13 years
Office equipment	5 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	5 years

Notes

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

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

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

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

(ii) Intangible assets

Intangible assets acquired separately

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

Amortisation

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

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer Software	3 years

Amortisation method

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

Internally generated intangible assets

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation

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

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	10 years

Notes

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

3.8. Business combination and Goodwill

Business combination

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

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

Goodwill

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

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

3.9. Investment in subsidiaries

Investment in subsidiaries is measured at cost.

3.10. Government grants

Grants from the Government are recognised when there is reasonable assurance that:

(i) the Company will comply with the conditions attached to them; and

(ii) the grant will be received

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income.

The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset

3.11. 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 contribution plans

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

Defined benefit plans

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

Notes

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

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

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

Compensated absences

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

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

3.12. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

3.13. Leases

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

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

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

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

Notes

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

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

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

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

3.14. Earnings per share

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

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.15. Income tax

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

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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

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

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

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

Minimum Alternative tax

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT') paid over and above the normal Income tax in a subject year is eligible for carry forward for fifteen succeeding assessment year for set-off

Notes

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

against normal Income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

3.16. Foreign exchange transactions and translations

Transactions in foreign currencies are recorded at prevailing rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss.

3.17. Impairment

a. Impairment of financial instruments

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

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income (FVTOCI) are credit-impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

Notes

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

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

Write-off

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

b. Impairment of non-financial assets

The Company's non-financial assets, inventories and deferred tax 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).

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

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

3.18. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.19.Non-current assets or disposal groups held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification held for sale and subsequent gain and losses on re- measurement are recognized in the statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

3.20. 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.

Notes

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

3.21. Share issue expenses

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

3.22. Dividend and dividend distribution tax

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

3.23. 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.

Notes

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

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

(₹ in Million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April, 2019	Additions / Reclassifications	Deletions	As at 31st March, 2020	As at 1st April, 2019	Depreciation	Deletions	As at 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
Tangible assets										
(i) Owned										
Freehold land (i) (ii) (iii)	352.85	218.11	-	570.96	-	-	-	-	570.96	352.85
Building (ii)	396.83	-	-	396.83	148.76	6.63	-	155.39	241.44	248.07
Building	2,350.43	203.43	0.18	2,553.68	151.85	42.98	0.01	194.82	2,358.86	2,198.58
Electrical installation	794.09	42.36	18.97	817.48	513.68	83.63	14.52	582.79	234.69	280.41
Medical equipments	6,230.52	431.97	162.79	6,499.70	2,522.27	473.86	55.10	2,941.03	3,558.67	3,708.25
Office equipments	235.44	13.86	1.91	247.39	147.82	29.97	1.76	176.03	71.36	87.62
Other equipment including air conditioners	1,418.89	155.51	12.64	1,561.76	579.82	98.03	6.63	671.22	890.54	839.07
Furniture and fixtures	890.33	55.30	36.46	909.17	511.74	80.83	24.31	568.26	340.91	378.59
Computers	275.06	46.92	6.25	315.73	225.58	42.72	6.21	262.09	53.64	49.48
Vehicles	28.90	7.18	7.17	28.91	22.69	3.66	5.55	20.80	8.11	6.21
(ii) Leasehold										
Leasehold land (vii)	-	-	-	-	-	-	-	-	-	176.95
Leasehold improvements	312.40	34.73	13.68	333.45	110.34	17.07	5.39	122.02	211.43	202.06
Building (iv)	1,191.90	4.34	4.34	1,191.90	279.80	45.72	0.68	324.84	867.06	912.10
Total tangible assets (A)	**14,477.64**	**1,213.71**	**264.39**	**15,426.96**	**5,214.35**	**925.10**	**120.16**	**6,019.29**	**9,407.67**	**9,440.24**
Capital work-in-progress (B)	**358.12**	**281.77**	**613.44**	**26.45**	**-**	**-**	**-**	**-**	**26.45**	**358.12**
Intangible assets										
(i) Acquired										
Computer software	270.80	30.10	0.15	300.75	220.11	32.69	0.15	252.65	48.10	50.69
(i) Internally generated										
Computer software	-	234.19	-	234.19	-	11.65	-	11.65	222.54	-
Total intangible assets (C)	**270.80**	**264.29**	**0.15**	**534.94**	**220.11**	**44.34**	**0.15**	**264.30**	**270.64**	**50.69**
Intangible assets under development (D)	**199.12**	**35.07**	**234.19**	**-**	**-**	**-**	**-**	**-**	**-**	**199.12**
Grand total (A+B+C+D)	**15,305.68**	**1,794.84**	**1,112.17**	**15,988.35**	**5,434.46**	**969.44**	**120.31**	**6,283.60**	**9,704.75**	**10,048.17**
Previous year	**14,637.69**	**1,075.78**	**226.91**	**15,486.56**	**4,605.23**	**907.07**	**73.91**	**5,438.39**	**10,048.17**	**10,032.46**

Notes on 4(ii) to be referred here.

Notes

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

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

(₹ in Million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April, 2018	Additions/ adjustments	Deletions	As at 31st March, 2019	As at 1st April, 2018	Depreciation/ Amortisation	Deletions	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
Tangible assets										
(i) Owned										
Freehold land (i) (ii) (iii)	352.85	-	-	352.85	-	-	-	-	352.85	352.85
Building (ii)	396.83	-	-	396.83	142.13	6.63	-	148.76	248.07	254.70
Building	2,311.31	39.12	-	2,350.43	112.39	39.46	-	151.85	2,198.58	2,198.92
Electrical installation	776.52	20.39	2.82	794.09	441.02	74.66	2.00	513.68	280.41	335.50
Medical equipments	5,891.99	418.06	79.53	6,230.52	2,122.00	457.09	56.82	2,522.27	3,708.25	3,769.99
Office equipments	192.51	44.02	1.09	235.44	121.17	27.64	0.99	147.82	87.62	71.34
Other equipment including air conditioners	1,338.82	95.48	15.41	1,418.89	501.23	88.64	10.05	579.82	839.07	837.59
Furniture and fixtures	857.70	35.89	3.26	890.33	434.68	79.49	2.43	511.74	378.59	423.02
Computers	258.46	18.18	1.58	275.06	190.06	37.10	1.58	225.58	49.48	68.40
Vehicles	28.90	-	-	28.90	19.24	3.45	-	22.69	6.21	9.66
(ii) Leasehold										
Leasehold land	180.88	-	-	180.88	1.97	1.96	-	3.93	176.95	178.91
Leasehold improvements	297.72	14.68	-	312.40	93.28	17.06	-	110.34	202.06	204.44
Building (iv)	1,188.51	3.52	0.13	1,191.90	239.22	40.62	0.04	279.80	912.10	949.29
Total tangible assets (A)	**14,073.00**	**689.34**	**103.82**	**14,658.52**	**4,418.39**	**873.80**	**73.91**	**5,218.28**	**9,440.24**	**9,654.61**
Capital work-in-progress (B)	**221.88**	**259.33**	**123.09**	**358.12**	**-**	**-**	**-**	**-**	**358.12**	**221.88**
Intangible assets										
Computer software	261.08	9.72	-	270.80	186.84	33.27	-	220.11	50.69	74.24
Total intangible assets (C)	**261.08**	**9.72**	**-**	**270.80**	**186.84**	**33.27**	**-**	**220.11**	**50.69**	**74.24**
Intangible assets under development (D)	**81.73**	**117.39**	**-**	**199.12**	**-**	**-**	**-**	**-**	**199.12**	**81.73**
Grand total (A+B+C+D)	**14,637.69**	**1,075.78**	**226.91**	**15,486.56**	**4,605.23**	**907.07**	**73.91**	**5,438.39**	**10,048.17**	**10,032.46**

Notes

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

4.(ii) Notes

(i) includes land in possession and occupation of the Company to the extent of 9 acre 25 guntas out of total 17 acres 44 guntas in Bangalore allotted by Karnataka Industrial Areas Development Board ('KIADB') to the Company on lease cum sale basis for which the Company is yet to execute the sale deed as at March 31, 2020.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated November 26, 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on January 6, 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) includes land in possession and occupation of the Company to the extent of 8088 Sq. Meters known as Plot No.257 B of Bommasandra III Phase Industrial Area situated in Sy. No's 237, 238 and 239 of Bommasandra Village, Attibele Hobli, Bangalore purchased from Kalapaka Transport Company Private Limited for which the Company executed the sale deed as at October 9, 2019.

(iv) represents the cost of construction of building at the leasehold premises at Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(v) As an arrangement with Modern Medical Institute for operating and maintaining Raipur Hospital, the Company received property, plant and equipments (other than land and building) of present value ₹ 23.05 million.

(₹ in Million)

	As at 31st March, 2020	As at 31st March, 2019
Cost or deemed cost	17.38	19.12
Accumulated depreciation	13.88	13.28
Net carrying amount	**3.50**	**5.84**

(vi) As at 31st March, 2020, property, plant and equipments with a carrying amount of ₹ 5,889.28 million (previous year: ₹ 5,362.80 million) are subject to first charge to secure bank loans.

(vii) Leasehold land has been reclassified to ROU asset with effect from 1st April, 2019.

Notes

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

5. Right of use assets

(₹ in Million)

Category of ROU asset	Gross block				Accumulated depreciation				Net block
	As at 1st April, 2019*	Additions	Deletions	As at 31st March, 2020	As at 1st April, 2019	Depreciation	Deletions	As at 31st March, 2020	As at 31st March, 2020
Building	1,308.78	-	-	1,308.78	-	148.86	-	148.86	1,159.92
Equipment	320.19	340.14	-	660.33	-	132.35	-	132.35	527.98
Land	186.14	12.63	-	198.77	3.93	18.56	-	22.49	176.28
Furniture	55.68	-	-	55.68	-	7.95	-	7.95	47.73
Grand total	**1,870.79**	**352.77**	**-**	**2,223.56**	**3.93**	**307.72**	**-**	**311.65**	**1,911.91**

*Reclassified on account of adoption of Ind AS 116.

Refer note 37 for disclosures related to ROU assets and liabilities.

Notes

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

6. Non-current investments

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unquoted equity instruments		
Investment in equity shares		
In subsidiary companies:		
Narayana Institute for Advanced Research Private Limited	57.60	57.60
[1,038,382 (previous year : 1,038,382) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 45.47 per equity share]		
Narayana Hrudayalaya Surgical Hospital Private Limited	1,233.71	1,020.92
[22,748,800 (previous year : 21,465,400) equity shares of ₹ 10 each fully paid up along with a premium. Premium of ₹ 420.56 per equity share on 702,704 equity shares, ₹ 116.99 on 1,182,296 equity shares, ₹ 95.94 on 999,500 equity shares, ₹ 101.79 on 1,705,900 equity shares, ₹ 164.62 on 625,000 shares,₹ 164.62 on 386,000 shares, ₹ 152.00 on 897,400 and 16,250,000 shares at par]		
Narayana Hospitals Private Limited	532.61	532.61
[53,261,437 (previous year : 53,261,437) equity shares of ₹ 10 each fully paid up]		
Narayana Health Institutions Private Limited		
[1,104,035 (previous year : 1,104,035) equity shares of ₹ 10 each fully paid up] {Net of provision for other than temporary diminution ₹ 11.04 million (previous year : ₹ 11.04 million)}	-	-
Narayana Cayman Holdings Ltd	3,193.18	3,193.18
[50,996.084 (previous year: 50,996.084) equity shares of USD 0.01 each fully paid up with a premium of USD 999.99 per share]*		
Meridian Medical Research & Hospital Limited	1,137.50	1,112.50
[29,024,467 (previous year 28,766,947) equity shares of ₹ 10 each fully paid up with a premium. Premium of ₹ 28.75 per share on 16,717,070 equity shares, ₹ 28 per shares on 9,188,577 equity shares, ₹ 28.51 per share on 1,835,000 shares, ₹ 34.19 per share on 1,026,300 and ₹ 87.08 per share on 257,520 equity shares)]		
Narayana Vaishno Devi Specialty Hospitals Private Limited	-	10.00
[999,795 (previous year : 999,795) equity shares of ₹ 10 each fully paid up]		
{Net of provision for other than temporary diminution ₹ 10.00 million (refer note 26) (previous year : nil)}		
Others		
Deemed investment on account of employee stock options issued to employees of subsidiaries		
- Health City Cayman Islands Ltd	0.47	0.44
- Meridian Medical Research & Hospital Limited	1.42	1.37
In associate:		
TriMedx India Private Limited	-	-
[121,947 (previous year : 91,947) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4770 equity shares]{Net of impairment of ₹ 14.58 million (refer note 26) (previous year : ₹ 11.58 million)}		
Atria Wind Power Chitradurga Pvt Ltd	0.03	-
[100 (previous year : Nil) equity shares of ₹ 100 each fully paid up with a premium of ₹ 151 per share on 100 equity shares]		
Fair Value of guarantee in subsidiaries (refer note 33)	36.77	36.77
	6,193.29	**5,965.39**
Aggregate value of unquoted investments	6,228.91	5,988.01
Aggregate amount of impairment in value of investments	35.62	22.62
Net investments	**6,193.29**	**5,965.39**

* Transfer/ sale of shares is subject to approval of Exim Bank, as loan is obtained to make investment in this subsidiary.

Notes

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

7. Loans receivables

(Unsecured, considered good unless otherwise stated)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
To parties other than related parties		
Security deposits	221.87	178.96
Unsecured loan	-	9.00
To related parties (refer note 31)		
Unsecured loan	20.00	20.00
Security deposits	329.43	300.50
	571.30	**508.46**
(b) Current		
To parties other than related parties		
Security deposits	81.81	26.82
Unsecured loan	-	4.00
To related parties (refer note 31)		
Unsecured loan	72.50	-
	154.31	**30.82**

8. Other financial assets

(Unsecured, considered good unless otherwise stated)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
With parties other than related parties		
Bank deposits (due to mature after 12 months from the reporting date)	3.98	2.88
Interest accrued on bank deposits	0.22	0.24
	4.20	**3.12**
(b) Current		
With parties other than related parties		
Interest accrued on bank deposits	4.64	2.73
Interest accrued on security deposits	3.86	3.91
Unbilled revenue	72.72	113.98
With related parties (refer note 31)		
Interest accrued on unsecured loans	11.05	7.66
Due for reimbursement of expenses	63.46	36.50
	155.73	**164.78**

9. Income tax assets (net)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance income tax and tax deducted at source (net of provisions)	775.27	485.11
Income-tax paid under protest	10.30	10.30
	785.57	**495.41**

Notes

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

10. Other assets

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
With parties other than related parties		
(Unsecured, considered good unless otherwise stated)		
Security deposits	-	85.66
Capital advances	77.15	40.83
Prepaid rent	25.59	161.29
Prepaid expenses	12.39	76.43
(Unsecured, considered doubtful)		
Prepaid rent	19.24	19.24
Less: provision for prepaid rent	(19.24)	(19.24)
Prepaid rent (net)	-	-
With related parties (refer note 31)		
Prepaid rent and expenses	40.41	269.10
	155.54	**633.31**
(b) Current		
With parties other than related parties		
(Unsecured, considered good unless otherwise stated)		
Security deposits	48.07	10.09
Advance to vendors	57.20	37.47
Other loans and advances	4.90	26.64
Prepaid rent	3.20	24.66
Assets held for sale	-	5.10
Prepaid expenses	93.82	115.70
Other assets	0.66	0.02
(Unsecured, considered doubtful)		
Prepaid rent	0.24	0.24
Less: provision for prepaid rent	(0.24)	(0.24)
Prepaid rent (net)	-	-
With related parties (refer note 31)		
Prepaid rent and expenses	25.91	41.66
	233.76	**261.34**

11. Inventories

(Valued at lower of cost and net realisable value)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Medical consumables, drugs and surgical instruments	360.87	515.63
Less: Provision for write-down to net realisable value	(22.37)	(22.05)
	338.50	**493.58**

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

Notes

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

12. Trade receivables

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good	1,470.16	1,570.65
Unsecured, considered doubtful	357.92	300.22
	1,828.08	**1,870.87**
Loss allowance		
Unsecured, considered doubtful	(357.92)	(300.22)
Net trade receivables	**1,470.16**	**1,570.65**
Of the above, trade receivables from related parties are as below:		
Trade receivable (refer note 31)	122.72	42.00
Expected credit loss allowance	(10.81)	(1.43)
Net trade receivables from related parties	**111.91**	**40.57**

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

Category	Ageing		
	Within due date	Due date to 1 year	More than 1 year
ESI/CGHS/SCHEMES	2.13%	13.59%	60.23%
Others	1.58%	13.28%	45.98%

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 44.

The trade receivables are hypothecated as security as part of working capital facility.

13. Cash and bank balances

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Cash and cash equivalents		
Cash on hand	97.60	34.25
DDs/Cheques on hand	-	8.34
Balance with banks		
- In current accounts	309.96	486.36
	407.56	**528.95**
(b) Bank balances other than above		
- In deposit accounts (due to mature within 12 months of the reporting date) *	115.11	40.10
	115.11	**40.10**

* The above deposits are restrictive as it relates to deposits against the guarantees.

Notes

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

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	97.60	34.25
DDs/Cheques on hand	-	8.34
Balance with banks		
- In current accounts	309.96	486.36
	407.56	528.95
Less: Bank overdraft used for cash management purposes	-	-
Cash and cash equivalents in the statement of cash flows	**407.56**	**528.95**

14. Equity share capital

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised		
309,000,000 (previous year : 309,000,000) equity shares of ₹ 10 each	3,090.00	3,090.00
71,000,000 (previous year : 71,000,000) preference shares of ₹ 10 each	710.00	710.00
Issued, subscribed and paid up		
204,360,804 (previous year : 204,360,804) equity shares of ₹ 10 each, fully paid up	2,043.61	2,043.61
	2,043.61	**2,043.61**

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

(₹ in Million)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	20,43,60,804	2,043.61	20,43,60,804	2,043.61
Issued during the year	-	-		
At the end of the year	**20,43,60,804**	**2,043.61**	**20,43,60,804**	**2,043.61**

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

The Company has 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.

The Company has authorized preference shares having a nominal value of ₹ 10 each. Preference shares are non-convertible, non-cumulative, non-participating and carry preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

Notes

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

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

(₹ in Million)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Dr Devi Prasad Shetty	5,65,26,139	27.66%	6,47,00,571	31.66%
Shakuntala Shetty	6,20,83,095	30.38%	6,20,83,095	30.38%
CDC Group PLC	-	0.00%	1,17,65,046	5.76%
	11,86,09,234	**58.04%**	**13,85,48,712**	**67.80%**

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

Further, the Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the last balance sheet date except, the issue of 199,654,247 bonus shares on 25th March, 2015 and conversion of Optionally Convertible Debentures along with accrued interest into 4,360,804 equity shares on 1st December, 2015.

15. Other equity

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Reserves and Surplus		
Securities premium		
At the commencement of the year	5,002.13	4,901.24
Movement during the year	21.05	100.89
At the end of the year	5,023.18	5,002.13
Capital reserve	1.54	1.54
Treasury Shares		
At the commencement of the year	(15.57)	(19.54)
Movement during the year	1.01	3.97
At the end of the year	(14.56)	(15.57)
General reserve	250.00	250.00
Share options outstanding		
At the commencement of the year	23.22	134.35
Add: Amounts recorded on grants during the year	30.26	27.75
Less: Shares forfeited during the year	(0.15)	(37.99)
Less: Exercised during the year	(21.05)	(100.89)
At the end of the year	32.28	23.22
Retained earnings		
At the commencement of the year	4,403.04	3,902.20
Add: Net profit after tax transferred from statement of profit and loss	677.43	500.84
Add: Dividend received on Treasury Shares	3.02	-
Less : Impact on account of adoption of Ind AS 116 (net of tax)	(192.58)	-
Less: Dividends (including dividend distribution tax)	(492.72)	-
At the end of the year	4,398.19	4,403.04

Notes

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(ii) Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	(21.59)	(7.45)
Movement during the year	(44.01)	(14.14)
At the end of the year	(65.60)	(21.59)
Re-measurement of defined benefit plans		
At the commencement of the year	(7.87)	0.93
Movement during the year	(1.99)	(8.80)
At the end of the year	(9.86)	(7.87)
	9,615.17	**9,634.90**

Capital reserve

Capital reserve was created at the time of acquisition of hospital in Barasat.

Securities premium

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

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity.

Share options outstanding

The Company has established share based payment for eligible employees of the Company, its subsidiaries or an associate. Also refer note 39 for further details on these plans.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

Cash flow hedge reserve

Company has entered into a interest rate swap agreement, This cash flow hedge reserve reflects the fluctuations of the fair value of such swap.

Dividend

On the recommendation of The Board of Directors and approved by Shareholders, final dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended 31st March, 2019 and interim dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended 31st March, 2020 was paid.

Notes

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

16. Borrowings

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Non-current		
(i) Secured		
Term loans		
From banks (refer note I)	4,177.02	4,883.89
(ii) Unsecured		
From others (refer note II)	80.74	104.26
Less: Current maturity of long term debt [refer note 18 (b)]	(476.43)	(368.26)
Total non-current borrowings	**3,781.33**	**4,619.89**

I. Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ 243.00 million (previous year : ₹ 270.00 million). It is repayable in 18 (previous year 20 quarterly instalments) quarterly instalments from December 2019 after moratorium period of 18 months from date of 1st disbursement. Date of 1st disbursement is 12th March, 2018. Interest is charged at 8.25% p.a. (previous year: 9.05% p.a)	Movable Fixed Assets acquired out of the loan and equitable mortgage over land and building of the Jaipur hospital.
(ii)	Term loan from HSBC Bank : ₹ 380.00 million (previous year : ₹ nil). It is repayable in 20 (previous year: nil) quarterly instalments from June 2020. Interest is charged at 7.95% p.a. (previous year: nil)	
(iii)	Term loan from ICICI Bank: ₹ nil (previous year : ₹ 883.13 million). Fully repaid during the year (previous year 93 monthly instalments starting from 31st January, 2019). Interest is charged at 8.60% p.a., (previous year: 8.50% p.a.)	Movable Fixed Assets acquired out of the loan.
(iv)	Foreign currency loan taken from EXIM Bank : ₹ 1,480.80 million ($ 19.64 million) (previous year: ₹ 1,605.68 million ($ 23.21 million)). Repayable in 22 quarterly instalments from the reporting date (previous year: 26 quarterly instalments from 31st Dec, 2018). Interest is linked to the Libor (6 month) + 175 base points. (previous year: Libor (6 month) + 175 base points).	Exclusive charge on the Company's immovable properties being land, buildings and structures attached or permanently fastened thereon at the location having S.No: 2/4,2/5,2/7,2/8,3, 23/1C,23/1D,26,27,28,29 with an aggregate extent of 7 Acres 1.85 Guntas situate at Kittiganahalli village, Attibele hobli, Anekal Taluk, Bangalore, Karnataka.
(v)	*Term loan from SBI: ₹ 529.34 million (previous year: ₹ 578.75 million). Repayable in 84 monthly instalments from the reporting date (previous year 96 monthly instalments from 31st March, 2019) Interest is charged at 7.95% p.a.(previous year: 8.7% p.a.)	Movable Fixed Assets acquired out of the loan and exclusive charge on land and building located in Plot # 3201, Phase III, DLF city, Gurgaon, Haryana and #78, Jessor Road, Mouzahariharpur, Ward #5 Barassat Kolkata. Land measuring 2.474 acre title deed # 2760/2014.
(vi)	*Term loan from SBI: ₹ 350.00 million (previous year: ₹ 350.00 million). Repayable in 96 (previous year : 96) monthly instalments from the reporting date. Interest is charged at 7.95% p.a.(previous year: 8.70% p.a.)	
(vii)	*Term loan from SBI: ₹ 1,193.88 million (previous year: ₹ 1,196.33 million). Repayable in 29 (previous year : 31) quarterly instalments from December 2019 after 2 years Moratorium from date October 2017. Interest is charged at 7.95% p.a.(previous year: 8.70% p.a).	

* Promoters % of holding should not be reduced below 51% during the tenure of loan.

Notes

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

II. Term loans from Others :

(i) Interest free term loan from Cisco Systems Capital (India) Private Limited has been obtained during the current year of ₹ nil (previous year: ₹ 109.86 million). Based on the applicable effective interest rate, the present value of loan as at 31st March, 2020 amounting to ₹ 44.64 million (previous year: ₹ 68.16 million) has been recognised in the books of accounts.

(ii) Term loan from CDC group PLC : ₹ 36.10 million (previous year : ₹ 36.10 million) carries an interest of 6.5% p.a. Repayable in one instalment after 5 years from the utilisation date i.e 26th February, 2019. Loan is unsecured.

17. Lease liabilities

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Lease liability as on 01-Apr-2019	1,645.61	-
Additions during the period	289.95	-
Finance cost accrued during the period	161.89	-
Lease payment	(280.32)	-
Lease liability as on 31-Mar-2020	**1,817.13**	**-**
Less: Current lease liability	(191.42)	-
	1,625.71	**-**
(b) Current		
Lease liability	191.42	-
	191.42	-

18. Other financial liabilities

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Payable towards share purchased for ESOP Trust	14.69	15.57
Liability towards asset replacement cost	73.44	69.93
Liability for financial guarantee	13.80	19.64
Creditors for capital goods	29.37	29.64
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swap	105.10	33.64
	236.40	**168.42**
(b) Current		
To parties other than related parties		
Current maturities of long-term borrowings with banks (refer note 16)*	476.43	368.26
Interest accrued and not due on borrowings	0.49	1.06
Creditors for capital goods	54.11	77.72
Other financial liabilities	18.08	21.35
Liability for financial guarantee	5.83	6.77
To related parties (refer note 31)		
Creditors for capital goods	58.04	58.03
	612.98	**533.19**

*The Company's exposure to liquidity risk and currency risk are disclosed in note 44.

Notes

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

19. Provisions (refer note 34)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Provision for employee benefits		
Gratuity	181.01	148.38
	181.01	**148.38**
(b) Current		
Provision for employee benefits		
Gratuity	88.53	69.17
Compensated absences	181.61	149.73
	270.14	**218.90**

20. Other liabilities

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Unearned revenue	15.25	16.45
Deferred government grant*	109.53	123.49
Deferred government grant for EPCG Licence **	88.42	73.73
Rent equalisation reserve	-	68.18
Others	2.51	2.51
	215.71	**284.36**
(b) Current		
To parties other than related parties		
Contract Liabilities	67.81	104.45
Unearned revenue	1.27	1.25
Deferred government grant*	13.93	13.93
Deferred government grant for EPCG Licence **	28.42	17.92
Balances due to statutory/ government authorities	116.50	104.33
Others	3.87	5.05
To related parties (refer note 31)		
Other payables	61.52	20.15
	293.32	**267.08**
Summary of the government grant received by the Company :-		
Opening Balance	229.07	157.78
Add: Grants during the year	50.20	89.66
Less: Released to profit and loss	38.97	18.37
Closing Balance	**240.30**	**229.07**
Non Current	197.95	197.22
Current	42.35	31.85

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 million for purchase of fixed assets for operating the hospital in Assam. The Company has recognized this grant as deferred income at fair value which is being amortised over the useful life of the fixed assets in proportion in which the related depreciation is recognized.

**Company during the year had received capital grant in the form of EPCG license from Government of India amounting to ₹ 50.20 million (previous year: ₹ 89.66 million) for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government grant for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per Ind AS.

Notes

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

21. Trade payables

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises (refer note 35)	44.50	27.45
Total outstanding dues of creditors other than micro and small enterprises*	2,565.03	2,337.54
	2,609.53	**2,364.99**
*Payables to related parties (refer note 31)	38.37	50.07

The Company's exposure to currency and liquidity risks related to trade payables is disclosed in note 44.

22. Revenue from operations

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Income from medical and healthcare services	21,365.35	19,859.72
Sale of medical consumables and drugs	896.92	791.87
Other operating revenue:		
Teleradiology income	29.56	25.29
Income from patient amenities	61.72	65.68
Revenue share income	0.78	9.37
Other healthcare services	39.18	19.64
	22,393.51	**20,771.57**

Refer notes below

(₹ in Million)

i) Category of Customer	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash	15,718.75	14,533.04
Credit	6,674.76	6,238.53
	22,393.51	**20,771.57**

(₹ in Million)

ii) Nature of treatment	For the year ended 31st March, 2020	For the year ended 31st March, 2019
In-patient	16,729.96	15,595.05
Out-patient	4,635.39	4,264.67
Sale of medical consumables and drugs	896.92	791.87
Others	131.24	119.98
	22,393.51	**20,771.57**

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

Notes

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

iv) Transaction price allocated to the remaining performance obligations

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contract Liabilities	67.81	104.45
	67.81	**104.45**

v) Use of Practical expedients

Transaction price allocated to the remaining performance obligations

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

23. Other income

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Export incentive	26.37	-
Interest income on		
- Bank deposits	6.64	3.60
- Unsecured loan	8.81	7.33
- Others	1.24	0.03
Interest income from financial asset at amortised cost	35.61	31.87
Government grant	38.97	18.37
Guarantee commission	6.78	6.83
Profit on sale of investment	18.69	2.73
Miscellaneous income	98.31	105.86
	241.42	**176.62**

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

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventory at the beginning of the year	493.58	504.80
Inventory at the end of the year	338.50	493.58
	155.08	**11.22**

25. Employee benefit expense

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries, wages and bonus	4,056.42	3,644.99
Contribution to provident and other funds (refer note 34)	312.90	265.79
Share based payment to employees (refer note 40)	29.95	(12.05)
Staff welfare expenses	86.92	91.49
	4,486.19	**3,990.22**

During the financial year 2019-20, project salary cost amounting to ₹ 43.70 million (previous year : ₹ 95.37 million) has been capitalised through capital work-in progress and intangible assets under development.

Notes

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

26. Other expenses

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Hospital operating expenses		
Rent	392.29	596.44
Patient welfare expenses	296.83	278.61
Power and fuel	523.76	508.91
Hospital general expenses	189.89	175.59
House keeping expenses	620.78	578.62
Medical gas charges	80.81	77.23
Biomedical wastage expenses	14.66	13.07
Repairs and maintenance		
- Hospital equipments	295.23	330.89
- Buildings	86.43	63.64
- Others	390.78	326.38
Total (A)	**2,891.46**	**2,949.38**
Administrative expenses		
Travel and conveyance	170.54	180.76
Security charges	183.64	178.68
Printing and stationery	128.09	125.25
Rent	45.81	113.15
Advertisement and publicity	311.32	254.64
Legal and professional fees (refer note (i) below)	94.55	190.92
Business promotion	337.18	334.44
Telephone and communication	59.82	47.08
Bank charges	63.05	70.27
Insurance	72.59	57.44
Corporate social responsibility (refer note (ii) below)	24.49	25.07
Rates and taxes	73.79	30.00
Books and periodicals	26.33	20.80
Provision for loss allowance	57.70	111.91
Bad receivables written off	7.50	51.29
Provision for doubtful advances	14.47	-
Donations paid	1.00	3.02
Provision for other than temporary diminution in the value of investments	13.00	-
Loss on disposal / proposed disposal of assets	51.13	4.73
Foreign exchange loss, (net)	85.71	80.46
Miscellaneous expenses	8.45	53.32
Total (B)	**1,830.16**	**1,933.23**
Total (A+B)	**4,721.62**	**4,882.61**

Notes

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

(i) Payment to auditors*

(₹ in Million)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
As an auditor		
(i) Audit fee	4.50	4.50
(ii) Limited review	1.20	1.20
(iii) Other attest services	0.15	1.65
In other capacity:		
(iv) Other services (refer note below)	-	1.66
(v) Reimbursement of expenses	1.83	1.53
	7.68	**10.54**

*excluding service tax/GST

Note: The above includes ₹ nil (Previous year : ₹ 1.66 million) paid to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India.

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹ 23.46 million (previous year: ₹ 22.96 million)

b) Amount spent during the year ended 31st March, 2020 on corporate social responsibility activities:

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Construction/acquisition of any asset	-	-
On purposes other than above	24.49	25.07

27. Finance costs

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	321.43	342.07
- bank overdraft	0.93	11.97
- others	3.37	2.99
Interest expense on lease liabilities	161.89	-
Unwinding of asset replacement cost	3.51	1.94
	491.13	**358.97**

28. Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation of property, plant and equipment (refer note 4)	925.10	873.80
Depreciation of Right to use Assets (refer note 5)	307.72	-
Amortisation of intangible assets (refer note 4)	44.34	33.27
	1,277.16	**907.07**

Notes

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

29. Contingent liabilities

(₹ in Million)

Particulars		As at 31st March, 2020	As at 31st March, 2019
Claims against the Company not acknowledged as debts in respect of:-			
a)	Sales tax (refer note A below)	-	31.83
b)	Customs Duty (refer note B below)	1.74	1.74
c)	Entry tax (refer note C below)	10.00	10.00
d)	Income tax (refer note D below)	64.31	26.75
Guarantees:			
(a)	Bank guarantee	25.00	25.00
(b)	The Company has issued corporate guarantee to its subsidiaries amounting to ₹ 3,840.74 million (previous year ₹ 3,694.11 million) and total loan outstanding as on 31st March 2020 is ₹ 2,920.75 million (previous year : ₹ 3,146.52 million). Within the overall limit of the Corporate Guarantee, the Company has also committed towards making additional capital contribution in certain subsidiaries as applicable, under the relevant loan agreements.		

Note:

A. Sales Tax

a) For financial year 2011-12, the Company had received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on the Company's submission, the department had issued an order with a demand of ₹ 10.31 million by levying tax on sale of food to patients. Against this demand, the Company had deposited ₹ 3.1 million with the department and filed an application for stay with Joint Commissioner of Commercial Taxes (Appeal). During the current year, the same was decided in the favour of the Company and it has applied for a refund of ₹ 3.1 million deposited against the demand from the department.

b) For financial year 2012-13, the Company had received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on the Company's submission, the department had issued an order with a demand of ₹ 21.52 million by levying tax on sale of food to patients. Against this demand the Company had deposited ₹ 6.45 million and filed an application for stay with Joint Commissioner of Commercial Taxes (Appeal). During the current year, the same was decided in the favour of the Company and it has applied for the refund of ₹ 6.45 million deposited against demand from the department.

B. For financial year 2012-13, the Company has received a notice proposing levy of customs duty on import of 'Surgical Microscopes' along with accessories classifying it under CTH 9018 9000 of Customs Tariff Act 1975. Against the demand of ₹ 1.74 million , the Company has deposited ₹ 1.33 million with the department and filed an appeal before the Commissioner of Customs (Appeals).

C. For financial year 2010-11, 2011-12, 2012-13, 2013-14 the Company has received a notice proposing levy of entry tax from Commercial Tax Officer under Entry of Goods into Local Area Act 1999 on account of goods brought in local areas from outside the state of Rajasthan without payment of Entry tax as per the provisions.Based on the Company's submission, the department has issued an order with a demand of ₹ 10 million along with interest. Against this demand, the Company has deposited ₹ 1.55 million with the department and filed an appeal before the Office of Appellate Authority -II, Commercial Tax.

D. Income Tax

a) For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on 28th December, 2011 with a demand of ₹ 12.17 million. Against this demand, the Company had paid ₹ 10.00 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A). On 23rd January, 2015, ITAT had issued an order in favour of the Company. Subsequently,

Notes

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

the department had filed an appeal with High Court of Karnataka challenging the order of ITAT which was pending as at 31st March, 2019 because of which the Company had a contingent tax liability of ₹ 7.47 million as of such date. On 29th August, 2019, High Court of Karnataka has passed an order stating that the appeal filed by the department is not maintainable due to non- fulfilment of revised monetary limit. In view of the same, the High Court has permitted department to withdraw the appeal filed earlier.

b) For assessment year 2012-13 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on 31st March, 2015. The company may have an additional liability of ₹ 12.59 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

c) For assessment year 2013-14 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on 25th March, 2016. The company may have an additional liability of ₹ 6.69 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

d) For assessment year 2016-17 the company had received a notice 142(1) of the Income tax act, 1961 on 28th March, 2018 asking company to submit certain documents on 6th April, 2018. Company has replied on 6th April, 2018, 24th July, 2018, 29th August, 2018, 7th December, 2018. The department has issued a assessment order u/s 143(3) on 29th December, 2018 demanding a sum of ₹ 1.06 million. Against this demand, the Company had paid ₹ 0.3 million under protest on 11th February, 2019 and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)).

e) For assessment year 2017-18 the Company has received an assessment order under section 143 (3) of the Income Tax Act, 1961 on 27th December, 2019. The company may have an additional liability of ₹ 20.93 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)), which is pending as at 31st March, 2020.

f) For AY 2018-19 and 2019-20, the Company has recognised additional contingent liability to the extent of ₹ 19.39 million and ₹ 4.71 million respectively duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation / appellate authorities.

E. Based on the advise of its legal counsel, the Company believes that other disputes, lawsuits and claims, including commercial matters, which arise from time to time in the ordinary course of business and are outstanding as at 31st March, 2020 will not have any material adverse effect on its financial statements for the year ended 31st March, 2020.

F. The Company has given letter of support to its subsidiary companies, namely Narayana Hrudayalaya Surgical Hospital Private Limited, Narayana Hospitals Private Limited, Narayana Health Institutions Private Limited, Meridian Medical Research & Hospital Limited, Narayana Institute for Advanced Research Private Limited, and Narayana Vaishno Devi Specialty Hospitals Private Limited. Under the letter of support, the Company is committed to provide operational and financial assistance as is necessary for the subsidiary companies to enable them to operate as going concern for a period of at least one year from the balance sheet date (31st March, 2021).

30. Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for, amounts to ₹ 134.26 million (previous year: ₹ 116.35 million).

Notes

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

31. Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL)
	Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)
	Narayana Hospitals Private Limited (NHPL)
	Narayana Health Institutions Private Limited (NHIPL)
	Narayana Cayman Holdings Ltd (NCHL)
	Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM) (till 24th April, 2018)
	Meridian Medical Research & Hospital Limited (MMRHL)
	Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)
	Narayana Holdings Private Limited (NHDPL) (Direct Subsidiary till 5th June, 2018, becomes Subsidiary of NCHL from 6th June, 2018)
	Narayana Health North America LLC (from 9th April, 2019)
	Health City Cayman Islands Ltd (HCCI) (Subsidiary of NCHL)
	NH Health Bangladesh Private Limited (Subsidiary of NHDPL) (with effect from 22nd July, 2018) (NHHBPL)
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty - Chairman
	Dr. Ashutosh Raghuvanshi - Managing Director (till 10th February, 2019)
	Dr. Emmanuel Rupert - Managing Director (with effect from 11th February 2019)
	Viren Shetty - Whole-time Director
	Kesavan Venugopalan - Chief Financial Officer
	Sridhar S - Company Secretary
Relatives of KMP	Dr. Varun Shetty
	Dr. Anesh Shetty
	Shakuntala Shetty
Associate	TriMedx India Private Limited (TriMedx)
Associate of subsidiaries	Cura Technologies INC.
	ISO Healthcare
Enterprises under control or joint control of KMP and their relatives	Amaryllis Healthcare Private Limited
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Thrombosis Research Institute(TRI)
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Narayana Health Academy Private Limited (NHAPL)
	Asia Heart Foundation (AHF)
Enterprises where control of Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

Notes

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

31. Related party disclosures

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

(₹ in Million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Payment of share application money						
NCHL	-	-	-	-	-	-
	(68.45)	(-)	(-)	(-)	(-)	(68.45)
Unsecured loan given						
NHSHPL	365.00	-	-	-	-	365.00
	(233.50)	(-)	(-)	(-)	(-)	(233.50)
Repayment of unsecured loan given by NHL						
NHSHPL	292.50	-	-	-	-	292.50
	(233.50)	(-)	(-)	(-)	(-)	(233.50)
Sale of Investment in subsidiary						
NHDPL	-	-	-	-	-	-
	(50.41)	(-)	(-)	(-)	(-)	(50.41)
Interest income on security deposit						
NHPL	20.50	-	-	-	-	20.50
	(18.65)	(-)	(-)	(-)	(-)	(18.65)
Charmakki Infrastructures	-	-	-	-	8.43	8.43
	(-)	(-)	(-)	(-)	(7.67)	(7.67)
TOTAL	**20.50**	**-**	**-**	**-**	**8.43**	**28.93**
	(18.65)	**(-)**	**(-)**	**(-)**	**(7.67)**	**(26.32)**
Sale of medical consumables and drugs and Services						
HCCI	191.16	-	-	-	-	191.16
	(166.79)	(-)	(-)	(-)	(-)	(166.79)
MMRHL	5.77	-	-	-	-	5.77
	(0.02)	(-)	(-)	(-)	(-)	(0.02)
NHSHPL	0.51	-	-	-	-	0.51
	(12.82)	(-)	(-)	(-)	(-)	(12.82)
NVDSHPL	-	-	-	-	-	-
	(0.06)	(-)	(-)	(-)	(-)	(0.06)
TOTAL	**197.44**	**-**	**-**	**-**	**-**	**197.44**
	(179.69)	**(-)**	**(-)**	-	**(-)**	**(179.69)**
Lab outsourcing expense						
MSMF	-	-	-	-	3.15	3.15
	(-)	(-)	(-)	(-)	(4.21)	(4.21)
Rent expenses						
NHPL	27.99	-	-	-	-	27.99
	(27.94)	(-)	(-)	(-)	(-)	(27.94)

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Charmakki Infrastructures	-	-	-	-	13.38	13.38
	(-)	(-)	(-)	(-)	(13.03)	(13.03)
AHF	-	-	-	-	15.61	15.61
	(-)	(-)	(-)	(-)	(31.80)	(31.80)
MSMF	-	-	-	-	25.00	25.00
	(-)	(-)	(-)	(-)	(25.00)	(25.00)
NHF	-	-	-	-	3.16	3.16
	(-)	(-)	(-)	(-)	(3.16)	(3.16)
TOTAL	**27.99**	**-**	**-**	**-**	**57.15**	**85.14**
	(27.94)	**(-)**	**(-)**	**(-)**	**(72.99)**	**(100.93)**
Reimbursement of expenses						
NHPL	5.62	-	-	-	-	5.62
	(6.17)	(-)	(-)	(-)	(-)	(6.17)
NVDSHPL	8.94	-	-	-	-	8.94
	(7.88)	(-)	(-)	(-)	(-)	(7.88)
HCCI	15.42	-	-	-	-	15.42
	(16.86)	(-)	(-)	(-)	(-)	(16.86)
AHF	-	-	-	-	0.04	0.04
	(-)	(-)	(-)	(-)	(2.27)	(2.27)
NHHBPL	3.77	-	-	-	-	3.77
	(2.55)	(-)	(-)	(-)	(-)	(2.55)
NHSHPL	13.09	-	-	-	-	13.09
	(2.28)	(-)	(-)	(-)	-	(2.28)
NHF	-	-	-	-	0.19	0.19
	-	(-)	(-)	(-)	(-)	-
MMRHL	5.60	-	-	-	-	5.60
	(1.31)	(-)	(-)	(-)	(-)	(1.31)
Others	0.24	-	-	-	-	0.24
	(0.27)	(-)	(-)	(-)	(-)	(0.27)
TOTAL	**52.68**	**-**	**-**	**-**	**0.23**	**52.91**
	(37.32)	**(-)**	**(-)**	**-**	**(2.27)**	**(39.59)**
Revenue from healthcare services						
NHF	-	-	-	-	1.34	1.34
	(-)	(-)	(-)	(-)	(1.06)	(1.06)
AHF	-	-	-	-	4.06	4.06
	(-)	(-)	(-)	(-)	(3.63)	(3.63)
MMRHL	6.93	-	-	-	-	6.93
	(5.55)	(-)	(-)	(-)	(-)	(5.55)
TOTAL	**6.93**	**-**	**-**	**-**	**5.40**	**12.33**
	(5.55)	**(-)**	**(-)**	**(-)**	**(4.69)**	**(10.24)**

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Advance given for payment to employees						
HCCI	1.05	-	-	-	-	1.05
	(1.62)	(-)	(-)	(-)	(-)	(1.62)
Rental income net of tax						
NHSHPL	4.54	-	-	-	-	4.54
	(4.54)	(-)	(-)	(-)	(-)	(4.54)
Interest income						
NHPL	2.12	-	-	-	-	2.12
	(2.12)	(-)	(-)	(-)	(-)	(2.12)
NHSHPL	5.67	-	-	-	-	5.67
	(3.19)	(-)	(-)	(-)	(-)	(3.19)
TOTAL	**7.79**	**-**	**-**	**-**	**-**	**7.79**
	(5.31)	**(-)**	**(-)**	**(-)**	**(-)**	**(5.31)**
Investment in equity instruments						
MMRHL	25.00	-	-	-	-	25.00
	(-)	(-)	(-)	(-)	(-)	-
TriMedx -associate	-	-	-	3.00	-	3.00
	(-)	(-)	(-)	(-)	(-)	-
NHSHPL	212.78	-	-	-	-	212.78
	(299.84)	(-)	(-)	(-)	(-)	(299.84)
NCHL	-	-	-	-	-	-
	(100.97)	(-)	(-)	(-)	(-)	(100.97)
TOTAL	**237.78**	**-**	**-**	**3.00**	**-**	**240.78**
	(400.81)	**(-)**	**(-)**	**-**	**(-)**	**(400.81)**
Provision for other than temporary diminution in the value of investments						
TriMedx -associate	-	-	-	3.00	-	3.00
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	10.00	-	-	-	-	10.00
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**10.00**	**0.00**	**0.00**	**3.00**	**-**	**13.00**
	(-)	**(-)**	**(-)**	**(-)**	**(-)**	**(-)**

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Fair value of guarantee in subsidiaries						
MMRHL	-	-	-	-	-	-
	(1.44)	(-)	(-)	(-)	(-)	(1.44)
NHSHPL	-	-	-	-	-	-
	(2.23)	(-)	(-)	(-)	(-)	(2.23)
TOTAL	**-**	**-**	**-**	**-**	**-**	**-**
	(3.67)	**(-)**	**(-)**	**(-)**	**(-)**	**(3.67)**
Sale of fixed assets						
MMRHL	16.71	-	-	-	-	16.71
	(-)	(-)	(-)	(-)	(-)	-
NHSHPL	4.68	-	-	-	-	4.68
	(-)	(-)	(-)	(-)	(-)	-
TOTAL	**21.39**	**-**	**-**	**-**	**-**	**21.39**
	(-)	**(-)**	**(-)**	**(-)**	**(-)**	(-)
Guarantee commission						
HCCI	4.85	-	-	-	-	4.85
	(4.77)	(-)	(-)	(-)	(-)	(4.77)
MMRHL	1.11	-	-	-	-	1.11
	(1.31)	(-)	(-)	(-)	(-)	(1.31)
NHSHPL	0.82	-	-	-	-	0.82
	(0.75)	(-)	(-)	(-)	(-)	(0.75)
TOTAL	**6.78**	**-**	**-**	**-**	**-**	**6.78**
	(6.83)	**(-)**	**(-)**	**-**	**(-)**	**(6.83)**
Software license fees						
HCCI	10.86	-	-	-	-	10.86
	(8.40)	(-)	(-)	(-)	(-)	(8.40)
Purchase of medical stores and Consumables						
Hrudayalaya Pharmacy	-	-	-	-	0.23	0.23
	(-)	(-)	(-)	(-)	(0.19)	(0.19)
Amaryllis Healthcare Private Limited	-	-	-	-	113.82	113.82
	(-)	(-)	(-)	(-)	(111.21)	(111.21)
MMRHL	2.82	-	-	-	-	2.82
	(-)	(-)	(-)	(-)	-	-
NHSHPL	-	-	-	-	-	-
	(0.10)	(-)	(-)	(-)	(-)	(0.10)
NVDSHPL	0.27	-	-	-	-	0.27
	(0.63)	(-)	(-)	(-)	(-)	(0.63)
TOTAL	**3.09**	**-**	**-**	-	**114.05**	**117.14**
	(0.73)	**(-)**	**(-)**	**(-)**	**(111.40)**	**(112.13)**

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Maintenance of medical equipment						
TriMedx -associate	-	-	-	-	-	-
	(-)	(-)	(-)	(7.98)	(-)	(7.98)
Guarantees given						
NCHL	-	-	-	-	-	-
	(55.34)	(-)	(-)	(-)	(-)	(55.34)
NHSHPL	-	-	-	-	-	-
	(350.00)	(-)	(-)	(-)	(-)	(350.00)
HCCI	201.97	-	-	-	-	201.97
	(134.13)	(-)	(-)	(-)	(-)	(134.13)
MMRHL	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**201.97**	**-**	**-**	**-**	**-**	**201.97**
	(539.47)	**(-)**	**(-)**	**(-)**	**(-)**	**(539.47)**
Release of guarantee given						
NCHL	(55.34)	-	-	-	-	(55.34)
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	-	-	-	-	-	-
	(400.00)	(-)	(-)	(-)	(-)	(400.00)
TOTAL	**(55.34)**	**-**	**-**	**-**	**-**	**(55.34)**
	(400.00)	**(-)**	**(-)**	**(-)**	**(-)**	**(400.00)**
Security given						
NHSHPL	6.40	-	-	-	-	6.40
	(-)	(-)	(-)	(-)	(-)	(-)
Donation given						
Thrombosis Research Institute	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.69)	(0.69)
Short-term employee benefits*						
Dr. Devi Prasad Shetty	-	64.33	-	-	-	64.33
	(-)	(48.69)	(-)	(-)	(-)	(48.69)
Dr. Ashutosh Raghuvanshi	-	-	-	-	-	-
	(-)	(117.02)	(-)	(-)	(-)	(117.02)
Dr. Emmanuel Rupert	-	32.25				32.25
	(-)	(4.19)	(-)	(-)	(-)	(4.19)

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Viren Shetty	-	13.24	-	-	-	13.24
	(-)	(10.16)	(-)	(-)	(-)	(10.16)
Kesavan Venugopalan	-	24.12	-	-	-	24.12
	(-)	(20.57)	(-)	(-)	(-)	(20.57)
Sridhar S	-	4.78	-	-	-	4.78
	(-)	(4.73)	(-)	(-)	(-)	(4.73)
Dr. Varun Shetty	-	-	7.10	-	-	7.10
	(-)	(-)	(5.23)	(-)	(-)	(5.23)
Dr. Anesh Shetty	-	-	1.31	-	-	1.31
	(-)	(-)	(2.97)	(-)	(-)	(2.97)
TOTAL	**-**	**138.72**	**8.41**	-	-	**147.13**
	(-)	**(205.36)**	**(8.20)**	**(-)**	**(-)**	**(213.56)**
Share based payments						
Dr. Emmanuel Rupert	-	27.03	-	-	-	27.03
	(-)	(0.82)	(-)	(-)	(-)	(0.82)

Figures in brackets are for the previous year.

Note:
Compensation to KMP is bifurcated into short-term employee benefits, long-term benefits and share based payments. 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.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other financial assets (Current)- Due for reimbursement of expense						
NHIPL	1.10	-	-	-	-	1.10
	(0.98)	(-)	(-)	(-)	(-)	(0.98)
NVDSHPL	4.17	-	-	-	-	4.17
	(7.28)	(-)	(-)	(-)	(-)	(7.28)
NIARPL	1.29	-	-	-	-	1.29
	(1.16)	(-)	(-)	(-)	(-)	(1.16)
HCCI	12.08	-	-	-	-	12.08
	(5.62)	(-)	(-)	(-)	(-)	(5.62)
NHF	-	-	-	-	1.02	1.02
	(-)	(-)	(-)	(-)	(0.90)	(0.90)
NHHBPL	6.32	-	-	-	-	6.32
	(2.55)	(-)	(-)	(-)	(-)	(2.55)
NHSHPL	32.42	-	-	-	-	32.42
	(16.70)	(-)	(-)	(-)	(-)	(16.70)
MMRHL	5.06	-	-	-	-	5.06
	(1.31)	(-)	(-)	(-)	(-)	(1.31)
TOTAL	**62.44**	**-**	**-**	**-**	**1.02**	**63.46**
	(35.60)	**(-)**	**(-)**	**(-)**	**(0.90)**	**(36.50)**
Financial assets- loans (Non current)- Unsecured Loan						
NHPL	20.00	-	-	-	-	20.00
	(20.00)	(-)	(-)	(-)	(-)	(20.00)
Financial assets- loans (Current)- Unsecured Loan						
NHSHPL	72.50	-	-	-	-	72.50
	-	-	-	-	-	-
Other financial liabilities - (Current) Creditors for capital goods						
NIARPL	58.04	-	-	-	-	58.04
	(58.03)	(-)	(-)	(-)	(-)	(58.03)
Other non-current assets - Prepaid expense						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(202.78)	(202.78)

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other current assets - Prepaid expense						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(15.66)	(15.66)
Other non-current assets - Prepaid rent						
NHPL	18.64	-	-	-	-	18.64
	(37.57)	(-)	(-)	(-)	(-)	(37.57)
Charmakki Infrastructures	-	-	-	-	21.77	21.77
	(-)	(-)	(-)	(-)	(28.75)	(28.75)
TOTAL	**18.64**	**-**	**-**	**-**	**21.77**	**40.41**
	(37.57)	**(-)**	**(-)**	**(-)**	(28.75)	(66.32)
Other current assets - Prepaid rent						
NHPL	18.94	-	-	-	-	18.94
	(19.01)	(-)	(-)	(-)	(-)	(19.01)
Charmakki Infrastructures	-	-	-	-	6.97	6.97
	(-)	(-)	(-)	(-)	(6.99)	(6.99)
TOTAL	**18.94**	**-**	**-**	**-**	**6.97**	**25.91**
	(19.01)	**(-)**	**(-)**	**(-)**	**(6.99)**	**(26.00)**
Financial assets- loans (non current)- Security deposit						
NHPL	233.46	-	-	-	-	233.46
	(212.95)	(-)	(-)	(-)	(-)	(212.95)
Charmakki Infrastructures	-	-	-	-	95.97	95.97
	(-)	(-)	(-)	(-)	(87.55)	(87.55)
TOTAL	**233.46**	**-**	**-**	**-**	**95.97**	**329.43**
	(212.95)	**(-)**	**(-)**	**(-)**	**(87.55)**	**(300.50)**
Trade payables						
NHPL	33.45	-	-	-	-	33.45
	(29.35)	(-)	(-)	(-)	(-)	(29.35)
Amaryllis Healthcare Private Limited	-	-	-	-	1.62	1.62
	(-)	(-)	(-)	(-)	(4.73)	(4.73)
Charmakki Infrastructures	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.47)	(0.47)
MSMF	-	-	-	-	0.29	0.29
	(-)	(-)	(-)	(-)	(13.70)	(13.70)
NHF	-	-	-	-	0.62	0.62
	(-)	(-)	(-)	(-)	(0.28)	(0.28)

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
AHF	-	-	-	-	1.49	1.49
	(-)	(-)	(-)	(-)	(0.80)	(0.80)
Hrudayalaya Pharmacy	-	-	-	-	0.01	0.01
	(-)	(-)	(-)	(-)	(0.01)	(0.01)
NHSHPL	-	-	-	-	-	-
	(0.10)	(-)	(-)	(-)	(-)	(0.10)
NVDSHPL	0.89	-	-	-	-	0.89
	(0.63)	(-)	(-)	(-)	(-)	(0.63)
TOTAL	**34.34**	**-**	**-**	**-**	**4.03**	**38.37**
	(30.08)	**(-)**	**(-)**	**-**	**(19.99)**	**(50.07)**
Trade receivables						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.24)	(0.24)
HCCI	108.13	-	-	-	-	108.13
	(28.74)	(-)	(-)	(-)	(-)	(28.74)
NHF	-	-	-	-	0.07	0.07
	(-)	(-)	(-)	(-)	(0.14)	(0.14)
NHSHPL	12.43	-	-	-	-	12.43
	(12.82)	(-)	(-)	(-)	(-)	(12.82)
MMRHL	2.03	-	-	-	-	2.03
	(-)	(-)	(-)	(-)	(-)	-
NVDSHPL	0.06	-	-	-	-	0.06
	(0.06)	(-)	(-)	(-)	(-)	(0.06)
TOTAL	**122.65**	**-**	**-**	**-**	**0.07**	**122.72**
	(41.62)	**-**	**-**	**-**	**(0.38)**	**(42.00)**
Other liabilities (current) - Other payables						
AHF	-	-	-	-	61.52	61.52
	(-)	(-)	(-)	(-)	(20.15)	(20.15)
Other financial assets (current) - Interest accrued on unsecured loan						
NHSHPL	1.48	-	-	-	-	1.48
	(-)	(-)	(-)	(-)	(-)	(-)
NHPL	9.57	-	-	-	-	9.57
	(7.66)	(-)	(-)	(-)	(-)	(7.66)
TOTAL	**11.05**	**-**	**-**	**-**	**-**	**11.05**
	(7.66)	**-**	**-**	**-**	**-**	**(7.66)**

Figures in brackets are for the previous year.

Notes

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

31. Related party disclosures

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

(₹ in Million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Share based payments						
Dr. Emmanuel Rupert	-	27.03	-	-	-	27.03
	(-)	(0.82)	(-)	(-)	(-)	(0.82)
Guarantees outstanding						
MMRHL	680.70	-	-	-	-	680.70
	(680.70)	(-)	(-)	(-)	(-)	(680.70)
NHSHPL	710.00	-	-	-	-	710.00
	(710.00)	(-)	(-)	(-)	(-)	(710.00)
HCCI	2,450.04	-	-	-	-	2,450.04
	(2,248.07)	(-)	(-)	-	(-)	(2,248.07)
NCHL	-	-	-	-	-	-
	(55.34)	(-)	(-)	(-)	(-)	(55.34)
NVDSHPL	25.00	-	-	-	-	25.00
	(25.00)	(-)	(-)	(-)	(-)	(25.00)
TOTAL	**3,865.74**	**-**	**-**	**-**	**-**	**3,865.74**
	(3,719.11)	**(-)**	**(-)**	**(-)**	**(-)**	**(3,719.11)**
Security outstanding						
NHSHPL	6.40	-	-	-	-	6.40
	(-)	(-)	(-)	(-)	(-)	-
Security Received						
NHPL	333.17	-	-	-	-	333.17
	(338.43)	-	-	-	-	(338.43)

Figures in brackets are for the previous year.

Note:

(a) No amount in respect of related parties have been written off/back or provided for during the year.

(b) Related party relationships have been identified by the Management and relied upon by the auditors.

(c) The terms and conditions of the transactions with related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with other than related entities on an arm's length basis.

Notes

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

32. Segment information

Operating segments

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

Entity wide disclosures -Information about geographical areas

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.

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
India	22,202.35	20,604.78
Rest of the world (Cayman Islands)	191.16	166.79
	22,393.51	**20,771.57**

(ii) Non current assets*

(₹ in million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	12,577.61	11,176.89
	12,577.61	**11,176.89**

*Non-current assets exclude financial instruments.

33. Investments, loans, guarantees and security

(a) The Company has made investment in the following Companies:

(₹ in Million)

Entity	As at 31st March, 2019	Allotment / Purchases during the year	Sold during the year	Impairment / write off	As at 31st March, 2020
Investment in equity instruments					
Narayana Institute for Advanced Research Private Limited	57.60	-	-	-	57.60
Narayana Hrudayalaya Surgical Hospital Private Limited	1,020.92	212.79	-	-	1,233.71
Narayana Hospitals Private Limited	532.61	-	-	-	532.61
Narayana Cayman Holdings Ltd	3,193.18	-	-	-	3,193.18
Meridian Medical Research & Hospital Limited	1,112.50	25.00	-	-	1,137.50
Narayana Vaishno Devi Specialty Hospitals Private Limited	10.00	-	-	(10.00)	-
Atria Wind Power Chitradurga Pvt Ltd	-	5.45	(5.42)	-	0.03
TriMedx India Private Limited	-	3.00	-	(3.00)	-
Others					
Fair Value of guarantee in subsidiaries*	36.77	-	-	-	36.77
Deemed Investment	1.81	0.08	-	-	1.89
	5,965.39	**246.32**	**(5.42)**	**(13.00)**	**6,193.29**

*Pertains to guarantees provided by company to its subsidiaries which has been eliminated on consolidation. This transaction has been recorded in accordance with the applicable accounting standard and has no implication under any statute.

Notes

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

(b) The Company has given unsecured loans to the following entities:

(₹ in Million)

Entity	As at 31st March, 2019	Movement	As at 31st March, 2020	Purpose of loans
Subsidiaries				
Narayana Hospitals Private Limited	20.00	-	20.00	Financial assistance
Narayana Hrudayalaya Surgical Hospital Private Limited	-	72.50	72.50	Financial assistance
Others				
Mytec Process (P) Ltd.	13.00	(13.00)	-	Financial assistance
	33.00	**59.50**	**92.50**	

(c) The Company has provided guarantees to the following entities:

(₹ in Million)

Entity	As at 31st March, 2019	Movement	As at 31st March, 2020	Purpose of guarantees
Narayana Cayman Holdings Ltd*	55.34	(55.34)	-	Corporate guarantee given to First Caribbean International Bank to give term loan to Narayana Cayman Holdings Ltd.
Health City Cayman Islands Ltd	2,248.07	201.97	2,450.04	Corporate guarantee given to First Caribbean International Bank to give term loan to Health City Cayman Islands Limited.
Narayana Hrudayalaya Surgical Hospital Private Limited	360.00	-	360.00	Corporate guarantee given to Yes Bank for giving term loan/ working capital loan to Narayana Hrudayalaya Surgical Hospital Private Limited.
Narayana Hrudayalaya Surgical Hospital Private Limited	350.00	-	350.00	Corporate guarantee given to The Hongkong and Shanghai Banking Corporation Ltd to give term loan to Narayana Hrudayalaya Surgical Hospital Private Limited.
Narayana Vaishno Devi Specialty Hospitals Private Limited	25.00	-	25.00	Bank guarantee given by Yes Bank to Sri Mata Vaishno Devi Shrine Board on behalf of Narayana Vaishno Devi Specialty Hospitals Private Limited.
Meridian Medical Research & Hospital Limited	680.70	-	680.70	Corporate guarantee given to State Bank of India for giving term loan/working capital loan to Meridian Medical Research & Hospital Limited.
	3,719.11	**146.63**	**3,865.74**	

* This guarantee has been released by the First Caribbean International Bank as on 25th April, 2019.

Notes

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

d) The Company has provided security to the following entity:

(₹ in Million)

Entity	As at 31st March, 2019	Movement	As at 31st March, 2020	Purpose of security
Narayana Hrudayalaya Surgical Hospital Private Limited	-	6.40	6.40	Fixed Deposit in Yes Bank as security for opening letter of credit favouring Narayana Hrudayalaya Surgical Hospital Private Limited.
	-	**6.40**	**6.40**	

34. Employee benefits

Defined contribution plan

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

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance for the year aggregated to ₹ 259.88 million (previous year: ₹ 224.79 million)

Defined benefit plan

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

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Defined benefit obligations liability	277.56	237.62
Plan assets	(8.02)	(20.07)
Net defined benefit liability	269.54	217.55
Liability for compensated absences	181.61	149.73
Total employee benefit liability	**451.15**	**367.28**
Non-current	181.01	148.38
Current	270.14	218.90

Notes

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

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 Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Defined benefit obligation as at 1st April	237.62	210.59
Benefits paid		
- by the Fund	(18.77)	(9.95)
- by the Company	-	(19.02)
Current service cost	41.43	30.62
Interest cost	12.93	11.77
Actuarial (gains)/ losses recognised in other comprehensive income		
-changes in demographic assumptions	(0.81)	(0.61)
-changes in financial assumptions	3.11	0.48
-experience adjustments	2.05	13.74
Defined benefit obligations as at 31st March	**277.56**	**237.62**

ii) Reconciliation of fair values of plan assets

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Plan assets at beginning of the year	**20.07**	**20.51**
Contributions paid into the plan	10.05	9.35
Interest income	1.34	1.39
Benefits of prior years	(5.97)	(1.31)
Benefits paid	(18.76)	(9.95)
Actuarial (gains)/ losses recognised in other comprehensive income	1.29	0.08
Plan assets at the end of the year	**8.02**	**20.07**
Net defined benefit liability	**269.54**	**217.55**

C. i) Expense recognised in statement of profit and loss

(₹ in Million)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current service cost	41.43	30.62
Interest cost	12.93	11.77
Past service cost	-	-
Interest income	(1.34)	(1.39)
	53.02	**41.00**

Notes

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

ii) Remeasurements recognised in other comprehensive income

(₹ in Million)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Actuarial (gain)/ loss on defined benefit obligation	4.35	13.61
Return on plan assets excluding interest income	(1.29)	(0.08)
	3.06	**13.53**

D. Plan Assets

Plan assets comprises of the following:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Government securities & debt instruments	8.02	20.07

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

E. Defined benefit obligation

i) Actuarial assumptions

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

(₹ in Million)

Principal actuarial assumptions	As at 31st March, 2020	As at 31st March, 2019
Attrition rate	Up to Level 6 = 43%, Level 7and above = 20%	39%
Discount rate	5%	7%
Expected rate of return on plan assets	0.07	0.07
Mortality table	IALM 2012-2014	IALM 2006-2008
Future salary increases	First year 0%, thereafter 6%	First year 9%, thereafter 6%

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

As of 31st March, 2020, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31st March, 2021, is approximately ₹ 96.55 million (31st March, 2020: ₹ 89.24 million).

Maturity profile of defined benefit obligation

(₹ in Million)

Particulars	Amount
1st following year	96.55
2nd following year	64.65
3rd following year	44.76
4th following year	31.72
5th following year	22.59
Year 6 to 10	46.38

At 31st March, 2020, the average duration of the defined benefit obligations was 30.10 years (previous year: 30.14 years).

Notes

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

ii) Sensitivity analysis

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

(₹ in Million)

Particulars	Year ended 31st March, 2020		Year ended 31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(3.31)	3.40	(2.40)	2.46
Future salary increases (0.5% movement)	2.66	(2.62)	1.88	(1.86)
Attrition rate (0.5% movement)	0.37	(0.36)	0.30	(0.30)
Mortality rate (10% movement)	0.01	(0.01)	0.01	(0.01)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

35. Due to Micro, Small and Medium Enterprises

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	43.49	26.97
- Interest	1.01	0.48
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	1.01	0.48
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	-	-

36. Prepaid expenses

Expenses prepaid as on 31st March, 2019 amounting to ₹ 275.48 million representing rent paid to Asia Heart Foundation and Modern Medical Institute, have as at 1st April, 2019 been considered as ROU assets for the remaining lease term and presented appropriately as at 31st March, 2020.

Notes

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

37. Leases

The Company has adopted Ind AS 116 'Leases', effective annual reporting period beginning 1st April, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The Company has applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (1st April, 2019). Comparative information has not been restated. Accordingly, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Company's incremental borrowing rate at the date of initial application.

In adopting Ind AS 116, the Company has applied the below practical expedients:

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases".

The Company has not applied the requirements of Ind AS 116 for leases of low value assets.

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease.

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to ₹ 1870.79 million, related accumulated depreciation amounting to ₹ 3.93 million , lease liabilities amounting to ₹ 1645.61 million and ₹ 192.58 million (debit) in retained earnings as at 1st April, 2019. The Company has discounted lease payments using the applicable incremental borrowing rate as at 1st April, 2019, which is 8.7% for measuring the lease liability. Refer note 44 for contractual maturities of lease liabilities.

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

(₹ in Million)

Particulars	**As at 31st March, 2020**
Reversal of rent equalisation reserve	68.18
Impact of deferred tax	(23.83)
Impact of retained earnings as at 1st April, 2019	(357.36)
Impact of deferred tax	120.43
	(192.58)

(ii) The following is the break-up of current and non-current lease liabilities as at 31st March, 2020

(₹ in Million)

	As at 31st March, 2020
Current lease liabilities	191.42
Non-current lease liabilities	1,625.71
	1,817.13

Notes

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

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

(₹ in Million)

Particulars	For the year ended 31st March, 2020
Balance as at 1st April, 2019	1,645.61
Additions	289.95
Finance cost accrued during the year	161.89
Payment of lease liabilities	(280.32)
	1,817.13

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	331.72	351.83	838.66	1,437.15	2,959.35
	331.72	**351.83**	**838.66**	**1,437.15**	**2,959.35**

Rental expense recorded for short-term leases was ₹ 438.10 million for the year ended March 31, 2020.

38. Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended 31st March, 2020 was based on profit attributable to equity shareholders of ₹ 677.43 million (previous year: ₹ 500.84 million) and weighted average number of equity shares outstanding 202,904,998 (previous year: 202,804,130).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31st March, 2020 was based on profit attributable to equity shareholders of ₹ 677.43 million (previous year: ₹ 500.84 million) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 203,041,327 (previous year: 202,917,883).

(₹ in Million except no of shares)

Earnings	As at 31st March, 2020	As at 31st March, 2019
Profit after tax	677.43	500.84

Weighted average number of equity shares (basic)

(₹ in Million except no of shares)

Shares	As at 31st March, 2020	As at 31st March, 2019
Total no of shares outstanding	20,43,60,804	20,43,60,804
Effect of Treasury shares	(14,55,806)	(15,56,674)
Weighted average number of equity shares for the year	**20,29,04,998**	**20,28,04,130**

Notes

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

Weighted average number of equity shares (diluted)

(₹ in Million except no of shares)

Shares	As at 31st March, 2020	As at 31st March, 2019
Weighted average number of equity shares(basic)	20,29,04,998	20,28,04,130
Weighted average number of equity shares from assumed exercise of share options	1,36,329	1,13,753
Weighted average number of equity shares (diluted) for the year	**20,30,41,327**	**20,29,17,883**

Basic earnings per share (₹)	3.34	2.47
Diluted earnings per share(₹)	3.34	2.47
(Nominal value per share ₹ 10)		

39. Income tax

(a) Amount recognised in statement of profit and loss

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax		
- Current year*	388.52	197.79
- Prior years	(15.00)	-
Mat credit entitlement**	-	(197.79)
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	(10.91)	293.12
Tax expense for the year	**362.61**	**293.12**

*Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The provision for tax for the year ended 31st March, 2020 have been made duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation/ appellate authorities.

(b) Amount recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31st March, 2020			For the year ended 31st March, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss						
Re-measurement on defined benefit plans	(3.06)	1.07	(1.99)	(13.53)	4.73	(8.80)
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	(67.64)	23.63	(44.01)	(21.73)	7.59	(14.14)
	(70.70)	**24.70**	**(46.00)**	**(35.26)**	**12.32**	**(22.94)**

Notes

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

(c) Reconciliation of effective tax rate

(₹ in Million)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before tax	**1,040.04**	**793.96**
Tax using the Company's domestic tax rate (Current year 34.94% and Previous Year 34.94%)	363.39	277.44
Tax effect of:		
Non-deductible tax expenses	14.22	15.68
Others	(15.00)	-
	362.61	**293.12**

(d) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax asset		
Provision for doubtful receivables	125.07	104.91
Provision for gratuity	95.99	77.84
Provision for compensated absences	63.46	52.32
Provision for slow and non moving inventory	7.82	7.71
Impact on account of adoption of Ind AS 116	148.17	-
On land indexation of freehold land	18.91	18.91
On brought forward loss	-	113.72
Others	44.33	43.99
Total deferred tax asset	**503.75**	**419.40**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,249.47)	(1,297.33)
Total deferred tax liability	**(1,249.47)**	**(1,297.33)**
Minimum alternative tax assets*	**220.35**	**417.57**
Deferred tax liability (net)	**(525.37)**	**(460.36)**

*During the previous year the company has loss as per normal provision of Income Tax Act, 1961 and so was liable to pay tax as per Minimum Alternative tax (MAT) under section 115 JB of Income Tax Act, 1961. As per Section 115 JAA of Income Tax Act, 1961, MAT assets can be carried forward to 15 years from Assessment year 2019-20, subject to earlier utilization by the company.

Notes

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

(ii) Movement in temporary differences

(₹ in Million)

Particulars	Balances as at 1st April, 2019	Adjustment to retained earnings	Recognised in Profit and loss during 2019-20 & MAT credit utilisation	Recognise in OCI during 2019-20	Balances as at 31st March, 2020
Provision for doubtful receivables	104.91	-	20.16	-	125.07
Provision for gratuity	77.84	-	17.08	1.07	95.99
Provision for compensated absences	52.32	-	11.14	-	63.46
Provision for slow and non moving inventory	7.71	-	0.11	-	7.82
Impact on account of adoption of Ind AS 116	-	96.60	51.57	-	148.17
On land indexation of freehold land	18.91	-	-	-	18.91
On brought forward loss	113.72	-	(113.72)	-	-
Others	43.99	-	(23.29)	23.63	44.33
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,297.33)	-	47.86	-	(1,249.47)
Mat Credit Entitlement	417.57	-	(197.22)	-	220.35
	(460.36)	**96.60**	**(186.31)**	**24.70**	**(525.37)**

40. Share based payments

During the year ended 31st March, 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and associates, as approved by the Board of Directors in its meeting held on 12th September, 2015. NH ESOP 2015 provides for the creation and issue of 2,040,000 share options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company, its subsidiaries and associate. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. In case of plan one, The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of four years from the date of first vesting, failing which the options shall lapse. In case of plan two, The share options vest in a graded manner over a period of two and half years and are exercisable in one or more tranches within a period of Three years from the date of first vesting, failing which the options shall lapse.

Pursuant to NH ESOP, the Company granted 988,787 share options till 31st March, 2020 (previous year: 988,787). The Stock compensation cost is computed under the Fair value method. For the year ended 31st March, 2020, the Company has recorded stock compensation expenses of ₹ 29.95 million (previous year: ₹ (12.05) million) and liability as on 31st March, 2020 is ₹ 32.28 million (previous year: ₹ 23.22 million). The reversal of expense in the previous year is on account of options forfeited during the previous year as indicated below.

The activity in this stock option plan is summarized below:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Outstanding as at the beginning of the year (Nos.)	2,88,267	7,17,113
Option granted during the year (Nos.)	-	1,83,117
Forfeited during the year(Nos.)	(732)	(2,15,104)
Exercised during the year(Nos.)*	(1,00,868)	(3,96,859)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	1,86,667	2,88,267
Weighted average share price at the date of exercise (₹)	232.59	232.59

*Includes 13,397 options for which the shares are in the process of being transferred from the ESOP Trust as at 31st March, 2020

Notes

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

Plan-1:- The weighted average remaining contractual life for the stock options outstanding as at 31st March, 2020 is 0.50 years (previous year: 1.50 years). The exercise price for the stock options outstanding as at 31st March, 2019 is ₹ 10 (previous year : ₹ 10).

Plan-2:- The weighted average remaining contractual life for the stock options outstanding as at 31st March, 2020 is 2.50 years (previous year: 3.50 years). The exercise price for the stock options outstanding as at 31st March, 2019 is ₹ 10 (previous year : Nil).

Fair value presentation

Options have been valued based on fair value method as described under IND AS 102 Share Based Payments using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of options granted (Nos.)	Plan - 1 - 805670 Plan - 2 -183117	Plan - 1 - 805670 Plan - 2 -183117
Date of grant	1 October 2015 - 805670 25 March 2019 - 183117	1 October 2015 - 805670 25 March 2019 - 183117
Vesting period (years)	for 805,670 options - 4 years for 183,117 options- 2.52 years	for 805,670 options - 4 years for 183,117 options- 2.52 years
Expected life of option (years)	for 805,670 options - 5 years for 183,117 options- 3.52 years	for 805,670 options - 5 years for 183,117 options- 3.52 years
Expected volatility	for 805,670 options - 35% for 183,117 options - 24.70%	for 805,670 options - 35% for 183,117 options - 24.70%
Risk free rate	for 805,670 options - 7.63% for 183,117 options - 6.90%	for 805,670 options - 7.63% for 183,117 options - 6.90%
Expected dividends expressed as a dividend yield	for 805,670 options - 0% for 183,117 options - 0%	for 805,670 options - 0% for 183,117 options - 0%
Weighted-average fair values of options per share (₹)	for 805,670 options - 208.73 for 183,117 options - 209.81	for 805,670 options - 208.73 for 183,117 options - 209.81

41. Exceptional items

Exceptional item for the previous year ended 31st March, 2019 represents transfer of 100% of the Company's stake in its wholly owned subsidiary Narayana Holdings Private Limited (NHPL) to Narayana Cayman Holding Limited, another wholly owned subsidiary as on 6th June, 2018. Due to this transaction NHPL becomes a step down subsidiary of the Company. The Company recognised exceptional loss of ₹ 4.49 million on account of this sale.

42. Service Concessionaire Arrangement

The Company had entered into an agreement with National Rural Health Mission, Assam (NRHM) on 16th August, 2012 ("effective date") to set up a super specialty hospital in Guwahati and to operate and manage such hospital for a period of 30 years. As per the agreement, NRHM will provide ₹ 220.00 million in three instalments over a period of 1 year during execution of the project besides the existing hospital building on as is where is basis. The Company has received ₹ 220.00 million as it met all the conditions relating to the grants. As per the terms of the agreement, the Company has entered into lease agreement with NRHM for existing building and land for a lease period of 30 years.

Also, as per the agreement not less than 50% of the hospitals beds shall be charged at 1.85% below the National Accreditation Board for Hospitals and Healthcare Providers (NABH) accredited hospital rates applicable. All the surgical, observational and other procedures for which super speciality rates are available in Central Government Health Scheme (CGHS) schedule, such rates quoted in CGHS schedule shall apply and for which it is not available, NABH accredited hospital rates shall apply.

The Company has established a super-speciality hospital providing all the necessary services and for that it has to bear all the expenses in setting up the facilities mentioned in the agreement and thereafter run the hospitals on a day to day basis.

Notes

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

The term of the agreement is to commence on the effective date and will continue until the expiration of 30 years on 15th August, 2042. Thereafter, this agreement shall be renewed for such additional periods and on such terms and conditions as may be mutually agreed to by the parties to the agreement. The agreement can be terminated by the both the parties by mutual written agreement or if the other party breach or fail to perform any of its covenants or agreement or if any representation or warranty of the other party under this agreement shall have become untrue.

43. Capital management

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

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

The capital structure as of 31st March, 2020 and 31st March, 2019 was as follows:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total equity attributable to the equity shareholders of the Company	11,658.78	11,678.51
As a percentage of total capital	73%	70%
Long-term borrowings including current maturities	4,257.76	4,988.15
Short-term borrowings	-	-
Total borrowings	**4,257.76**	**4,988.15**
As a percentage of total capital	27%	30%
Total capital (Equity and Borrowings)	**15,916.54**	**16,666.66**

44. Financial instruments: Fair value and risk management

A. Accounting classification and fair values

(₹ in Million)

As at 31st March, 2020	Total	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Amortised cost					
Trade receivables	1,470.16	-	-	-	-
Cash and cash equivalents	407.56	-	-	-	-
Bank balances other than above	115.11	-	-	-	-
Loans receivables	725.61	-	-	-	-
Other financial assets	159.93	-	-	-	-
Fair value through profit and loss (FVTPL)					
Guarantees in subsidiaries (investments)	36.77	-	36.77	-	36.77
	2,915.14	**-**	**36.77**	-	**36.77**
Financial liabilities					
Amortised cost					
Borrowings	4,257.76	-	-	-	-
Lease liabilities	1,817.13				
Trade payables	2,609.53	-	-	-	-
Other financial liabilities	267.85	-	-	-	-
Fair value through OCI (FVOCI)					
Interest rate swap (other financial liabilities)	105.10	-	105.10	-	105.10
	9,057.37	**-**	**105.10**	-	**105.10**

Notes

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

(₹ in Million)

As at 31st March, 2019	Total	Fair Value			Total
		Level 1	Level 2	Level 3	
Financial assets					
Amortised cost					
Trade receivables	1,570.65	-	-	-	-
Cash and cash equivalents	528.95	-	-	-	-
Bank balances other than above	40.10	-	-	-	-
Loans receivables	539.28	-	-	-	-
Other financial assets	167.90	-	-	-	-
Fair value through profit and loss (FVTPL)					
Guarantees in subsidiaries (investments)	36.77	-	36.77	-	36.77
	2,883.65	**-**	36.77	-	**36.77**
Financial liabilities					
Amortised cost					
Borrowings	4,988.15	-	-	-	-
Trade payables	2,364.99	-	-	-	-
Other financial liabilities	333.35	-	-	-	-
Fair value through OCI (FVOCI)					
Interest rate swap (other financial liabilities)	33.64	-	33.64	-	33.64
	7,720.13	**-**	33.64	-	**33.64**

Measurement of fair values

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

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

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

Notes

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

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 1,828.08 million (previous year: ₹ 1,870.87 million). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in Million)

Allowance for credit loss	As at 31st March, 2020	As at 31st March, 2019
Opening balance	300.22	188.31
Expected credit loss recognised/(reversed)	57.70	111.91
Closing balance	**357.92**	**300.22**

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

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

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In addition, the Company maintains line of credit as stated in Note 16.

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	476.43	586.35	2,045.75	1,149.23	4,257.76
Lease liabilities	191.42	218.35	551.35	856.01	1,817.13
Trade payables	2,609.53	-	-	-	2,609.53
Other financial liabilities	136.55	14.00	25.25	197.15	372.95
Total	**3,413.93**	**818.71**	**2,622.34**	**2,202.39**	**9,057.37**

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	368.26	537.24	1,972.91	2,109.74	4,988.15
Trade payables	2,364.99	-	-	-	2,364.99
Other financial liabilities	164.93	10.10	20.46	171.50	366.99
Total	**2,898.18**	**547.34**	**1,993.37**	**2,281.24**	**7,720.13**

Notes

to the financial statements for the year ended 31st March, 2020 (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.

(a) Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the company. The functional currency of company is ₹ The currencies in which these transactions are primarily denominated is US dollars.

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

As at 31st March, 2020	(USD in Million)
Financial assets	
Trade receivables	1.43
Cash and cash equivalents	0.83
Other financial assets	0.16
Financial liabilities	
Borrowings	19.64
Trade payables	0.11
Other financial liabilities	-
Net assets / (liabilities)	**(17.32)**

As at 31st March, 2019	(USD in Million)
Financial assets	
Trade receivables	0.42
Cash and cash equivalents	3.08
Other financial assets	0.08
Financial liabilities	
Borrowings	23.21
Trade payables	0.09
Other financial liabilities	-
Net assets / (liabilities)	**(19.72)**

(b) Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in Million)

Particulars	Impact on profit or (loss) before tax	
	As at 31st March, 2020	As at 31st March, 2019
USD Sensitivity		
₹/USD - Increase by 1%	(13.06)	(13.64)
₹/USD - Decrease by 1%	13.06	13.64

Notes

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

(c) Cash flow and fair value interest rate risk

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

(i) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	No. of Contracts	As at 31st March, 2020		As at 31st March, 2019	
		Amount Hedged (in USD Million)	Fair Value (₹ Million)	Amount Hedged (in USD Million)	Fair Value (₹ Million)
Interest Rate Swap	1	25.00	(105.10)	25.00	(33.64)

The Company has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at 31st March, 2020, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Exposure to Interest Rate

Company's Interest rate rise arises from borrowings. The Following table demonstrates the sensitivity on the company's profit before tax to a reasonably possible change in interest rates on that position of loans and borrowings affected, with other variables held constant.

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Borrowings	2,776.97	3,382.46
Total borrowings	**2,776.97**	**3,382.46**

(i) Sensitivity

(₹ in Million)

Particulars	Impact on profit or(loss) before tax	
	As at 31st March, 2020	As at 31st March, 2019
Sensitivity		
1% increase in MCLR rate	27.77	33.82
1% decrease in MCLR rate	(27.77)	(33.82)

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

Notes

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

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

46. Reclassification and comparative figures

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

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Independent Auditor's Report

To The Members of Narayana Hrudayalaya Limited

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Narayana Hrudayalaya Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of loss in its associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash flows and the Consolidated 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 consolidated financial statements")

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial information of the subsidiaries and associates referred to in the Other Matters section below, the aforesaid consolidated 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 consolidated state of affairs of the Group as at March 31, 2020, and their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143 (10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group 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 consolidated 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 and the audit evidence obtained by the other auditors in terms of their reports referred to in the the Other Matters section below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined the matters described below to be the key audit matters to be communicated in our report.

KAM as reported	Auditor Response
Impairment of Assets of Cash Generating Unit	**Principal audit procedures performed:**
Impairment evaluation carried out by the Management for tangible, intangible assets and goodwill (hereinafter collectively referred to as ("Assets") relating to one of the Cash Generating Units (hereinafter referred to as "the CGU") of one of the Subsidiaries of the Parent because of its continued losses. Basis this evaluation, an impairment loss of Rs. 108.70 Million has been recognized in the consolidated financial statements resulting in the net carrying value of the Assets relating to the CGU being Rs. 817 Million. (refer note 4 to the consolidated financial statements) Impairment of the Assets of the CGU has been identified as a key audit matter due to: • The significance of the carrying value of the Assets being assessed; and	a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which *inter-alia* includes the completeness and accuracy of the input data considered, reasonableness of the assumptions considered in determining the present value of future cash flows. b. Obtained the business projections of the CGU (prepared by the Management) and performed the following procedures: i. Conducted discussions with the Parent/ Subsidiary personnel to identify if factors that, in our professional judgement, should be taken into account in the analysis were considered.

KAM as reported	Auditor Response
• The assessment of the carrying value of the Assets involves assumptions and exercising significant judgements in estimating the recoverable value of the CGU, including taking into account the possible effect of the pandemic relating to COVID-19. Any adverse changes to these assumptions could result in lower recoverable value than the carrying amount.	ii. Compared the actual revenues and cash flows generated by the CGU during the year with the plan and estimates considered in the previous year iii. Verified if the cash flow projections of the CGU considered for the assessment of impairment were as per cash flow projections reviewed and approved by the Board of Directors of the Parent and the Subsidiary. iv. Evaluated the Management's future cash flow projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, sensitivity analysis of the key assumptions etc. duly considering the impact of the COVID-19 pandemic and also considering the historical accuracy of the Parent's estimates in the prior periods, and comparison of the assumptions with observable market data wherever available. v. Consulted with valuation specialists to review key assumptions considered in the future cash projections such as discount rate etc.

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

- The Parent's Board of Directors is responsible for the other information. The other information comprises the information included in the Annual Report, for example, Corporate Overview, Key Highlights, Directors' Report, Report on Corporate Governance, Management Discussion & Analysis Report, Business Responsibility Report, etc., but does not include the consolidated financial statements, standalone financial statements and our auditor's report thereon.

- Our opinion on the consolidated 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 consolidated financial statements, our responsibility is to read the other information, compare with the financial statements of the subsidiaries audited by the other auditors, to the extent it relates to these entities and, in doing so, place reliance on the work of the other auditors and consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated. Other information so far as it relates to the subsidiaries is traced from their financial statements audited by the other auditors.

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

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these consolidated financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Group in accordance with the Ind AS and other accounting principles generally accepted in India. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the respective entities to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the respective Board of Directors either intends to liquidate their respective entities or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 Parent has adequate internal financial controls system in place and the operating effectiveness of such controls.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Group 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 consolidated 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 Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the consolidated financial statements of which we are the independent auditors. For the other entities included in the consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

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

We communicate with those charged with governance of the Parent of which we are the independent auditors 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

We did not audit the financial information of 2 subsidiaries, whose financial statements reflect total assets of Rs.54.62 Million as at March 31, 2020, total revenues of Rs.6.19 Million and net cash inflows amounting to Rs.2.30 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include Group's share of net loss of Rs.34.30 Million for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us.

These financial information have been audited by other auditors and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit and on the consideration of the reports of the other auditors on the separate financial statements of the subsidiaries and associates, referred to in the Other Matters section above we report, to the extent applicable 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 of the aforesaid consolidated financial statements.

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books, and the reports of the other auditors

   c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, the Consolidated Statement and the Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

   d) In our opinion, the aforesaid consolidated 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 of the Parent Company as on March 31, 2020 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A" which is based on the auditors' reports of the Parent and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended, in our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Parent to its directors during the year is in accordance with the provisions of section 197 of the Act

   h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:

      i) The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group;

ii) Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts;

iii) There were no amounts, which were required to be transferred, to the Investor Education and Protection Fund by the Parent.

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

Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABM3711

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

Annexure "A" to the Independent Auditor's Report

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

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

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2020, we have audited the internal financial controls over financial reporting of **Narayana Hrudayalaya Limited** (hereinafter referred to as "Parent") and its subsidiary companies, which are Companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies which are incorporated India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("the ICAI"). 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 the Parent'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 Parent and its subsidiary companies which are incorporated in India, internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on internal financial controls system over financial reporting on the Parent and its subsidiary companies, which are companies, incorporated in India.

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

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

Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABM3711

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

Consolidated Balance Sheet

(₹ in Million)

Particulars	Note No.	As at 31st March, 2020	As at 31st March, 2019
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,245.02	17,123.97
Capital work-in-progress	4	117.84	361.65
Right of use assets	5	2,374.49	-
Goodwill	4	581.47	660.47
Intangible assets	4	717.75	597.49
Intangible assets under development	4	-	199.12
Investment in associates	6	28.24	29.38
Financial assets			
(i) Investments	7 (a)	142.04	144.79
(ii) Loans receivables	8 (a)	397.78	350.71
(iii) Other financial assets	9 (a)	9.05	4.23
Income tax assets (net)	10	973.13	650.27
Deferred tax assets	51	20.02	40.55
Other non-current assets	11 (a)	439.59	934.10
Total non-current assets		**23,046.42**	**21,096.73**
Current assets			
Inventories	12	602.41	831.91
Financial assets			
(i) Investments	7 (b)	693.20	-
(ii) Trade receivables	13	2,622.47	2,664.45
(iii) Cash and cash equivalents	14 (a)	1,026.91	964.88
(iv) Bank balances other than (iii) above	14 (b)	120.85	42.34
(v) Loans receivables	8 (b)	84.57	33.05
(vi) Other financial assets	9 (b)	332.05	295.17
Other current assets	11 (b)	381.72	441.92
Total current assets		**5,864.18**	**5,273.72**
TOTAL ASSETS		**28,910.60**	**26,370.45**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	15 (a)	2,043.61	2,043.61
Other Equity	15 (b)	9,316.03	8,767.77
Equity attributable to owners of the Company		**11,359.64**	**10,811.38**
Non-controlling interests	16	5.34	4.00
Total equity		**11,364.98**	**10,815.38**
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	17 (a)	6,185.28	7,253.14
(ii) Lease liabilities	18 (a)	2,010.29	-
(iii) Other financial liabilities	19 (a)	1,301.70	1,167.75
Provisions	20 (a)	198.70	157.95
Deferred tax liabilities	51	543.75	478.74
Other non-current liabilities	21 (a)	1,303.31	1,394.01
Total non-current liabilities		**11,543.03**	**10,451.59**
Current liabilities			
Financial liabilities			
(i) Borrowings	17 (b)	108.47	115.35
(ii) Lease liabilities	18 (b)	333.26	-
(iii) Trade payables	22		
(A) Total outstanding dues of micro enterprises and small enterprises		66.13	45.51
(B) Total outstanding dues of creditors other than micro enterprises and small enterprises		3,549.95	3,289.77
(iv) Other financial liabilities	19 (b)	1,137.39	997.41
Provisions	20 (b)	329.93	265.67
Other current liabilities	21 (b)	477.46	389.77
Total current liabilities		**6,002.59**	**5,103.48**
TOTAL EQUITY AND LIABILITIES		**28,910.60**	**26,370.45**
Significant accounting policies	3		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Consolidated Statement of Profit and Loss

(₹ in Million)

Particulars	Note No.	For the year ended 31st March, 2020	For the year ended 31st March, 2019
INCOME			
Revenue from operations	23	31,278.09	28,609.20
Other income	24	237.64	166.69
Total income (A)		**31,515.73**	**28,775.89**
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		7,223.64	6,871.00
Changes in inventories of medical consumables, drugs and surgical instruments - (increase) / decrease	25	229.50	4.33
Employee benefit expenses	26	6,736.97	6,227.66
Professional fees to doctors		6,289.79	5,912.41
Other expenses	27	6,569.09	6,715.66
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**27,048.99**	**25,731.06**
Earnings before finance costs,depreciation and amortisation,exceptional items and tax (A- B)		**4,466.74**	**3,044.83**
Finance costs (C)	28	852.73	713.95
Depreciation and amortisation expense (D)	29	1,857.96	1,373.59
		2,710.69	**2,087.54**
Total expenses (E) = (B+C+D)		**29,759.68**	**27,818.60**
Profit before exceptional items and tax (F) = (A-E)		**1,756.05**	**957.29**
Exceptional items (G)	45	(108.70)	-
Profit before share of (loss) of equity accounted investees and income tax (H) = (F+G)		**1,647.35**	**957.29**
Share of (loss) of equity accounted investees (I)		(34.30)	(23.34)
Profit before tax (J) = (H+I)		**1,613.05**	**933.95**
Tax expense:			
Current tax	50		
- Current year		425.38	244.49
- Prior year		(15.00)	-
MAT credit entitlement		(36.57)	(240.73)
Deferred tax charge / (credit)		48.72	337.42
Total tax expense (K)		**422.53**	**341.18**
Profit for the year (L) = (J-K)		**1,190.52**	**592.77**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(8.67)	(12.94)
Income tax effect		1.62	4.51
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains or (losses) in cashflow hedge.		(161.69)	(55.41)
Effective portion of gains/ (losses) of net investment hedge in a foreign operation		(131.22)	(103.75)
Exchange differences in translating the financial statements of a foreign operation		322.91	155.86
Income tax relating to above items		23.63	7.59
Other comprehensive income / (loss) for the year, net of tax (M)		46.58	(4.14)
Total comprehensive income for the year (N) = (L+M)		**1,237.10**	**588.63**
Profit attributable to:			
Owners of the Company		1,189.16	591.69
Non-controlling interest		1.36	1.08
Profit for the year		**1,190.52**	**592.77**
Other comprehensive income attributable to:			
Owners of the Company		46.60	(4.15)
Non-controlling interest		(0.02)	0.01
Other comprehensive income for the year		**46.58**	**(4.14)**
Total comprehensive income attributable to:			
Owners of the Company		1,235.76	587.54
Non-controlling interest		1.34	1.09
Total comprehensive income for the year		**1,237.10**	**588.63**
Earnings per share	44		
Basic (₹)		5.86	2.92
Diluted (₹)		5.86	2.92
Significant accounting policies	3		

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Consolidated Statement of Changes in Equity

for the year ended 31st March, 2020

15(a) Equity share capital

(₹ in million except share data)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at 1st April, 2018	20,43,60,804	2,043.61
Changes in equity share capital during 2018-19 (refer note 15 (a))	-	-
Balance as at 31st March, 2019	**20,43,60,804**	**2,043.61**
Changes in equity share capital during 2019-20 (refer note 15 (a))	-	-
Balance as at 31st March, 2020	**20,43,60,804**	**2,043.61**

15(b) Other equity

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI			Total	Non-controlling interests	Total other equity
	Capital Reserve	Securities Premium Reserve	Treasury Shares	Share options outstanding (refer note 43)	General Reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of net defined benefit plans	Effective portion of cash flow hedge reserve			
Balance at 1st April, 2018	**143.92**	**4,901.24**	**(19.53)**	**135.88**	**250.00**	**2,791.76**	**128.67**	**(5.56)**	**(12.52)**	**8,313.86**	**2.91**	**8,316.77**
Profit for the year	-	-	-	-	-	591.65	-	-	-	591.65	1.08	592.73
Other comprehensive income, net of tax	-	-	-	-	-	-	155.86	(8.44)	(151.58)	(4.16)	0.01	(4.15)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**591.65**	**155.86**	**(8.44)**	**(151.58)**	**587.49**	**1.09**	**588.58**
Transactions recorded directly in equity												
Exercise of share options	-	-	3.96	(100.89)	-	-	-	-	-	(96.93)	-	(96.93)
Share-based payments	-	-	-	27.75	-	-	-	-	-	27.75	-	27.75
Shares forfeited during the year	-	-	-	(37.99)	-	-	-	-	-	(37.99)	-	(37.99)
Addition during the year	-	100.89	-	-	-	-	-	-	-	100.89	-	100.89
Adjustment towards acquisition of subsidiary	(127.30)	-	-	-	-	-	-	-	-	(127.30)	-	(127.30)
Balance as at March 31, 2019	**16.62**	**5,002.13**	**(15.57)**	**24.75**	**250.00**	**3,383.41**	**284.53**	**(14.00)**	**(164.10)**	**8,767.77**	**4.00**	**8,771.77**
Profit for the period	-	-	-	-	-	1,189.16	-	-	-	1,189.16	1.36	1,190.52
Other comprehensive income, net of tax	-	-	-	-	-	-	322.91	(7.03)	(269.28)	46.60	(0.02)	46.58
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**1,189.16**	**322.91**	**(7.03)**	**(269.28)**	**1,235.76**	**1.34**	**1,237.10**
Transactions recorded directly in equity												
Exercise of share options	-	21.05	1.01	(21.05)	-	-	-	-	-	1.01	-	1.01
Share-based payments	-	-	-	30.27	-	-	-	-	-	30.27	-	30.27
Shares forfeited during the year	-	-	-	(0.15)	-	-	-	-	-	(0.15)	-	(0.15)
Impact on account of adoption of Ind AS 116 (net of tax)	-	-	-	-	-	(228.92)	-	-	-	(228.92)	-	(228.92)
Dividends (including dividend distribution tax)	-	-	-	-	-	(489.71)	-	-	-	(489.71)	-	(489.71)
Balance as at March 31, 2020	**16.62**	**5,023.18**	**(14.56)**	**33.82**	**250.00**	**3,853.94**	**607.44**	**(21.03)**	**(433.38)**	**9,316.03**	**5.34**	**9,321.37**

The accompanying notes are an integral part of the consolidated financial statements.

As per our report of even date attached

for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer
Place: Bengaluru
Date: 15th June, 2020

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

Consolidated Statement of Cash Flows

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from operating activities		
Profit after tax	1,190.52	592.77
Adjustments :		
Income tax expense	422.53	341.18
Depreciation and amortisation expense	1,857.96	1,373.59
Interest income	(21.43)	(15.60)
Interest income from financial asset at amortised cost	(24.29)	(17.44)
Provision for loss allowance	139.95	107.56
Bad receivables written off	7.50	66.91
Provision of inventories for write-down to net realisable value	46.95	60.90
Net loss from financial asset at amortized cost	0.52	-
Right to use building	16.41	16.41
Finance costs	852.73	713.95
Share based payment expenses / (reversed)	30.03	(10.24)
Government grant income	(60.28)	(39.68)
Provision for impairment of investment	5.71	7.56
Loss on sale/disposal of Property, plant and equipment	60.80	30.37
Profit on sale of investment	(18.69)	(2.73)
Exceptional items (refer note 45)	108.70	-
Unrealised foreign exchange loss, net	(44.32)	(6.12)
Share of loss of equity accounted investees	34.30	23.34
Operating cash flow before working capital changes	**4,605.60**	**3,242.73**
Changes in trade receivables	(105.47)	(49.16)
Changes in inventories	182.55	(56.57)
Changes in loans, other financial assets and other assets	441.77	27.46
Changes in trade payables, other financial liabilities and other liabilities	(129.11)	131.91
Changes in provision	97.96	29.58
Cash generated from operations	**5,093.30**	**3,325.95**
Income tax paid (net of refund)	(659.85)	(539.48)
Net cash generated from operating activities (A)	**4,433.45**	**2,786.47**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital work-in-progress)	(1,158.86)	(1,500.10)
Proceeds from sale of property, plant and equipment	14.53	4.93
Purchase of Investments	(8.45)	-
Proceeds from sale of investments	5.42	-
Purchase of mutual fund	(7,455.00)	(2,645.00)
Proceeds from sale of mutual fund	6,779.97	2,647.73
Investment in promissory note in an associate	-	(102.20)
Investment in bank deposit	(112.19)	(73.55)
Realisation of bank deposit	39.68	49.09
Interest received	9.46	6.16
Net cash (used in) investing activities (B)	**(1,885.44)**	**(1,612.94)**

Consolidated Statement of Cash Flows (Contd.)

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash flow from financing activities		
Proceeds from long-term borrowings	429.83	5,579.98
Repayment of long-term borrowings	(1,510.32)	(5,303.88)
Dividend paid	(489.71)	-
Proceeds from exercise of share options	1.01	3.96
Interest and other borrowing costs	(508.73)	(553.01)
Payment of lease liabilities	(391.53)	-
Net cash (used in) financing activities (C)	**(2,469.45)**	**(272.95)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	**78.56**	**900.58**
Cash and cash equivalents at the beginning of the year (refer note 14)*	843.53	(50.01)
Effects of exchange gain on restatement of foreign currency cash and cash equivalents	(3.65)	(7.04)
Cash and cash equivalents at the end of the year (refer note 14)	**918.44**	**843.53**

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

The accompanying notes are an integral part of the consolidated financial statements

As per our report of even date attached

for **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Monisha Parikh
Partner

Place: Bengaluru
Date: 15th June, 2020

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Notes

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

1. Group overview

Narayana Hrudayalaya Limited ('the Company' or 'the Holding company') together with its subsidiaries and associates (collectively referred to as 'Narayana Hrudayalaya Group' or 'the Group') is primarily engaged in business of rendering medical and healthcare services. Narayana Hrudayalaya Limited, the flagship company of the Group, was incorporated on 19th July, 2000 under the Companies Act, 1956 with its registered office in Bengaluru. The Group was rebranded as 'Narayana Health' in 2013. It has a network of multispeciality and super speciality hospitals spread across multiple locations. The Group owns and operates certain hospitals and also enters into management agreements with hospitals under which the Group acquires the operating control of the hospitals.

2. Basis of preparation of the consolidated financial statements

2.1. Statement of compliance

The consolidated 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 consolidated financial statements were authorized for issue by the Company's Board of Directors on 15th June, 2020.

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

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

i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being 1st April, 2019. Ind AS 116 replaces Ind AS 17 – Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognised in retained earnings at 1st April, 2019. As a result, the comparative information has not been restated. Refer Note 35 for further details.

ii) Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments: On March 30, 2019, Ministry of Corporate Affairs ("MCA") has notified the Companies (Indian Accounting Standards) Amendment Rules, 2019 containing Appendix C to Ind AS 12, Uncertainty over Income Tax Treatments which clarifies the application and measurement requirements in Ind AS 12 when there is uncertainty over income tax treatments. The current and deferred tax asset or liability shall be recognized and measured by applying the requirements in Ind AS 12 based on the taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates determined by applying this appendix. The amendment is effective from 1st April, 2019. The Company has evaluated the effect of this amendment on the financial statements and the necessary impact has been given in the financial statements in this regard.

iii) Amendment to Ind AS 19 'Employee Benefits': On 30th March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 19 'Employee Benefits' in connection with accounting for plan amendments, curtailments and settlements. The amendments require an entity to use updated assumptions to determine current service cost and net interest for the remainder of the period after a plan amendment, curtailment or settlement and to recognise in profit or loss as part of past service cost, or a gain or loss on settlement, any reduction in a surplus, even if that surplus was not previously recognised because of the impact of the asset ceiling. The amendment is effective from 1st April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that this amendment is currently not applicable.

iv) Amendment to Ind AS 12 'Income Taxes': On 30th March, 2019, the Ministry of Corporate Affairs has notified limited amendments to Ind AS 12 'Income Taxes'. The amendments require an entity to recognise the income tax consequences of dividends as defined in Ind AS 109 when it recognises a liability to pay a dividend. The income tax consequences of dividends are linked more

Notes

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

directly to past transactions or events that generated distributable profits than to distributions to owners. Therefore, an entity shall recognize the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The amendment is effective from 1st April, 2019. The Company has evaluated the effect of this amendment on the financial statements and concluded that there is no significant impact.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

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

2.4. Use of estimates and judgements

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

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

Judgements

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

- Note 30 – Assessment of contingent liabilities and commitments;
- Note 31 – leases and lease classification;
- Note 35 – consolidation: whether the Group has control over an investee;
- Note 50 – Provision for taxes;
- Note 52 – financial instruments and
- Note 43 – share based payments

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 31st March, 2020 is included in the following notes:

- Note 51 – recognition of deferred tax assets
- Note 32 – measurement of defined benefit obligations: key actuarial assumptions;
- Note 30 – recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;
- Note 45 – recognition of impairment of financial assets and
- Note 4 - useful life of property, plant and equipment and intangible assets

2.5. Measurement of fair values

A number of the Group'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 Group uses observable market data as far as possible.

Notes

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

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 Group 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 52 – financial instruments
- Note 43 – share-based payments

3. Significant accounting polices

3.1. Basis of consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

b. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit or loss.

d. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and Other Comprehensive Income (OCI) of equity-accounted investees until the date on which significant influence ceases.

e. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. Financial instruments

a. Recognition and initial measurement

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

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost; or
- FVTPL

Notes

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

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group 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 Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Group makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

In assessing whether the contractual cash flows are solely payments of principal and interest, the Group 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 Group 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 Group'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

Notes

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

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

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

Financial liabilities are classified as measured at amortised cost represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Derivative financial instruments

Hedge accounting

The Group uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the group.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss

Cash flow hedge:

The Group has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the group.

The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

c. Derecognition

Financial assets

The Group 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

Notes

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

of the financial asset are transferred or in which the group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group 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 Group derecognises a financial liability when its contractual obligations are discharged or cancelled or expire.

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

d. Offsetting

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

3.3. Inventories

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

3.4. 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.

3.5. Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share based payment to its employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EBT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

3.6. 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 Group are segregated. Bank overdrafts are classified as part of cash and cash equivalents, as they form an integral part of an entity's cash management.

3.7. Revenue recognition

Revenue from operations

The Group recognizes revenue from medical and healthcare services to patients, on sale of medical consumables and drugs within the hospital premises and on providing services towards patient amenities.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized upon transfer of control of promised products or services to customers/patients in an amount that reflects the consideration we expect to receive in exchange for those products or services. Sales and Service Income exclude Goods and Service Tax (GST) and are net of trade / volume discounts, where applicable.

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

Other healthcare services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

Notes

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

Interest

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

Dividend

Dividend income is recognised when the Group's right to receive dividend is established.

3.8. Property, Plant and Equipment

Recognition and measurement

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

Depreciation and amortisation

The Group 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	40-60 years
Electrical installation	10 years
Medical equipment	13 years
Office equipment	5 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	5 years

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

The Group believes that the useful life as given above best represent the useful lives of the assets based on the internal technical assessment and these useful lives are as prescribed under Part C of Schedule II of the Companies Act, 2013 except for building at Grand Cayman and vehicles.

The cost and related accumulated depreciation are eliminated from the consolidated financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the consolidated 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.

3.9. Business combination, goodwill and other intangible assets

Business combination

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

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

Notes

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

Intangible assets

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

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years
Third party contracts and Electronic medical records	5 years
Customer relationship	10 years

Amortisation method

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

Internally generated intangible assets

An internally generated intangible asset arising from development (or from the development phase of an internal project) is recognized if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally generated intangible asset can be recognised, development expenditure is recognised in statement of profit and loss in the period in which it is incurred.

Subsequent to initial recognition, internally generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Amortisation

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

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	10 years

Goodwill

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

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve

Notes

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

3.10.Government grants

Grants from the Government are recognised when there is reasonable assurance that:

(i) the Group will comply with the conditions attached to them; and

(ii) the grant will be received

Government grants related to revenue are recognised on a systematic basis in the statement of profit and loss over the periods necessary to match them with the related costs which they are intended to compensate. Such grants are deducted in reporting the related expense.

Government grants related to assets, including non-monetary grants at fair value, shall be presented in the balance sheet by setting up the grant as deferred income.

The grant set up as deferred income is recognised in profit or loss on a systematic basis over the useful life of the asset

3.11. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Defined benefit plans

The Group's gratuity benefit scheme is a defined benefit plan. The Group'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 Group's obligation under the plan is performed periodically by an independent qualified actuary using the projected unit credit method.

The gratuity scheme is managed by a third party administrator. 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 Group 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 recognised in the consolidated 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 consolidated 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 termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The Group 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.

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally

Notes

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

become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

3.12. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest 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.

3.13. Leases

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

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

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

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

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

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

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

3.14. Earnings per share

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

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.15. Income tax

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

Notes

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

Current income tax

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

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

Deferred tax

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

Deferred tax liabilities are recognized for all taxable temporary differences.

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.

Minimum Alternative tax

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

3.16. Foreign exchange transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Profit and loss and reported within foreign exchange gains/ (losses).

Non monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

For the purposes of presenting the consolidated financial statements, assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. ₹ using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the Consolidated Statement of Profit and Loss.

If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to OCI. When the Group disposes off only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.17. Impairment

a Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

Notes

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

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

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

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

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

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

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

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

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

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

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

b. Impairment of non-financial assets

The Group's non-financial assets, inventories and deferred tax 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. Goodwill is tested annually for impairment.

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.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

Notes

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

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

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

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

3.18. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.19.Non-current assets or disposal group held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification of assets held for sale and subsequent gain and losses on remeasurement are recognized in the consolidated statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.20. Provisions and contingencies

Provisions are recognized when the Group 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 Group 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.

3.21. Share issue expenses

Share and debenture issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

3.22. Dividend and dividend distribution tax

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are linked more directly to past transactions or events that generated distributable profits than to distribution to owners and accordingly, recognized in profit or loss or other comprehensive income or equity according to where the entity originally recognised those past transactions or events.

3.23. 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.

Notes

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

4.(i) Property, plant and equipment and capital work-in-progress, Intangible assets and Intangible assets under development

(₹ in Million)

Particulars	Gross block				Accumulated depreciation / amortisation / Impairment					Net block	
	As at 1st April, 2019	Additions / adjustment	Deletions	As at 31st March, 2020	As at 1st April, 2019	Depreciation/ Amortisation	Deletions	Impairment Recognised (refer note 45)	As at 31st March, 2020	As at 31st March, 2020	As at 31st March, 2019
(A) Tangible assets (owned)											
Freehold land (i) (ii) (iii)	515.87	232.56	-	748.43	-	-	-	-	-	748.43	515.87
Building	392.12	-	-	392.12	148.76	6.63	-	-	155.39	236.73	243.36
Building	2,720.93	242.57	-	2,963.50	69.56	58.86	-	-	128.42	2,835.08	2,651.37
Electrical installation	1,005.03	56.66	20.86	1,040.83	567.12	104.54	16.27	-	655.39	385.44	437.91
Medical equipment	7,994.38	616.41	155.36	8,455.43	2,957.45	615.29	47.00	8.34	3,534.08	4,921.35	5,036.93
Office equipment	321.58	22.75	1.88	342.45	166.40	40.95	1.75	0.39	205.99	136.46	155.18
Other equipment including air conditioners	1,917.56	177.50	13.26	2,081.80	687.71	135.06	6.53	3.86	820.10	1,261.70	1,229.85
Furniture and fixtures	1,071.51	70.10	36.40	1,105.21	568.78	99.00	24.32	0.08	643.54	461.67	502.73
Computers	361.73	66.02	11.93	415.82	266.51	69.44	11.85	-	324.10	91.72	95.22
Vehicles	43.08	7.55	7.17	43.46	29.55	5.88	5.55	0.07	29.95	13.51	13.53
Tangible Assets (others):											
Leasehold improvements	245.29	34.73	13.68	266.34	110.55	17.07	5.39	-	122.23	144.11	134.74
Leasehold land for perpetuity (v)	1,721.92	-	-	1,721.92	1.35	-	-	-	1.35	1,720.57	1,720.57
Leasehold land others (x)	-	-	-	-	-	-	-	-	-	-	176.95
Building (iv)	2,728.38	203.43	0.18	2,931.63	198.22	42.98	0.01	-	241.19	2,690.44	2,530.16
Building (iv)	835.65	4.34	4.34	835.65	217.80	50.99	0.68	-	268.11	567.54	617.85
Building (iv)	342.39	3.81	-	346.20	65.11	12.80	-	-	77.91	268.29	277.28
Building (iv)	1,013.77	2.91	-	1,016.68	229.30	25.40	-	-	254.70	761.98	784.47
Total tangible assets (A)	**23,231.19**	**1,741.34**	**265.06**	**24,707.47**	**6,284.17**	**1,284.89**	**119.35**	**12.74**	**7,462.45**	**17,245.02**	**17,123.97**
(B) Capital work- in- progress	**361.65**	**382.72**	**626.53**	**117.84**	-	**-**	**-**	**-**	**-**	**117.84**	**361.65**
(C) Goodwill	**660.47**	**-**	**-**	**660.47**	-	**-**	**-**	**79.00**	**79.00**	**581.47**	**660.47**
(D) Intangible assets											
Computer software - Acquired	288.55	32.46	0.15	320.86	228.81	38.16	0.15	-	266.82	54.04	59.74
Computer software - Internally generated	-	234.19	-	234.19	-	11.65	-	-	11.65	222.54	-
Third party contracts	199.28	11.16	-	210.44	49.59	41.00	-	-	90.59	119.85	149.69
Electronic medical records	22.78	1.28	-	24.06	5.67	4.69	-	-	10.36	13.70	17.11
Customer relationship	463.70	-	-	463.70	92.75	46.37	-	16.96	156.08	307.62	370.95
Total intangible assets (D)	**974.31**	**279.09**	**0.15**	**1,253.25**	376.82	**141.87**	**0.15**	**16.96**	**535.50**	**717.75**	**597.49**
(E) Intangible assets under development	**199.12**	**-**	**199.12**	**-**	-	**-**	**-**	**-**	**-**	**-**	**199.12**
Grand total (A+B+C+D+E)	**25,426.74**	**2,403.15**	**1,090.86**	**26,739.03**	6,660.99	**1,426.76**	**119.50**	**108.70**	**8,076.95**	**18,662.08**	**18,942.70**

Notes

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

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

(₹ in Million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April, 2018	Additions/ adjustments	Deletions	As at 31st March, 2019	As at 1st April, 2018	Depreciation/ Amortisation	Deletions	As at 31st March, 2019	As at 31st March, 2019	As at 31st March, 2018
(A) Tangible assets (owned)										
Freehold land (i) (ii)	506.62	9.25	-	515.87	-	-	-	-	515.87	506.62
Building	392.12	-	-	392.12	142.13	6.63	-	148.76	243.36	249.99
Building	2,484.15	236.78	-	2,720.93	12.85	56.71	-	69.56	2,651.37	2,471.30
Electrical installation	963.79	44.06	2.82	1,005.03	473.98	95.14	2.00	567.12	437.91	489.81
Medical equipment	7,471.45	608.36	85.43	7,994.38	2,408.87	608.17	59.59	2,957.45	5,036.93	5,062.58
Office equipment	261.73	61.35	1.50	321.58	126.31	41.49	1.40	166.40	155.18	135.42
Other equipment including air conditioners	1,799.44	135.02	16.90	1,917.56	565.49	133.07	10.85	687.71	1,229.85	1,233.95
Furniture and fixtures	1,015.74	59.03	3.26	1,071.51	475.01	96.20	2.43	568.78	502.73	540.73
Computers	315.38	52.15	5.80	361.73	214.60	57.70	5.79	266.51	95.22	100.78
Vehicles	41.88	2.22	1.02	43.08	23.21	6.52	0.18	29.55	13.53	18.67
Tangible assets (others):										
Leasehold improvements	230.66	14.63	-	245.29	93.49	17.06	-	110.55	134.74	137.17
Leasehold land (v)	1,721.92	-	-	1,721.92	1.35	-	-	1.35	1,720.57	1,720.57
Leasehold land (x)	180.88	-	-	180.88	1.97	1.96	-	3.93	176.95	178.91
Building (iv)	2,689.26	39.12	-	2,728.38	158.76	39.46	-	198.22	2,530.16	2,530.50
Building (iv)	832.26	3.52	0.13	835.65	171.97	45.87	0.04	217.80	617.85	660.29
Building (iv)	337.54	4.85	-	342.39	52.42	12.69	-	65.11	277.28	285.12
Building (iv)	999.01	14.76	-	1,013.77	204.74	24.56	-	229.30	784.47	794.27
Total tangible assets (A)	**22,243.83**	**1,285.10**	**116.86**	**23,412.07**	**5,127.15**	**1,243.23**	**82.28**	**6,288.10**	**17,123.97**	**17,116.68**
(B) Capital work- in-progress	**268.71**	**266.81**	**173.87**	**361.65**	**-**	**-**	**-**	**-**	**361.65**	**268.71**
(C) Goodwill	**660.47**	**-**	**-**	**660.47**	**-**	**-**	**-**	**-**	**660.47**	**660.47**
(D) Intangible assets										
Computer software	276.59	11.96	-	288.55	189.76	39.05	-	228.81	59.74	86.83
Third party contracts	187.55	11.73	-	199.28	9.27	40.32	-	49.59	149.69	178.28
Electronic medical records	21.44	1.34	-	22.78	1.06	4.61	-	5.67	17.11	20.38
Customer relationship	463.70	-	-	463.70	46.37	46.38	-	92.75	370.95	417.33
Total intangible assets (D)	**949.28**	**25.03**	**-**	**974.31**	**246.46**	**130.36**	**-**	**376.82**	**597.49**	**702.82**
(E) Intangible assets under development	**81.73**	**117.39**	**-**	**199.12**	**-**	**-**	**-**	**-**	**199.12**	**81.73**
Grand total (A+B+C+D+E)	**24,204.02**	**1,694.33**	**290.73**	**25,607.62**	**5,373.61**	**1,373.59**	**82.28**	**6,664.92**	**18,942.70**	**18,830.41**

Notes

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

4.(ii) Notes

(i) Includes land in possession and occupation of the Company to the extent of 9 acre 25 guntas out of total 17 acres 44 guntas in Bengaluru allotted by Karnataka Industrial Areas Development Board ('KIADB') to the Company on lease cum sale basis for which the Company is yet to execute the sale deed as at 31st March, 2020.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated 26th November, 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on 6th January, 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) includes land in possession and occupation of the Company to the extent of 8088 Sq. Meters known as Plot No.257 B of Bommasandra III Phase Industrial Area situated in Sy. No's 237, 238 and 239 of Bommasandra Village, Attibele Hobli, Bangalore purchased from Kalapaka Transport Company Private Limited for which the Company executed the sale deed as at 9th October, 2019.

(iv) Represents the cost of construction of building on the leasehold premises at Mysore, Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(v) 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.

(vi) As an arrangement with Modern Medical Institute for operating and maintaining the hospital in Raipur, the Group received property, plant and equipments (other than land and building) of present value ₹ 23.05 million.

(₹ in Million)

	As at 31st March, 2020	As at 31st March, 2019
Cost or deemed cost	17.38	19.12
Accumulated depreciation	13.88	13.28
Net carrying amount	**3.50**	**5.84**

(vii) As at 31st March, 2020, property, plant and equipments with a carrying amount of ₹ 5,889.28 million (previous year: ₹ 5,362.80 million) are subject to first charge to secure bank loans.

(viii) The additions in property, plant and equipment includes capital-work-in-progress deletions amount which are capitalised from capital-work-in-progress during the year.

(ix) 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 and within certain timelines as specified in the terms of the allotment. Refer note 39 and 41.

(x) Leasehold Land has been reclassified to ROU asset with effect from 1st April, 2019.

Notes

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

5. Right of use assets

(₹ in Million)

Category of ROU asset	Gross block				Accumulated depreciation				Net block
	As at 1st April, 2019*	Additions / Adjustments**	Deletions	As at March 31, 2020	As at 1st April, 2019	Depreciation	Deletions	As at 31st March, 2020	As at 31st March, 2020
Building	1,770.93	(6.78)	-	1,764.15	-	250.82	-	250.82	1,513.33
Equipment	416.83	340.14	-	756.97	-	151.80	-	151.80	605.17
Land	220.19	12.63	-	232.82	3.93	20.63	-	24.56	208.26
Furniture	55.68	-	-	55.68	-	7.95	-	7.95	47.73
Grand total	**2,463.63**	**345.99**	**-**	**2,809.62**	**3.93**	**431.20**	**-**	**435.13**	**2,374.49**

*Reclassified on account of adoption of Ind AS 116.

** Adjustment of ₹ (6.78) million on account of Exchange rate difference

Refer note 31 for disclosures related to ROU assets and liabilities

Notes

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

6. Investment in associates

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unquoted equity instruments		
Investment in associate		
TriMedx India Private Limited	-	-
[121,947 (previous year : 91,947) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4770 equity shares] {Net of impairment of ₹ 14.58 million (refer note 27) (previous year : ₹ 11.58 million)}		
Others - Trade investment		
ISO Healthcare (Mauritius)	39.85	36.94
[1,287 equity shares (previous year: 1,287 equity shares) of $ 1 each fully paid up along with a share premium of $ 999 per share]		
Share of (loss) of equity accounted investees	(11.61)	(7.56)
	28.24	29.38
Cura Technology Inc	10.34	8.90
[39,000,000 equity shares (previous year: 39,000,000 equity shares) of $ 0.01 each fully paid up]		
Share of (loss) of equity accounted investees	(10.34)	(8.90)
	-	-
	28.24	**29.38**

7. Investments

(₹ in Million)

Particulars			As at 31st March, 2020	As at 31st March, 2019
(a) Non-current				
Atria Wind Power Chitradurga Pvt Ltd			0.03	-
Unquoted debt instruments				
Investment in promissory note of Cura Technology Inc- amortised cost				
Cura Technology Inc			235.19	215.21
Less: share of loss			(113.44)	(81.83)
Investment in promissory note (net)			121.75	133.38
Accrued interest on the promissory note			20.26	11.41
			142.01	144.79
Total Investment			**142.04**	**144.79**
(b) Current				
Short term investment	**Qty**	**Market Rate**		
- In US Treasury Bills (Previous Year : Nil)*	10,12,000	1.00	76.49	-
- In US Treasury Bills (Previous Year : Nil)*	1,78,000	1.00	13.45	-
- In US Treasury Bills (Previous Year : Nil)	60,01,000	1.00	453.60	-
- In Mutual Funds				
- LORD ABBETT ULTRA SHORT BOND FUND (CLASS Z (USD)(acc)) (Previous Year : Nil)	1,91,110	10.36	149.66	-
			693.20	**-**

*Out of the above mentioned total investment in US Treasury Bills ₹ 89.94 million is invested to maintain the DSRA deposit against Loan with FCIB Bank.

Notes

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

8. Loans receivables

(Unsecured and considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
To parties other than related parties		
Security deposits	301.54	254.17
Unsecured loan	-	9.00
To related parties		
Security deposits	96.24	87.54
	397.78	**350.71**
(b) Current		
To parties other than related parties		
Security deposits	84.57	29.05
Unsecured loan	-	4.00
	84.57	**33.05**

9. Other financial assets

(Unsecured and considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
With parties other than related parties		
Bank deposits (due to mature after 12 months from the reporting date)	8.66	3.94
Interest accrued but not due on fixed deposits	0.39	0.29
	9.05	**4.23**
(b) Current		
To parties other than related parties		
Interest accrued on fixed deposits but not due	5.81	2.74
Interest accrued on security deposit	3.86	3.91
Unbilled revenue	208.82	240.63
Others	112.54	46.98
To related parties (refer note 34 (c))		
Due for reimbursement of expenses	1.02	0.91
	332.05	**295.17**

10. Income tax assets (net)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Advance income tax and tax deducted at source, net	962.83	639.97
Income-tax paid under protest	10.30	10.30
	973.13	**650.27**

Notes

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

11. Other assets

(Unsecured and considered good, unless otherwise stated)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
To parties other than related parties		
Prepaid rent	61.87	243.19
Considered doubtful	19.24	19.24
Less: provision for prepaid rent	(19.24)	(19.24)
Net Prepaid rent	61.87	243.19
Capital advances	178.47	139.90
Security deposits	30.74	95.44
Prepaid expenses	48.44	109.33
Right to use building	98.30	114.71
To related parties (refer note 34 (c))		
Prepaid rent and expense	21.77	231.53
	439.59	**934.10**
(b) Current		
To parties other than related parties		
Prepaid rent	9.27	32.02
Considered doubtful	0.24	0.24
Less: provision for doubtful	(0.24)	(0.24)
Net Prepaid rent	9.27	32.02
Security deposits	28.61	10.25
Considered doubtful	-	4.38
	28.61	14.63
Less: provision for security deposit	-	(4.38)
Net Security deposit	28.61	10.25
Prepaid expenses	193.66	256.89
Advance to vendors	115.17	65.34
Right to use building	16.41	16.41
Balances with statutory/ government authorities	0.59	-
Assets held for sale	-	5.10
Other loans and advances	7.63	-
Others	3.41	33.26
To related parties (refer note 34 (c))		
Prepaid rent and expense	6.97	22.65
	381.72	**441.92**

Notes

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

12. Inventories

(Valued at lower of cost and net realisable value)

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Medical consumables, drugs and surgical instruments	701.60	906.07
Goods in Transit	21.92	-
Less: Provision for write down to net realisable value	(121.11)	(74.16)
	602.41	**831.91**

Out of the above, inventory amounting to ₹ 386.23 million is hypothecated as security as part of working capital facility.

13. Trade receivables

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Unsecured, considered good	2,622.47	2,664.45
Unsecured, considered doubtful	564.33	415.57
	3,186.80	**3,080.02**
Loss allowance		
Unsecured, considered doubtful	(564.33)	(415.57)
	(564.33)	**(415.57)**
Net trade receivables	**2,622.47**	**2664.45**
Of the above, trade receivables from related parties are as follows:		
Trade receivables (refer note 34 (c))	0.07	0.38
Expected credit loss allowance	-	-
Net trade receivable from related parties	**0.07**	**0.38**

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

India	Ageing		
Category	**Within due date**	**Due date to 1 year**	**More than 1 year**
ESI/CGHS/SCHEMES	2.03% - 8.84%	13.59%-20.21%	33.33%-60.23%
Others	0.33%-11.81%	6.31%-29.82%	21.96%-62.78%

Rest of the world - Cayman Islands	Ageing			
Category	**Within due date**	**Due date to 1 year**	**Due date to 3 years**	**More than 3 years**
Government organisation	1%	1%	1%	1%
Others	3.78%	10.65%	43.53%	11.57%

The Company's exposure to credit risk, currency risks and loss allowances are disclosed in note 51

The trade receivables are hypothecated as security as part of working capital facility.

Notes

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

14. Cash and bank balances

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Cash and cash equivalents		
Cash on hand	105.22	36.04
DDs/Cheques on hand	0.16	92.81
Balance with banks		
In current accounts	921.53	830.03
In deposit accounts (with original maturity of 3 months or less)	-	6.00
	1,026.91	**964.88**
(b) Bank balances other than above		
- In deposit accounts (due to mature within 12 months of the reporting date) *	120.85	42.34
	120.85	**42.34**

*The above deposits are restrictive as they pertain to bank guarantee.

For the purpose of the Statement of cash flow, cash and cash equivalents comprise the following:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Cash on hand	105.22	36.04
DDs/Cheques on hand	0.16	92.81
Balance with banks		
In current accounts	921.53	830.03
	1,026.91	**958.88**
Less: Bank overdraft used for cash management purposes	(108.47)	(115.35)
Cash and cash equivalents in the statement of cash flows	**918.44**	**843.53**

15(a). Equity share capital

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Authorised		
309,000,000 equity shares (previous year: 309,000,000 equity shares) of ₹ 10 each	3,090.00	3,090.00
71,000,000 (previous year : 71,000,000) Preference shares of ₹ 10 each	710.00	710.00
Issued, subscribed and paid up		
204,360,804 equity shares (previous year: 204,360,804 equity shares) of ₹ 10 each, fully paid up	2,043.61	2,043.61
	2,043.61	**2,043.61**

Notes

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

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

(₹ in Million except for number of shares)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	20,43,60,804	2,043.61	20,43,60,804	2,043.61
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**20,43,60,804**	**2,043.61**	**20,43,60,804**	**2,043.61**

(ii) Rights, preference and restriction attached to and preference shares:

The Company has 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.

The Company has authorized preference shares having a nominal value of ₹ 10 each. Preference shares are non-convertible, non-cumulative, non-participating and carry preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

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

(₹ in Million)

Particulars	As at 31st March, 2020		As at 31st March, 2019	
	Number of shares	% holding	Number of shares	% holding
Dr Devi Prasad Shetty	5,65,26,139	27.66%	6,47,00,571	31.66%
Mrs. Shakuntala Shetty	6,20,83,095	30.38%	6,20,83,095	30.38%
CDC Group PLC	-	0.00%	1,17,65,046	5.76%
	11,86,09,234	**58.04%**	**13,85,48,712**	**67.80%**

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

Further, the Company has not issued any shares for consideration other than cash during the period of five years immediately preceding the last balance sheet date except, the issue of 199,654,247 bonus shares on 25th March, 2015 and conversion of Optionally Convertible Debentures along with accrued interest into 4,360,804 equity shares on 1st December, 2015.

15(b) Other equity

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(i) Reserves and Surplus		
Securities premium		
At the commencement of the year	5,002.13	4,901.24
Movement during the year	21.05	100.89
At the end of the year	5,023.18	5,002.13

Notes

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Capital reserve		
At the commencement of the year	16.62	143.92
Add: Adjustment towards acquisition of subsidiary	-	(127.30)
At the end of the year	16.62	16.62
Treasury Shares		
At the commencement of the year	(15.57)	(19.53)
Movement during the year	1.01	3.96
At the end of the year	(14.56)	(15.57)
General reserve	250.00	250.00
Share options outstanding		
At the commencement of the year	24.75	135.88
Add: Amounts recorded on grants during the year	30.27	27.75
Less: Shares forfeited during the year	(0.15)	(37.99)
Less: Exercised during the year	(21.05)	(100.89)
At the end of the year	33.82	24.75
Retained earnings		
At the commencement of the year	3,383.41	2,791.76
Add: Net profit after tax transferred from statement of profit and loss	1,190.52	592.73
Add: Dividend received on Treasury Shares	3.02	-
Less: Share of non controlling interest	(1.36)	(1.08)
Less : Impact on account of adoption of Ind AS 116 (net of tax)	(228.92)	-
Less: Dividends (including dividend distribution tax)	(492.73)	-
At the end of the year	3,853.94	3,383.41
(ii) Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	(164.10)	(12.52)
Movement during the year	(269.28)	(151.58)
At the end of the year	(433.38)	(164.10)
Foreign currency translation reserve		
At the commencement of the year	284.53	128.67
Movement during the year	322.91	155.86
At the end of the year	607.44	284.53
Re-measurement of defined benefit plans		
At the commencement of the year	(14.00)	(5.56)
Movement during the year	(7.05)	(8.43)
Less: Share of non controlling interest	0.02	(0.01)
At the end of the year	(21.03)	(14.00)
	9,316.03	**8,767.77**

Capital reserve

Capital reserve was created at the time of acquisition of hospital in Barasat and acquisition of the subsidiary Health City Cayman Islands Ltd.

Securities premium

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

Notes

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

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity.

Share options outstanding

The Group has established a share based payment for eligible employees of the Company, its subsidiaries or an associate. Also refer note 43 for further details on these plans.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

Foreign currency translation reserve

The foreign currency translation reserve has arisen on account of translation of financial statements / information of foreign subsidiaries and associates in accordance with Ind AS- 21 The Effects of changes in Foreign Exchange Rates.

Cash flow hedge reserve

The Group has entered into a interest rate swap agreement, This cash flow hedge reserve reflects the fluctuations of the fair value of such swap.

Proposed Dividend

On the recommendation of The Board of Directors and approved by Shareholders, final dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended 31st March, 2019 and interim dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended 31st March, 2020 was paid .

16. Non controlling interests

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Balance at the beginning of the year	4.00	2.91
Share of profit for the year	1.34	1.09
Balance at the end of the year	**5.34**	**4.00**

17. Borrowings

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
(i) Secured		
Term loans		
From banks (refer note I)	6,989.30	7,915.05
(ii) Unsecured		
From others (refer note II)	80.74	104.26
Less: Current maturity of long term debt [refer note 19 (b)]	(884.76)	(766.17)
Total non-current borrowings	**6,185.28**	**7,253.14**
(b) Current		
Secured		
Bank overdrafts (refer note II)	108.47	115.35
	108.47	**115.35**

Notes

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

I. Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ 243.00 million (previous year : ₹ 270.00 million). It is repayable in 18 (previous year 20 quarterly instalments) quarterly instalments from December 2019 after moratorium period of 18 months from date of 1st disbursement. Date of 1st disbursement is 12th March, 2018. Interest is charged at 8.25% p.a. (previous year: 9.05% p.a)	Movable Fixed Assets acquired out of the loan and equitable mortgage over land and building of the Jaipur hospital.
(ii)	Term loan from HSBC Bank : ₹ 380.00 million (previous year: ₹ nil). It is repayable in 20 (previous year: nil) quarterly instalments from June 2020. Interest is charged at 7.95% p.a. (previous year: nil)	
(iii)	Term loan from ICICI Bank: Nil (previous year : ₹ 883.13 million). Fully repaid during the current year (previous year: 93 monthly instalments starting from 31st January, 2019). Interest is charged at 8.60% p.a., (previous year: 8.60% p.a.)	Movable Fixed Assets acquired out of the loan.
(iv)	Foreign currency loan taken from EXIM Bank : ₹ 1,480.80 million ($ 19.64 million) (previous year: ₹ 1,605.68 million ($ 23.21 million)). Repayable in 22 quarterly instalments from the reporting date (previous year: 26 quarterly instalments from 31st December, 2018). Interest is linked to the Libor (6 month) + 175 base points. (previous year: Libor (6 month) + 175 base points).	Exclusive charge on the Company's immovable properties being land, buildings and structures attached or permanently fastened thereon at the location having S.No: 2/4,2/5,2/7,2/8,3, 23/1C,23/1D,26,27,28,29 with an aggregate extent of 7 Acres 1.85 Guntas situate at Kittiganahalli village, Attibele hobli, Anekal Taluk, Bangalore, Karnataka.
(v)	*Term loan from SBI: ₹ 529.34 million (previous year: ₹ 578.75 million). Repayable in 84 monthly instalments from the reporting date (previous year 96 monthly instalments from 31st March 2019) Interest is charged at 7.95% p.a.(previous year: 8.7% p.a.)	Movable Fixed Assets acquired out of the loan and exclusively charge on land and building located in Plot # 3201, Phase III, DLF city, Gurgaon, Haryana.
(vi)	*Term loan from SBI: ₹ 350.00 million (previous year: ₹ 350.00 million). Repayable in 96 monthly instalments from the reporting date (previous year : nil) Interest is charged at 7.95% p.a.(previous year: 8.70% p.a.)	
(vii)	*Term loan from SBI: ₹ 1,193.88 million (previous year: ₹ 1,196.33 million). Repayable in 29 quarterly instalments from December 2019 after 2 years Moratorium from date October 2017. Interest is charged at 7.95% p.a. (previous year: 8.70% p.a).	
(viii)	Term loan from Yes Bank : ₹ 25.47 million (previous year: ₹ 25.75 million) repayable in 32 quarterly instalments from May 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	Exclusive charge on Movable Fixed assets (present and future) and current assets of the borrower (present and future) excluding those charged to any other lender/vendor and those charged to Yes Bank LC facilities, corporate guarantee and security from Narayana Hrudayalaya Limited (Holding Company).
(ix)	Term loan from Yes Bank : ₹ 23.09 million (previous year: ₹ 23.33 million) repayable in 32 quarterly instalments from May 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	
(x)	Term loan from Yes Bank : ₹ 9.02 million (previous year: ₹ 9.11 million) repayable in 32 quarterly instalments from November 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	
(xi)	Term loan from Yes Bank : ₹ 6.80 million (previous year: ₹ 6.87 million) repayable in 32 quarterly instalments from March 2019. Interest is charged @ 9.80% pa (previous year : 9.90%)	

Notes

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

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(xii)	Term loan from Yes Bank : ₹ 5.47 million (previous year: ₹ 5.52 million) repayable in 32 quarterly instalments from May 2018. Interest is charged @ 9.80% pa (previous year : 9.90%)	
(xiii)	Term Loan from HSBC : ₹ 255.00 million (previous year : ₹ 323.00 million) repayable in 15 quarterly instalments from reporting date. Interest is charged @ 8.90% p.a (previous year 8.65%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(xiv)	Term loan from State Bank Of India: ₹ 29.97 million (previous year: ₹ 79.59 million). It is repayable in 2 quarterly installments from the reporting date, (previous year: 6 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year : Interest is linked to the base rate plus 0.35% Base rate as on 31st March, 2019 being 9.25% p.a.)	Term loan from State Bank Of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (Lease valid till 2036) in the name of company and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Company including a first charge on inventories and trade receivables of the company ; and corporate guarantee of Narayana Hrudayalaya Limited.
(xv)	Term loan from State Bank Of India: ₹ 6.76 million (previous year: ₹ 19.79 million). It is repayable in 2 quarterly instalments from the reporting date, (previous year: 6 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year: Interest is linked to the base rate plus 0.35% Base rate as on 31st March, 2019 being 9.25% p.a.)	
(xvi)	Term loan from State Bank Of India: ₹ 186.50 million (previous year: ₹ 214.44 million). It is repayable in 19 quarterly instalments from the reporting date i.e. March 31, 2020 (previous year: 23 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year:Interest is linked to the base rate plus 0.35% Base rate as on 31st March, 2019 being 9.25% p.a.)	
(xvii)	Term loan from State Bank Of India: ₹ 58.90 million (previous year: ₹ 72.81 million) It is repayable in 18 quarterly instalments from the reporting date i.e. 31st March, 2020 (previous year: 22 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year:Interest is linked to the base rate plus 0.35% Base rate as on 31st March, 2019 being 9.25% p.a.)	
(xviii)	Term loan from State Bank Of India: ₹ 73.66 million (previous year: ₹ 99.72 million) It is repayable in 23 quarterly instalments from the reporting date i.e. 31st March, 2020 (previous year: 32 quarterly instalments). Interest is charged @ 8.70% p.a. (previous year:Interest is linked to the base rate plus 0.35% Base rate as on 31st March, 2019 being 9.25% p.a.)	
(xix)	Term loan from FCIB: ₹ 2131.64 million (previous year : ₹ 2151.23 million) It is repayable in quarterly instalments from August 2018 (previous year : repayable in quarterly instalments from August 2018). Interest is linked to the Libor (3 month) + 175 base points. (previous year: Libor 3month + 175 base points).	

*Promoters % of holding should not be reduced below 51% during the tenure of loan.

Notes

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

II. Term loans from Others :

(i) Interest free term loan from Cisco Systems Capital (India) Private Limited has been obtained during the current year of nil (previous year: ₹ 109.86 million). Based on the applicable effective interest rate, the present value of loan as at 31st March, amounting to ₹ 44.64 million (previous year: ₹ 68.16 million) has been recognised in the books of accounts.

Term loan from CDC group PLC : ₹ 36.10 million (previous year : ₹ 36.10) carry a interest of 6.5%. Repayable in one instalment after 5 years from the utilisation date i.e 26th February, 2019 Loan is unsecured.

III. Overdraft and Cash Credit facilities:

Sl No.	Details of repayment terms, interest and maturity	
(i)	Overdraft facility from Yes Bank Limited ₹ 108.47 million (previous year: ₹ 80.95) carry interest rate of 0.30% above the 3 months MCLR (previous year :0.25% above the base rate), to be paid on monthly basis.	It is secured by current assets (both present and future), subservient charge on movable fixed assets and corporate guarantee of Narayana Hrudayalaya Limited.
(ii)	Overdraft from State Bank Of India: Nil (previous year: ₹ 34.40 million). It is repayable on demand. Interest rate is @ 8.70%, (previous year :Interest is linked to the base rate plus 0.35% Base rate as on 31st March, 2019 being 9.25% p.a.)	'Overdraft from State Bank of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (lease valid till 2036) in the name of Company and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co-operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Company including a first charge on inventories and trade receivables of the company ; and corporate guarantee of Narayana Hrudayalaya Limited (Holding Company).

18. Lease liabilities

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Lease liability as on 1st April, 2019	2,258.21	-
Additions during the period	290.87	-
Finance cost accrued during the period	186.00	-
Lease payment	(391.53)	-
Lease liability as on 31st March, 2020	2,343.55	-
Less: Current lease liability	(333.26)	-
	2,010.29	**-**
(b) Current		
Lease liability	333.26	-
	333.26	-

Notes

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

19. Other financial liabilities

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Payable towards share purchased for Employee Stock Option Plan (ESOP) Trust	14.69	15.57
Creditors for capital goods	37.76	37.77
Liability towards business acquisition	928.03	972.07
Liability towards assets replacement cost	73.44	69.93
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swap	247.78	72.41
	1,301.70	1,167.75
(b) Current		
To parties other than related parties		
Current maturities of long-term borrowings with banks *	884.76	766.17
Liability towards business acquisition	44.01	44.01
Interest accrued but not due on borrowings	1.71	1.62
Deposits received	1.27	1.32
Creditors for capital goods	186.28	161.51
Other financial liabilities	19.36	22.78
	1,137.39	**997.41**

*The Group's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note no 52.

20. Provisions

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-current		
Provision for employee benefits		
Gratuity	198.70	157.95
	198.70	**157.95**
(b) Current		
Provision for employee benefits		
Gratuity	91.52	71.05
Compensated absences	238.41	194.62
	329.93	**265.67**

Notes

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

21. Other liabilities

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
(a) Non-Current		
To parties other than related parties		
Unearned revenue	15.25	16.45
Rent equalisation reserve	-	68.18
Deferred liability for assets funding	3.17	3.91
Others	2.51	2.51
Deferred government liability for EPCG Licence**	88.42	73.73
Deferred government grant*	1,193.96	1,229.23
	1,303.31	**1,394.01**
(b) Current		
To parties other than related parties		
Deferred liability for assets funding	0.74	1.57
Contract liabilities	154.05	155.79
Unearned revenue	15.39	14.00
Deferred government grant*	35.23	35.24
Deferred government liability for EPCG Licence **	28.42	17.92
Advance Received	4.66	4.22
Balances due to statutory/ government authorities	148.10	135.28
Other liabilities	29.27	5.60
To related parties		
Other payables	61.60	20.15
	477.46	**389.77**

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

Summary of the government grant received by the Group

(₹ in Million)

Nature	As at 31st March, 2020	As at 31st March, 2019
Opening Balance	1,356.12	1,306.14
Add: Grants during the year	50.20	89.66
Less: Released to profit and loss	(60.28)	(39.68)
Closing Balance	1,346.04	1,356.12
Non Current	**1,282.38**	**1,302.96**
Current	63.65	53.16

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 million for purchase of fixed assets for operating the hospital in Assam. The Company has recognized this grant as deferred income at fair value which is being amortised over the useful life of the fixed assets in proportion in which the related depreciation is recognized.

The Group 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 Group 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 whereas for the fixed assets is being amortised over the useful life of the fixed assets in proportion to which the related depreciation is recognized.

**Company during the year had received capital grant in the form of EPCG license from Government of India amounting to ₹ 50.20 million (previous year : ₹ 89.66 million) for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government grant for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per Ind AS.

Notes

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

22. Trade payables

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Total outstanding dues of micro enterprises and small enterprises	66.13	45.51
Total outstanding dues of creditors other than micro enterprises and small enterprises*	3,549.95	3,289.77
	3,616.08	**3,335.28**

*includes payables to related parties (refer note 34)

The Group's exposure to currency and liquidity risks related to trade payable is disclosed in note 52.

23. Revenue from operations

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Income from medical and healthcare services	29,623.50	27,184.96
Sale of medical consumables and drugs	1,436.79	1,171.94
Other operating revenue:		
Other healthcare services	39.18	20.26
Teleradiology income	25.03	25.29
Revenue share income	1.28	9.57
Revenue from nursing school	13.86	13.30
Income from patients amenities	61.72	65.68
Income from arrangement with trust (refer note 47 (b))	76.73	118.20
	31,278.09	**28,609.20**

Refer notes below

(₹ in Million)

i) Category of Customer	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Cash	18,946.24	17,481.78
Credit	12,331.85	11,127.42
	31,278.09	**28,609.20**

(₹ in Million)

ii) Nature of treatment	For the year ended 31st March, 2020	For the year ended 31st March, 2019
In-patient	22,578.38	21,101.34
Out-patient	7,045.12	6,083.62
Sale of medical consumables and drugs	1,436.79	1,171.94
Others	217.80	252.30
	31,278.09	**28,609.20**

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

Notes

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

iv) Transaction price allocated to the remaining performance obligations

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Contract liabilities	154.05	155.79
	154.05	**155.79**

24. Other income

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest income on		
- Bank deposits	7.56	4.00
- Unsecured loan	10.04	11.56
- Others	3.83	0.04
Interest income from financial asset at amortised cost	24.29	17.44
Export incentive	26.37	-
Government grant	60.28	39.68
Profit on sale of Property, plant and equipment	-	0.02
Profit on sale of investment	18.69	2.73
Miscellaneous income	86.58	91.22
	237.64	**166.69**

25. Changes in inventories of medical consumables, drugs and surgical instruments (increase)/ decrease

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Inventory at the beginning of the year	831.91	836.24
Inventory at the end of the year	602.41	831.91
	229.50	**4.33**

26. Employee benefit expense

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Salaries, wages and bonus	6,202.77	5,784.53
Contribution to provident and other funds (refer note 32)	397.39	345.09
Share based payment to employees (refer note 43)	30.03	(10.24)
Staff welfare expenses	106.78	108.28
	6,736.97	**6,227.66**

During the financial year 2019-20, project salary cost amounting to ₹ 43.70 million (previous year : ₹ 95.37 million) has been capitalised through capital work-in progress and intangible assets under development.

Notes

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

27. Other expenses

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Hospital operating expenses		
Power and fuel	811.90	779.80
Hospital general expenses	375.12	362.54
House keeping expenses	779.26	725.23
Patient welfare expenses	415.27	380.18
Rent	449.91	643.25
Medical gas charges	94.85	90.75
Biomedical wastage expenses	17.86	15.71
Repairs and maintenance		
- Hospital equipments	461.88	478.67
- Buildings	133.84	119.20
- Others	495.41	425.08
Total (A)	**4,035.30**	**4,020.41**
Administrative expenses		
Travel and conveyance	202.30	216.86
Security charges	227.47	222.68
Printing and stationery	163.00	156.86
Rent	82.79	152.77
Advertisement and publicity	614.59	629.41
Legal and professional fees	221.50	319.50
Payment to auditors (refer note (i) below)	11.10	14.24
Business promotion	342.12	344.94
Telephone and communication	88.99	72.80
Bank charges	85.67	94.06
Insurance	147.28	145.39
Corporate social responsibility (refer note (ii) below)	24.50	25.07
Rates and taxes	95.24	48.00
Books and periodicals	29.25	25.37
Provision for loss allowance	139.95	107.56
Bad receivables written off	7.50	66.91
Provision for doubtful advances	14.47	-
Donations paid	1.00	3.02
Provision for impairment of investment	5.71	7.56
Loss on sale/disposal of Property, plant and equipment	60.80	4.85
Foreign exchange loss / (gain) (net)	(45.82)	(22.89)
Provision for security deposit	-	4.38
Net loss from financial asset at amortized cost	0.52	-
Miscellaneous expenses	13.86	55.91
Total (B)	**2,533.79**	**2,695.25**
Total (A+B)	**6,569.09**	**6,715.66**

Notes

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

(i) Payment to auditors*

(₹ in Million)

	For the year ended 31st March, 2020	For the year ended 31st March, 2019
As an auditor		
(i) Audit fee	7.30	7.20
(ii) Limited review	1.20	1.20
(iii) Other attest services (Refer Note below)	0.76	4.31
(iv) Reimbursement of expenses	1.84	1.53
	11.10	**14.24**

*excluding GST

Note: The above includes nil (Previous year : ₹ 1.66 million) paid to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India.

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹ 23.74 million (previous year: ₹ 22.96 million)

b) Amount spent during the year ended 31st March, 2020 on corporate social responsibility activities:

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than above	24.50	25.07
	24.50	**25.07**

28. Finance costs

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Interest expense		
- term loans from banks	486.03	522.09
- bank overdraft	9.68	19.24
- others	13.11	11.68
Interest expense on lease liabilities	186.00	-
Interest expense on business acquisition	154.40	159.00
Unwinding of asset replacement cost	3.51	1.94
	852.73	**713.95**

29. Depreciation and amortisation expense

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Depreciation of property, plant and equipment (refer note 4)	1,284.89	1243.23
Depreciation of Right to use Assets (refer note 5)	431.20	-
Amortisation of intangible assets (refer note 4)	141.87	130.36
	1,857.96	**1,373.59**

Notes

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

30. Contingent liabilities and commitments

(i) Contingent liabilities:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Claims against the Group not acknowledged as debts in respect of:		
a) Sales tax (refer note A below)	-	31.83
b) Customs Duty (refer note B below)	1.74	1.74
c) Entry tax (refer note C below)	10.00	10.00
d) Income tax (refer note D below)	64.31	26.75
Guarantees:		
a) Bank guarantee	25.00	25.00

Notes:

A. Sales Tax

a) For financial year 2011-12, the Company had received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on the Company's submission, the department had issued an order with a demand of ₹ 10.31 million by levying tax on sale of food to patients. Against this demand, the Company had deposited ₹ 3.1 million with the department and filed an application for stay with Joint Commissioner of Commercial Taxes (Appeal). During the current year, the same was decided in the favour of the Company and it has applied for a refund of ₹ 3.1 million deposited against the demand from the department.

b) For financial year 2012-13, the Company had received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on the Company's submission, the department had issued an order with a demand of ₹ 21.52 million by levying tax on sale of food to patients. Against this demand the Company had deposited ₹ 6.45 million and filed an application for stay with Joint Commissioner of Commercial Taxes (Appeal). During the current year, the same was decided in the favour of the Company and it has applied for the refund of ₹ 6.45 million deposited against demand from the department.

B. For financial year 2012-13, the Company has received a notice proposing levy of customs duty on import of 'Surgical Microscopes' along with accessories classifying it under CTH 9018 9000 of Customs Tariff Act 1975. Against the demand of ₹ 1.74 million , the Company has deposited ₹ 1.33 million with the department and filed an appeal before the Commissioner of Customs (Appeals).

C. For financial year 2010-11, 2011-12, 2012-13, 2013-14 the Company has received a notice proposing levy of entry tax from Commercial Tax Officer under Entry of Goods into Local Area Act 1999 on account of goods brought in local areas from outside the state of Rajasthan without payment of Entry tax as per the provisions.Based on the Company's submission, the department has issued an order with a demand of ₹ 10 million along with interest. Against this demand, the Company has deposited ₹ 1.55 million with the department and filed an appeal before the Office of Appellate Authority -II, Commercial Tax .

D. Income Tax

a) For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on 28th December, 2011 with a demand of ₹ 12.17 million. Against this demand, the Company had paid ₹ 10.00 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A). On 23rd January 2015, ITAT had issued an order in favour of the Company. Subsequently, the department had filed an appeal with High Court of Karnataka challenging the order of ITAT which was pending as at 31st March, 2019 because of which the Company had a contingent tax liability of ₹ 7.47 million as of such date. On 29th August, 2019, High Court of Karnataka has passed an order stating that the appeal filed by the department

Notes

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

is not maintainable due to non-fulfilment of revised monetary limit. In view of the same, the High Court has permitted department to withdraw the appeal filed earlier.

b) For assessment year 2012-13 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on 31st March, 2015. The company may have an additional liability of ₹ 12.59 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

c) For assessment year 2013-14 the Company had received an assessment order under section 143 (3) of the Income Tax Act, 1961 on 25th March, 2016. The company may have an additional liability of ₹ 6.69 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)).

d) For assessment year 2016-17 the company had received a notice 142(1) of the Income tax act, 1961 on 28th March, 2018 asking company to submit certain documents on 6th April, 2018. Company has replied on 6th April, 2018, 24th July, 2018, 29th August, 2018, 7th December, 2018. The department has issued a assessment order u/s 143(3) on 29th December, 2018 demanding a sum of ₹ 1.06 million. Against this demand, the Company had paid ₹ 0.3 million under protest on 11th February, 2019 and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)).

e) For assessment year 2017-18 the Company has received an assessment order under section 143 (3) of the Income Tax Act, 1961 on 27th December, 2019. The company may have an additional liability of ₹ 20.93 million on account of differential tax provision. The Company has filed an appeal against order issued by the department with the Commissioner of Income tax (Appeals) (CIT (A)), which is pending as at 31st March, 2020.

f) For AY 2018-19 and 2019-20, the Company has recognised additional contingent liability to the extent of ₹ 19.39 million and ₹ 4.71 million respectively duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation/ appellate authorities.

E. Based on the advise of its legal counsel, the Company believes that other disputes, lawsuits and claims, including commercial matters, which arise from time to time in the ordinary course of business and are outstanding as at 31st March, 2020 will not have any material adverse effect on its financial statements for the year ended 31st March, 2020.

(ii) Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments not provided for, amounts to ₹ 187.91 millions (previous year: ₹ 244.54 millions).

31. Leases

Transition

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

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

Notes

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

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

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

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

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

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

On transition to Ind AS 116, the Group recognised right-of-use assets amounting to ₹ 2463.63 million, related accumulated depreciation amounting to ₹ 3.93 million, lease liabilities amounting to ₹ 2258.21 million and ₹ 228.92 million in retained earnings as at 1st April, 2019. The group has discounted lease payments using the applicable incremental borrowing rate as at 1st April, 2019, which is 3.25%-8% for measuring the lease liability.

Refer note 52 for contractual maturities of lease liabilities.

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

(₹ in Million)

Particulars	As at 31st March, 2020
Reversal of rent equalisation reserve	68.18
Impact of deferred tax	98.58
Impact of retained earnings as at 1st April, 2019	(395.68)
	(228.92)

(ii) The following is the break-up of current and non-current lease liabilities as at 31st March, 2020

(₹ in Million)

Particulars	As at 31st March, 2020
Current lease liabilities	333.26
Non-current lease liabilities	2,010.29
	2,343.55

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

(₹ in Million)

Particulars	For the year ended 31st March, 2020
Balance as at 1st April, 2019	2,258.21
Additions	290.87
Finance cost accrued during the year	186.00
Deletions	-
Payment of lease liabilities	(391.53)
	2,343.55

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Contractual rental payments	484.22	543.68	1,018.67	1,503.40	3,549.97
	484.22	**543.68**	**1,018.67**	**1,503.40**	**3,549.97**

Rental expense recorded for short-term leases was ₹ 532.70 Million for the year ended 31st March, 2020.

Notes

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

32. Employee benefits

A. Defined contribution plan

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

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance for the year aggregated to ₹ 338.14 million (previous year: ₹ 328.53 million).

B. Defined benefit plan

The Group 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. During the previous year, scheme was partly funded through the gratuity fund administered by a trust formed for this purpose and managed by Kotak Life Insurance and Life Insurance Corporation of India directly. The Group'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 Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

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 Group's consolidated financial statements as at balance sheet date:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Defined benefit obligations liability	322.01	274.10
Plan assets	31.89	45.20
Net defined benefit liability	**290.12**	**228.90**
Full and final settlement cases	0.10	0.10
Liability for compensated absences	238.41	194.62
Total employee benefit liability	**528.63**	**423.62**
Non-current	**198.70**	**157.95**
Current	**329.93**	**265.67**

C. Reconciliation of net defined benefit (assets) /liability

i) Reconciliation of present values of defined benefit obligation

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Defined benefit obligation as at 1st April	274.10	242.26
Benefits paid		
- by the Fund	(21.85)	(11.62)
- by the Group	(1.53)	(19.25)
Current service cost	46.87	35.01
Interest cost	14.79	13.43
Actuarial (gains) / losses recognised in other comprehensive income		
- changes in demographic assumptions	(0.64)	(0.52)
- changes in financial assumptions	3.49	0.57
- experience adjustments	6.78	14.23
Defined benefit obligations as at 31st March	**322.01**	**274.10**

Notes

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

ii) Reconciliation of the present values of plan assets

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Plan assets at beginning of the year	45.20	42.22
Adjustments	(5.77)	(1.31)
Contributions paid into the plan	11.81	11.73
Interest income	0.27	2.85
Benefits paid	(22.04)	(11.62)
Return on plan assets recognised in other comprehensive income	2.42	1.33
Plan assets at the end of the year	**31.89**	**45.20**
Net defined benefit liability	**290.12**	**228.90**

D. i) Expense recognised in consolidated statement of profit and loss

(₹ in Million)

Particulars	Year ended 31st March, 2020	Year ended 31st March, 2019
Current service cost	46.87	35.01
Interest cost	14.79	13.43
Interest income	(0.27)	(2.85)
	61.39	**45.59**

ii) Remeasurements recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Actuarial (gain) loss on defined benefit obligation	11.09	14.27
Return on plan assets excluding interest income	(2.42)	(1.33)
	8.67	**12.94**

E. Plan Assets

Plan assets comprises of the following:

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Government securities & debt instruments	31.89	45.20
	31.89	**45.20**

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

Notes

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

F. Defined benefit obligation

i) Actuarial assumptions

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

(₹ in Million)

Principal actuarial assumptions	As at 31st March, 2020	As at 31st March, 2019
Attrition rate	16.00%-61.00%	39.00%-53.00%
Discount rate	3.5%-5.35%	6.60%-7.65%
Expected return on plan assets	0%-6.8%	6.70%-6.80%
Mortality table	IALM (2012-14) Ultimate	IALM (2006-08) Ultimate
Future salary increases	First year 0%, thereafter 6%	First year 9%, thereafter 6%

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

As of 31st March, 2020, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31st March, 2021, will be approximately ₹ 103.70 million (previous year: ₹ 104.24 million).

Maturity profile of defined benefit obligation

(₹ in Million)

Particulars	Amount
1st following year	112.31
2nd following year	75.79
3rd following year	52.28
4th following year	37.04
5th following year	26.41
Year 6 to 10	54.54
More than 10 years	-

At 31st March, 2020, the average duration of the defined benefit obligations was 18.42-30 years (previous year: 18.42-30 years).

ii) Sensitivity analysis

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

(₹ in Million)

Particulars	31st March, 2020		31st March, 2019	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(3.76)	4.08	(2.70)	2.77
Future salary increase (0.5% movement)	3.31	(3.05)	2.17	(2.14)
Attrition rate (0.5% movement)	0.38	(0.42)	0.23	(0.23)
Mortality rate (0.10% movement)	(0.16)	(0.14)	0.01	(0.01)

Although the analysis does not take account of the full distribution of cash flows expected under the plan, it does provide an approximation of the sensitivity of the assumptions shown.

Notes

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

33. Segment information

Operating segments

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

Entity wide disclosures - Geographical information

Geographical information analyses the Group's revenue and non-current assets by the Group'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.

(i) Revenue from operations

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
India	26,939.65	24,798.30
Rest of the world - Cayman Islands	4,338.44	3,810.90
	31,278.09	**28,609.20**

(ii) Non current assets*

(₹ in million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
India	17,755.84	16,389.56
Rest of the world - Cayman Islands	4,693.45	4,137.51
	22,449.29	**20,527.07**

*Non-current assets exclude financial instruments, deferred tax assets and equity accounted investees

(iii) Investment in associates accounted for by the equity method

(₹ in million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Mauritius	28.24	29.38
	28.24	**29.38**

Notes

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

34. Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty - Chairman
	Dr. Emmanuel Rupert -Managing Director (w.e.f. 11th February, 2019)
	Dr. Ashutosh Raghuvanshi - Managing Director (uptil 10th February, 2019)
	Viren Shetty - Whole-time Director
	Kesavan Venugopalan - Chief Financial Officer
	Aldin EugeneThompson (uptil 12th February, 2019)
	Sridhar S -Company Secretary
Relatives of KMP	Dr. Varun Shetty
	Dr. Anesh Shetty
	Shakuntala Shetty
Associate	TriMedx India Private Limited (TriMedx)
Associates of subsidiary	Cura Technologies Inc. (w.e.f. 15th November, 2016)
	ISO Healthcare (w.e.f. 5th July, 2016)
Enterprises under control/ joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Thrombosis Research Institute
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Daya Drishti Charitable Trust
	Amaryllis Healthcare Private Limited (AHPL)
	Asia Heart Foundation (AHF)
	Thrombosis Research Institute(TRI)
	Healthcity Development Limited (uptil 12th February, 2019)
	Consulting service limited (uptil 12th February, 2019)
	Have a Heart Foundation (uptil 12th February, 2019)
	Office supply Ltd (uptil 12th February, 2019)
	Wyndham Reef Resort Grand Cayman (uptil 12th February, 2019)
	Heron Landing Ltd (uptil 12th February, 2019)
	High Rock Property Maintenance (uptil 12th February, 2019)
Enterprises where control of the Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

Notes

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

34. Related party disclosures

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

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Rent expense						
NHF	-	-	-	18.42	-	18.42
	(-)	(-)	(-)	(26.05)	(-)	(26.05)
AHF	-	-	-	15.61	-	15.61
	(-)	(-)	(-)	(31.80)	(-)	(31.80)
Charmakki Infrastructures	-	-	-	13.38	-	13.38
	(-)	(-)	(-)	(13.03)	(-)	(13.03)
MSMF	-	-	-	25.00	-	25.00
	(-)	(-)	(-)	(25.00)	(-)	(25.00)
Total	**-**	**-**	**-**	**72.41**	**-**	**72.41**
	(-)	**(-)**	**(-)**	**(95.88)**	**(-)**	**(95.88)**
Other Expense						
Consulting Services Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(90.56)	(-)	(90.56)
Office Supply Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(6.17)	(-)	(6.17)
Wyndham Reef Resort Grand Cayman	-	-	-	-	-	-
	(-)	(-)	(-)	(0.35)	(-)	(0.35)
Healthcity Development Limited	-	-	-	-	-	-
	(-)	(-)	(-)	(65.16)	(-)	(65.16)
High Rock Property Maintenance	-	-	-	-	-	-
	(-)	(-)	(-)	(27.35)	(-)	(27.35)
Heron Landing Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(3.87)	(-)	(3.87)
Total	**-**	**-**	**-**	**-**	**-**	**(-)**
	(-)	**(-)**	**(-)**	**(193.46)**	**(-)**	**(193.46)**
Interest income on security deposit						
Charmakki Infrastructures	-	-	-	8.43	-	8.43
	(-)	(-)	(-)	(7.67)	(-)	(7.67)
Reimbursement of expenses						
AHF	-	-	-	0.04	-	0.04
	(-)	(-)	(-)	(2.27)	(-)	(2.27)

Figures in brackets are for previous year.

Notes

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

34. Related party disclosures

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

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
NHF	-	-	-	0.19	-	0.19
	(-)	(-)	(-)	(-)	(-)	(-)
Consulting Service Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(0.50)	(-)	(0.50)
Total	**-**	**-**	**-**	**0.23**	**-**	**0.23**
	(-)	**(-)**	**(-)**	**(2.77)**	**(-)**	**(2.77)**
Investment in equity instruments						
TriMedx	-	-	-	3.00	-	3.00
	(-)	(-)	(-)	(-)	(-)	(-)
Impairment of investment						
TriMedx	-	-	-	3.00	-	3.00
	(-)	(-)	(-)	(-)	(-)	(-)
Revenue from healthcare services						
NHF	-	-	-	1.34	-	1.34
	(-)	(-)	(-)	(1.06)	(-)	(1.06)
AHF	-	-	-	4.06	-	4.06
	(-)	(-)	(-)	(3.63)	(-)	(3.63)
Consulting Services Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(0.48)	(-)	(0.48)
Total	**-**	**-**	**-**	**5.40**	**-**	**5.40**
	(-)	**(-)**	**(-)**	**(5.17)**	**(-)**	**(5.17)**
Donation given						
Thrombosis Research Institute	-	-	-	-	-	-
	(-)	(-)	(-)	(0.69)	(-)	(0.69)
Investment in promissory note						
Cura Technologies Inc.	-	-	-	-	-	-
	(-)	(-)	(102.20)	(-)	(-)	(102.20)
Advance on account of discount entitlement						
NHF	-	-	-	6.00	-	6.00
	(-)	(-)	(-)	(-)	(-)	(-)
Interest income on promissory note						
Cura Technologies Inc.	-	-	8.84	-	-	8.84
	(-)	(-)	(7.78)	(-)	(-)	(7.78)

Figures in brackets are for previous year.

Notes

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

34. Related party disclosures

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

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Purchase of medical stores and Consumables						
Hrudayalaya Pharmacy	-	-	-	0.23	-	0.23
	(-)	(-)	-	(0.19)	(-)	(0.19)
AHPL	-	-	-	126.95	-	126.95
	(-)	(-)	-	(122.87)	(-)	(122.87)
Total	**-**	**-**	**-**	**127.18**	**-**	**127.18**
	(-)	**(-)**	**(-)**	**(123.06)**	**(-)**	**(123.06)**
Maintenance of medical equipments						
TriMedx	-	-	-	-	-	-
	(-)	(-)	(12.23)	(-)	(-)	(12.23)
Purchase of fixed assets						
Consulting Services Ltd	-	-	-	-	-	-
	(-)	(-)	-	(94.32)	(-)	(94.32)
Office Supply Ltd	-	-	-	-	-	-
	(-)	(-)	-	(1.54)	(-)	(1.54)
Healthcity Development Ltd	-	-	-	-	-	-
	(-)	(-)	-	(136.79)	(-)	(136.79)
Total	**-**	**-**	**-**	**-**	**-**	**-**
	(-)	**(-)**	**(-)**	**(232.65)**	**(-)**	**(232.65)**
Sale of property, plant & equipment						
Consulting Services Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(1.05)	(-)	(1.05)
Lab outsourcing expenses						
MSMF	-	-	-	3.15	-	3.15
	(-)	(-)	(-)	(4.21)	(-)	(4.21)
Short term employee benefit*						
Dr. Devi Prasad Shetty	64.33	-	-	-	-	64.33
	(48.69)	(-)	(-)	(-)	(-)	(48.69)
Dr. Emmanuel Rupert	32.25	-	-	-	-	32.25
	(4.19)	(-)	(-)	(-)	(-)	(4.19)
Viren Shetty	13.24	-	-	-	-	13.24
	(10.16)	(-)	(-)	(-)	(-)	(10.16)
Dr. Varun Shetty	-	7.10	-	-	-	7.10
	-	(5.23)	(-)	(-)	(-)	(5.23)

Figures in brackets are for previous year.

Notes

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

34. Related party disclosures

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

(₹ in Million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Dr. Anesh Shetty	-	1.31	-	-	-	1.31
	(-)	(2.97)	(-)	(-)	(-)	(2.97)
Dr. Ashutosh Raghuvanshi	-	-	-	-	-	-
	(117.02)	(-)	(-)	(-)	(-)	(117.02)
Kesavan Venugopalan	24.12	-	-	-	-	24.12
	(20.57)	(-)	(-)	(-)	(-)	(20.57)
Sridhar S	4.78	-	-	-	-	4.78
	(4.73)	(-)	(-)	(-)	(-)	(4.73)
Total	**138.72**	**8.41**	**-**	**-**	**-**	**147.13**
	(205.36)	**(8.20)**	**(-)**	**(-)**	**(-)**	**(213.56)**
Share based payments						
Dr. Emmanuel Rupert	27.03	-	-	-	-	27.03
	(0.82)	(-)	(-)	(-)	(-)	(0.82)
Total	**27.03**	**-**	**-**	**-**	**-**	**27.03**
	(0.82)	**(-)**	**(-)**	**(-)**	**(-)**	**(0.82)**

Figures in brackets are for previous year.

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

Note:

Compensation to KMP is bifurcated into short-term employee benefits, long-term benefits and share based payments. 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.

34. Related party disclosures

(c) The balances receivable from and payable to related parties (continued)

(₹ in Million)

Balances	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Trade payables						
AHPL	-	-	-	2.06	-	2.06
	(-)	(-)	(-)	(4.79)	(-)	(4.79)
MSMF	-	-	-	0.29	-	0.29
	(-)	(-)	(-)	(13.70)	(-)	(13.70)
AHF	-	-	-	1.49	-	1.49
	(-)	(-)	(-)	(0.80)	(-)	(0.80)
NHF	-	-	-	0.62	-	0.62
	(-)	(-)	(-)	(0.28)	(-)	(0.28)
Hrudayalaya Pharmacy	-	-	-	0.01	-	0.01
	(-)	(-)	(-)	(0.01)	(-)	(0.01)
Total	**-**	**-**	**-**	**4.47**	**-**	**4.47**
	(-)	**(-)**	**(-)**	**(19.58)**	**(-)**	**(19.58)**
Other financial assets- Due for reimbursement of expense						
NHF	-	-	-	1.02	-	1.02
	-	-	-	(0.91)	-	(0.91)
Other non-current assets- Prepaid expenses						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(202.78)	(-)	(202.78)
Other current assets - Prepaid expenses						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(15.66)	(-)	(15.66)
Financial assets-loans non-current - Security deposit and loans						
Charmakki Infrastructures	-	-	-	95.97	-	95.97
	(-)	(-)	(-)	(87.54)	(-)	(87.54)
Other non-current assets - Prepaid rent						
Charmakki Infrastructures	-	-	-	21.77	-	21.77
	(-)	(-)	(-)	(28.75)	(-)	(28.75)
Other current assets - Prepaid rent						
Charmakki Infrastructures	-	-	-	6.97	-	6.97
	(-)	(-)	(-)	(6.99)	(-)	(6.99)
Trade receivables						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(0.24)	(-)	(0.24)
NHF	-	-	-	0.07	-	0.07
	(-)	(-)	(-)	(0.14)	(-)	(0.14)
Total	**-**	**-**	**-**	**0.07**	**-**	**0.07**
	(-)	**(-)**	**(-)**	**(0.38)**	**(-)**	**(0.38)**
Other liabilities (current)- Other payable						
AHF	-	-	-	61.60	-	61.60
	(-)	(-)	(-)	(20.15)	(-)	(20.15)
Share based payment						
Dr. Emmanuel Rupert	27.03	-	-	-	-	27.03
	(0.82)	(-)	(-)	(-)	(-)	(0.82)

Figures in brackets are for the previous year.

Notes

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

35. Group Information

Information about subsidiaries and associates

(a) Subsidiaries

The consolidated financial statements of the group include the following subsidiaries:

Name	Principal Activities	Country of incorporation/ Principal place of business	Ownership interest held by Group	
			31st March, 2020	31st March, 2019
Narayana Institute for Advanced Research Private Limited (NIARPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Hospitals Private Limited (NHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Health Institutions Private Limited (NHIPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Cayman Holdings Ltd (NCHL)	Investment Company	Cayman Islands	100.00%	100.00%
Meridian Medical Research & Hospital Limited (MMRHL)	Medical and Healthcare services	India	99.13%	99.12%
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Holdings Private Limited (NHPL, Mauritius) (refer note (d) below)	Investment Company	Mauritius	100.00%	100.00%
Health City Cayman Islands Ltd. (HCCI)	Medical and Healthcare services	Cayman Islands	100.00%	100.00%
NH Health Bangladesh Private Limited. (NHHDPL) (refer note (c) below)	Medical and Healthcare services	Bangladesh	100.00%	100.00%
Narayana Health North America LLC (w.e.f. 9th April, 2019)	Medical and Healthcare services	United States of America	100.00%	0.00%

(b) Associates

The consolidated financial statements of the group include the following associates:

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			31st March, 2020	31st March, 2019
ISO Healthcare (w.e.f. 5th July, 2016)	Medical and Healthcare services	Mauritius	18.52%	20.02%
Cura Technologies Inc. (with effect from 15th November, 2016)	IT Services related to Healthcare	United States of America	44.43%	44.70%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

Notes

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

(c) Narayana Holdings Private Limited (NHPL, Mauritius) has incorporated a Company in Bangladesh -"NH Health Bangladesh Private Limited" on 22nd July, 2018 by investing an amount of USD 2,40,750/- in 1999900 shares of BDT 10 each fully paid up.

(d) Narayana Holdings Private Limited (NHPL, Mauritius) 100 % stake has been transferred to Narayana Cayman Holding Limited from Narayana Hrudayalaya Limited as on 6th June, 2018.

36. Investment in associates

The Group has interest in the following companies. This has been accounted for using the equity method in the consolidated financial statements. The Group has significant influence either by virtue of shareholding being more than 20%, provision of essential technical service, participation in policy making processes or Board representation. However the Group does not have control or joint control over any of them.

(₹ in Million)

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			31st March, 2020	31st March, 2019
ISO Healthcare (w.e.f. 5th July, 2016)	Medical and Healthcare services	Mauritius	18.52%	20.02%
Cura Technologies Inc. (with effect from 15th November, 2016)	IT Services related to Healthcare	United States of America	44.43%	44.70%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

37. Investments, loans and guarantees

(a) The Group has made investment in the following entities:

(₹ in Million)

Entity	As at 31st March, 2019	Allotment during the year	Business combination adjustment	Provision / write off	As at 31st March, 2020
Cura Technologies Inc	9.27	-	-	-	9.27
ISO Healthcare	44.62	-	-	-	44.62
	53.89	**-**	**-**	**-**	**53.89**

(b) The Group has given loans to the following entity:

(₹ in Million)

Entity	As at 31st March, 2019	Movement	As at 31st March, 2020	Purpose of Loan
Cura Technologies Inc.	187.25	-	187.25	Financial assistance
Mytec Process (P) Ltd.	13.00	(13.00)	-	Financial assistance
	200.25	**(13.00)**	**187.25**	

Notes

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

38. Due to Micro, Small and Medium Enterprises

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
- Principal	65.02	44.79
- Interest	1.11	0.72
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	1.11	0.72
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		-

39. Leasehold land includes 36 acres of land acquired by Narayana Hospitals Private Limited ("NHPL") in the year 2008 under perpetual lease from Government of Gujarat amounting to ₹ 1,652.38 million. The aforesaid land has been granted to NHPL 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 NHPL, 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 disposables should be charged;
- 20% cardiac surgeries should be performed at the subsidised rate of ₹ 07 million 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 ₹ 07 million 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.

Notes

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

NHPL was unable to start the project on the specified date and received a show cause notice from the Government of Gujarat on 22th December, 2010. Subsequent to the show cause notice, NHPL replied on 19th January, 2011 assuring the Government of Gujarat that the entire project will be completed by June 2016.

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

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

The Company commenced operations in its Ahmedabad unit on 3rd May, 2012. As of 31st March, 2020, the Group is yet to achieve the above timelines. The Group 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 31st March, 2020.

40. NHPL had entered into a lease agreement and obtained a 5 acre land from Siliguri Jalpaiguri Development Authority in February 2009 for construction of a hospital for a consideration of ₹ 25 Millions disclosed as prepaid rent under other current and non-current assets. As per the lease agreement, NHPL was required to complete the construction of the hospital by August 2009. However, no construction has been completed till date. During the year, the company has written off the prepaid rent of ₹ 22.20 Millions.

41. In the year 2008-09, NHPL was allotted 35 acres of land by Jaipur Development Authority ('JDA') for establishing a medical college at Bagrana Grama, Jaipur (""Bagrana""). Subsequently, NHPL has surrendered 25 acres of land to JDA and retained 10 acres of land. However, in the year 2013-14 JDA intimated NHPL that 6,000 sq. meters of land out of the 10 acres land retained 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, NHPL gave its consent on the same through letter dated 24th April, 2015.

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

As at 31st March, 2020, NHPL has paid ₹ 54.44 million (31st March, 2019 : ₹ 54.44 million) to JDA and accrued the balance payable of ₹ 41.52 million (31st March, 2019 : ₹ 35.59 million). NHPL would capitalize this amount along with any other payment once NHPL gets the land registered in its name. NHPL believes that this advance towards land is recoverable from the JDA and hence provision for doubtful advance is not required as at 31st March, 2020.

42. Prepaid expenses

Expense prepaid as on 31st March, 2019 amounting to ₹ 275.48 million representing rent paid to Asia Heart Foundation and Modern Medical Institute have as at 1st April, 2019 been considered as ROU assets for the remaining lease term and presented appropriately as at 31st March, 2020.

43. Share based payments

During the year ended 31st March, 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and associates, as approved by the Board of Directors in its meeting held on 12th September, 2015. NH ESOP 2015 provides for the creation and issue of 2,040,000 share options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company, its subsidiaries and associate. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. In case of plan one, The share options vest in a graded manner over a period of four years

Notes

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

and are exercisable in one or more tranches within a period of four years from the date of first vesting, failing which the options shall lapse. In case of plan two, the share options vest in a graded manner over a period of two and half years and are exercisable in one or more tranches within a period of Three years from the date of first vesting, failing which the options shall lapse.

Pursuant to NH ESOP, the Company granted 988,787 share options till 31st March, 2020 (previous year: 988,787). The Stock compensation cost is computed under the Fair value method. For the year ended March 31, 2020, the Company has recorded stock compensation expenses of ₹ 30.03 million (previous year: ₹ (10.24) million) and liability as on 31st March, 2020 is ₹ 33.82 million (31st March, 2019: ₹ 24.75 million). The reversal of expense is on account of options forfeited during the year as indicated below.

The activity in this stock option plan is summarized below:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Outstanding as at the beginning of the year (Nos.)	2,96,437	7,26,273
Option granted during the year (Nos.)	-	1,83,117
Forfeited during the year(Nos.)	(732)	(2,16,094)
Exercised during the year(Nos.)	(1,00,868)	(3,96,859)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	1,94,837	2,96,437
Weighted average share price at the date of exercise (₹)	232.59	232.59

Plan-1:- The weighted average remaining contractual life for the stock options outstanding as at 31st March, 2020 is 0.50 years (previous year: 1.50 years). The exercise price for the stock options outstanding as at 31st March, 2020 is ₹ 10 (previous year: ₹ 10).

Plan-2:- The weighted average remaining contractual life for the stock options outstanding as at 31st March, 2020 is 2.50 years (previous year: 3.50 years). The exercise price for the stock options outstanding as at 31st March, 2020 is ₹ 10 (previous year : ₹ 10).

Fair value presentation

The fair value of share options have been valued based on fair value method as described under Ind AS- 102, Shared-based Payment using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
No. of options granted (Nos.)	Plan - 1 - 805670 Plan - 2 -183117	Plan - 1 - 805670 Plan - 2 -183117
Date of grant	1 October 2015 - 805670 25 March 2019 - 183117	1 October 2015 - 805670 25 March 2019 - 183117
Vesting period (years)	for 805,670 options - 4 years for 183,117 options- 2.52 years	for 805,670 options - 4 years for 183,117 options- 2.52 years
Expected life of option (years)	for 805,670 options - 5 years for 183,117 options- 3.52 years	for 805,670 options - 5 years for 183,117 options- 3.52 years
Expected volatility	for 805,670 options - 35% for 183,117 options - 24.70%	for 805,670 options - 35% for 183,117 options - 24.70%

Notes

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Risk free rate	for 805,670 options - 7.63% for 183,117 options - 6.90%	for 805,670 options - 7.63% for 183,117 options - 6.90%
Expected dividends expressed as a dividend yield	for 805,670 options - 0% for 183,117 options - 0%	for 805,670 options - 0% for 183,117 options - 0%
Weighted-average fair values of options per share (₹)	for 805,670 options - 208.73 for 183,117 options - 209.81	for 805,670 options - 208.73 for 183,117 options - 209.81

44. Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended on 31st March, 2020 was based on profit attributable to equity shareholders of ₹ 1189.16 million (previous year: ₹ 591.69 million) and weighted average number of equity shares outstanding 20,29,04,998 (previous year: 20,28,04,130).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2020 was based on profit attributable to equity shareholders of ₹ 1189.16 million (31st March, 2019: ₹ 591.69 million) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 20,30,41,327 (31st March, 2019: 20,29,17,883).

(₹ in Million)

Earnings	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit after tax	1,189.16	591.69

Weighted average number of equity shares (basic)

(₹ in Million except no of shares)

Shares	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Total no. of shares outstanding	20,43,60,804	20,43,60,804
Effect of Treasury shares	(14,55,806)	(15,56,674)
Weighted average number of equity shares (basic) for the year	**20,29,04,998**	**20,28,04,130**

Weighted average number of equity shares (diluted)

(₹ in Million except no of shares)

Shares	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Weighted average number of equity shares for the year (basic)	20,29,04,998	20,28,04,130
Weighted average number of equity shares from assumed exercise of stock options	1,36,329	1,13,753
Weighted average number of equity shares (diluted) for the year	**20,30,41,327**	**20,29,17,883**

Basic earnings per share (₹)	5.86	2.92
Diluted earnings per share(₹)	5.86	2.92

Notes

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

45. Exceptional items

The Group has carried out an impairment assessment of one of the Cash Generating Units i.e. Dharamshila Narayana Super Speciality Hospital (hereinafter referred to as "the CGU") in one of its subsidiaries Narayana Hrudayalaya Surgical Hospital Private Limited due to the continued losses incurred in the CGU and more importantly the relatively weaker forecasts due to COVID-19. Based on the detailed impairment evaluation carried out by the Group duly considering the future cash flows of the CGU, the Group has recorded an impairment of ₹ 108.70 Million during the quarter and year ended 31st March, 2020 and has disclosed the same as an exceptional item in the Statement of Profit and Loss.

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

On 31st March, 2017, Company entered into Healthcare Services Agreement ("Agreement") with Dharamshila Cancer Foundation and Research Centre ("Society"). Accordingly, the Company has a control over the operations of Dharamshila Hospital and Research Centre ("Hospital") and provide healthcare services using the assets which are owned by the society. The arrangement of the Company with the Society attracts the application of business combination as per IndAS103. The Company commenced the provision of healthcare services at the Hospital on 1st April, 2017 ("Commencement Date"). The term of the Agreement is 25 years, which the Parties may extend for a further period on such terms as may be mutually agreed. Neither Party shall have the right to terminate the Agreement before 10 years of the Commencement Date. The Hospital is renamed as "Dharamshila Narayana Superspeciality Hospital, A Unit of Dharamshila Cancer Foundation And Research Centre" as per the Agreement.

In terms of the Agreement, the Society is entitled to retain an annual revenue amount of ₹ 180 million per annum with an annual escalation of 5% during the term the Company is in control of the operations of the Hospital. The fair value, applying the Discounted Cash Flow approach based on discount rate of 15.23% is determined by discounting the estimated annual amounts of revenue which the Society is entitled to retain from the Commencement Date. The excess amount of such fair value over the fair value of net assets of the Hospital, which the Company uses in exercise control over the operations of the Hospital, has been attributed towards goodwill.

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

(₹ in Million)

Component	Acquisition date fair value
Property, plant and equipment	357.68
Right to use building	163.94
Intangible assets	463.70
Total	**985.32**
Goodwill	79.00
Total purchase price	**1,064.32**

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

The goodwill amounting to ₹ 79 million comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

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

The Company has paid an interest-free refundable security deposit amounting to ₹ 100 million to the Society as per the Agreement. Security deposit was discounted and the differential was treated as prepaid rent and amortised over the term of the Agreement.

Refer note 4 and note 45 regarding provision for impairment recognized in the books relating to the Dharamshila unit and the allocation of the same to the tangible and intangible assets of the Unit.

Notes

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

47. Service Concession Arrangement.

(a) National Rural Health Mission, Assam (NRHM)

The Company had entered into an agreement with National Rural Health Mission, Assam (NRHM) on 16th August 2012 ("effective date") to set up a super specialty hospital at Guwahati and to operate and manage such hospital for a period of 30 years. As per the agreement, NRHM will provide ₹ 220 million in three installments over a period of 1 year during execution of the project besides the existing hospital building on as is where is basis. The Company has received ₹ 220 million as it met all the conditions related to the grants. As per the terms of the agreement, the Company has entered into lease agreement with NRHM for existing building and land for a lease period of 30 years.

Also, as per the agreement not less than 50% of the hospitals beds shall be charged at 1.85% below the National Accreditation Board of Hospitals and Healthcare Providers (NABH) accredited hospital rate applicable. All the surgical, observational and other procedures for which super speciality rates are available in Central Government Health Scheme ("CGHS") schedule, such rates quoted in CGHS schedule shall apply and for which it is not available, NABH accredited hospital rates shall be applicable.

The Company has established a super-speciality hospital providing all the necessary services and for that it has to bear all the expenses in setting up the facilities mentioned in the agreement and thereafter run the hospitals on a day to day basis.

The term of the agreement is to commence on the effective date and will continue until the expiration of 30 years on 15th August 2042. Thereafter, this agreement shall be renewed for such additional periods and on such terms and conditions as may be mutually agreed to by the parties to the agreement. The agreement can be terminated by both the parties by mutual written agreement or if the other party breaches or fails to perform any of the covenants of the agreement or if any representation or warranty of the other party under this agreement shall have become untrue.

(b) Narayana Vaishno Devi Specialty Hospitals Private Limited ("NVDSHPL")

NVDSHPL entered into a Concession Agreement with Shri Mata Vaishno Devi Shrine Board ("the trust") to operate, maintain and manage a 230 bed multi specialty hospital on public private partnership model. NVDSHPL is required to pay concession fees to trust as mutually agreed, during the period of agreement. The trust has invested and incurred capital costs to set up/ establish 230 bed multi specialty hospital and has reimbursed costs incurred by NVDSHPL for providing technical assistance during the refurbishment and commissioning period to the extent of ₹ 5 million. The period of agreement is 21 Years from the Commercial Operation Date (COD) which is April 2016.

Effective from the Commercial operations date (COD), the Authority shall provide Viability Gap Funding ("VGF"), in the form of financial assistance to cover expected expenditure and losses , to the Company for a maximum period of 5 years from the COD on actual basis subject to a cumulative maximum amount of ₹ 450 million. During the year, the Authority has further approved to increase the above mentioned cumulative maximum to ₹ 517 million.

The Viability Gap Funding accounted so far is as below:

(₹ in Million)

Particulars	Financial Year	(₹ in Million)
Other Operating revenue under Revenue from Operations	16-17	144.18
Other Operating revenue under Revenue from Operations	17-18	111.61
Other Operating revenue under Revenue from Operations	18-19	118.20
Other Operating revenue under Revenue from Operations	19-20	76.73

Other financial assets include VGF receivable from Shrine Board of ₹ 22.52 Million as on 31st March, 2020.

Notes

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

48. Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements'

March 31, 2020 (₹ in Million)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Narayana Hrudayalaya Limited	49.34	5,607.73	51.07	607.95	(380.00)	(177.00)	34.83	430.95
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	8.28	940.61	(0.84)	(10.02)	0.09	0.04	(0.81)	(9.98)
Narayana Institute for Advanced Research Private Limited	(0.00)	(0.11)	(0.00)	(0.01)	-	-	-	(0.01)
Narayana Health Institutions Private Limited	0.00	0.48	(0.00)	(0.04)	-	-	-	(0.04)
Narayana Hrudayalaya Surgical Hospital Private Limited	0.63	71.70	(30.51)	(363.27)	(5.99)	(2.79)	(29.59)	(366.06)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.06)	(6.77)	0.18	2.16	(1.89)	(0.88)	0.10	1.28
Meridian Medical Research & Hospital Limited	5.62	638.32	13.21	157.27	(3.07)	(1.43)	12.60	155.84
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	36.19	4,113.02	66.79	795.12	490.88	228.65	82.76	1,023.77
Narayana Hrudayalaya Hospital Malaysia Sdn.Bhd.*								
Narayana Holdings Private Limited								
Associates (Investment as per the equity method) - Foreign								
Foreign associates								
Health City Cayman Islands Ltd								
ISO Healthcare								
Cura Technologies Inc.								
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited			0.11	1.36	(0.02)	(0.01)	0.11	1.35
	100.00	**11,364.98**	**100.00**	**1,190.52**	**100.00**	**46.58**	**100.00**	**1,237.10**

Notes

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

March 31, 2019 (₹ in Million)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Narayana Hrudayalaya Limited	55.63	6,017.37	63.96	379.08	3,059.90	(126.68)	42.88	252.40
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	8.75	945.91	1.66	9.86	(0.24)	0.01	1.68	9.87
Narayana Institute for Advanced Research Private Limited	(0.00)	(0.23)	(0.03)	(0.15)	-	-	(0.03)	(0.15)
Narayana Health Institutions Private Limited	0.00	0.40	(0.03)	(0.20)	-	-	(0.03)	(0.20)
Narayana Hrudayalaya Surgical Hospital Private Limited	1.42	153.96	(61.03)	(361.76)	1.69	(0.07)	(61.47)	(361.83)
Narayana Vaishno Devi Specialty Hospitals Private Limited	0.03	3.42	0.74	4.41	3.38	(0.14)	0.73	4.27
Meridian Medical Research & Hospital Limited	4.23	457.15	8.26	48.98	(13.29)	0.55	8.41	49.53
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	29.94	3,237.40	86.29	511.47	(2,951.21)	122.18	107.65	633.65
Narayana Holdings Private Limited	-	-	-	-	-	-	-	-
Associates (Investment as per the equity method)- Foreign								
Foreign associates								
Health City Cayman Islands Ltd	-	-	-	-	-	-	-	-
ISO Healthcare	-	-	-	-	-	-	-	-
Cura Technologies Inc.	-	-	-	-	-	-	-	-
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited	-	-	0.18	1.08	(0.23)	0.01	0.18	1.09
	100.00	**10,815.38**	**100.00**	**592.77**	**100.00**	**(4.14)**	**100.00**	**588.63**

Notes

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

49. Capital management

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

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

The capital structure as of 31st March, 2020 and 31st March, 2019 was as follows:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Total equity	11,364.98	10,815.38
As a percentage of total capital	**61%**	**57%**
Long-term borrowings including current maturities	7,070.04	8,019.31
Short-term borrowings	108.47	115.35
Total borrowings	**7,178.51**	**8,134.66**
As a percentage of total capital	**39%**	**43%**
Total capital (Equity and Borrowings)	**18,543.49**	**18,950.04**

50. Income tax

(a) Amount recognised in statement of profit and loss

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Current tax		
- Current year*	425.38	244.49
- Prior years	(15.00)	-
Mat credit entitlement**	(36.57)	(240.73)
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	48.72	337.42
Tax expense for the year	**422.53**	**341.18**

*Significant judgments are involved in determining the provision for income taxes, including amount expected to be paid/recovered for uncertain tax positions. The provision for tax for the year ended 31st March, 2020 have been made duly taking into consideration the requirements under Appendix C to Ind AS 12, including the Management's assessment of the probability of acceptance of the Company's tax positions by the taxation/ appellate authorities.

(b) Amount recognised in other comprehensive income

(₹ in Million)

Particulars	For the year ended 31st March, 2020			For the year ended 31st March, 2019		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss						
Re-measurement of defined benefit plans	(8.67)	1.62	(7.05)	(12.94)	4.51	(8.43)
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	(161.69)	23.63	(138.06)	(55.41)	7.59	(47.82)
The effective portion of gains /(loss) on hedging instruments in a foreign operation	(131.22)	-	(131.22)	(103.75)	-	(103.75)
	(301.58)	**25.25**	**(276.33)**	**(172.10)**	**12.10**	**(160.00)**

Notes

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

(c) Reconciliation of effective tax rate

(₹ in Million)

Particulars	For the year ended 31st March, 2020	For the year ended 31st March, 2019
Profit before tax	**1,613.05**	**933.95**
Tax using the Company's domestic tax rate (current year 34.94% and previous year 34.94%)	563.66	326.36
Tax effect of:		
Non-deductible tax expenses	14.36	15.67
Tax-exempt income	(219.56)	(125.59)
Share issue expense allowed as deduction	-	(5.85)
Others	(81.12)	(6.30)
Current year losses of subsidiaries for which no deferred tax asset is recognised	133.20	128.74
Share of loss of equity accounted investees on which no deferred tax was recognised	11.99	8.15
	422.53	**341.18**

51. Recognised deferred tax assets and liabilities

(a) Narayana Hrudayalaya Limited :-

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax asset		
Provision for doubtful receivables	125.07	104.91
Provision for gratuity	95.99	77.84
Provision for compensated absences	63.46	52.32
Provision for slow and non moving inventory	7.82	7.71
Impact on account of adoption of Ind AS 116	148.17	-
On land indexation of freehold land	18.91	18.91
On brought forward loss	-	113.72
Others	25.95	23.82
Total deferred tax asset	**485.37**	**399.23**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,249.47)	(1,295.54)
Total deferred tax liability	**(1,249.47)**	**(1,295.54)**
Minimum alternative tax assets**	**220.35**	**417.57**
Deferred tax liability (net)	**(543.75)**	**(478.74)**

**During the previous year the company has loss as per normal provision of Income Tax Act, 1961 and so was liable to pay tax as per Minimum Alternative tax (MAT) under section 115 JB of Income Tax Act, 1961. As per Section 115 JAA of Income Tax Act,1961, MAT assets can be carried forward to 15 years from Assessment year 2019-20, subject to earlier utilization by the company.

Notes

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

(ii) Movement in temporary differences

(₹ in Million)

Particulars	Balances as at 1st April, 2019	Adjustment to retained earnings	Recognised in Profit or loss during 2019-20 (charge)/credit & MAT credit utilization	Recognised in OCI during 2019-20	Balances as at 31st March, 2020
Provision for doubtful receivables	104.91	-	20.16	-	125.07
Provision for gratuity	77.84	-	17.08	1.07	95.99
Provision for compensated absences	52.32	-	11.14	-	63.46
Provision for slow and non moving inventory	7.71	-	0.11	-	7.82
Impact on account of adoption of Ind AS 116	-	96.60	51.57	-	148.17
On land indexation of freehold land	18.91	-	-	-	18.91
On brought forward loss	113.72	-	(113.72)		-
Others	23.82	-	(21.50)	23.63	25.95
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,295.54)	-	46.07	-	(1,249.47)
Mat Credit Entitlement	417.57	-	(197.22)	-	220.35
Deferred tax liability (net)	**(478.74)**	**96.60**	**(186.31)**	**24.70**	**(543.75)**

(b) Meridian Medical Research & Hospital Limited :-

(i) Deferred tax assets and liabilities are attributable to the following:

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Deferred tax asset		
Provision for doubtful receivables	7.08	4.71
Provision for gratuity	1.32	0.56
Provision for compensated absences	3.45	3.00
On brought forward loss	42.65	106.63
Impact on account of adoption of Ind AS 116	1.98	-
Provision for slow moving and non moving inventory	0.64	0.42
Others	5.53	2.17
Total deferred tax asset	**62.65**	**117.49**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(83.83)	(81.57)
Total deferred tax liability	**(83.83)**	**(81.57)**
Minimum alternative tax assets	41.20	4.63
Deferred tax asset (net)	**20.02**	**40.55**

Notes

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

(ii) Movement in temporary differences

(₹ in Million)

Particulars	Balances as at 1st April, 2019	Adjustment to retained earnings	Recognised in Profit or loss during 2019-20 (charge)/credit	Recognised in OCI during 2019-20	Balances as at 31st March, 2020
Provision for doubtful receivables	4.71	-	2.37	-	7.08
Provision for gratuity	0.56	-	0.21	0.55	1.32
Provision for compensated absences	3.00	-	0.45	-	3.45
On brought forward loss	106.63	-	(63.98)	-	42.65
Provision for slow moving and non moving inventory	0.42	-	0.23	-	0.65
Others	2.17	-	3.35	-	5.52
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(81.57)	-	(2.26)	-	(83.83)
Minimum alternative tax assets	4.63	-	36.57	-	41.20
Impact on account of adoption of Ind AS 116	-	1.98	-	-	1.98
Deferred tax asset (net)	**40.55**	**1.98**	**(23.06)**	**0.55**	**20.02**

Note: During the year, in one of the subsidiary company deferred tax asset has been recognised for the first time. The asset was not recognised in earlier years as the company was not expected to make profit.

52. Financial instruments: Fair value and risk management

A. Accounting classification and fair values

(₹ in Million)

As at 31st March, 2020	FVOCI	FVTPL	Amortised cost	Total	Fair Value			Total
					Level 1	Level 2	Level 3	
Financial assets								
Investments	-	693.20	142.04	835.24	693.20	-	-	693.20
Trade receivables	-	-	2,622.47	2,622.47	-	-	-	-
Cash and cash equivalents	-	-	1,026.91	1,026.91	-	-	-	-
Bank balances other than above	-	-	120.85	120.85	-	-	-	-
Loans	-	-	482.35	482.35	-	-	-	-
Other financial assets	-	-	341.10	341.10	-	-	-	-
	-	**693.20**	**4,735.72**	**5,428.92**	**693.20**	**-**	**-**	**693.20**
Financial liabilities								
Borrowings	-	-	7,178.51	7,178.51	-	-	-	-
Lease liabilities	-	-	2,343.55	2,343.55	-	-	-	-
Trade payables	-	-	3,616.08	3,616.08	-	-	-	-
Other financial liabilities	-	-	1,306.55	1,306.55	-	-	-	-
Interest rate swap	247.78	-	-	247.78	-	247.78	-	-
	247.78	-	**14,444.69**	**14,692.47**	**-**	**247.78**	**-**	**-**

Notes

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

(₹ in Million)

As at 31st March, 2019	FVOCI	FVTPL	Amortised cost	Total	Fair Value Level 1	Fair Value Level 2	Fair Value Level 3	Total
Financial assets								
Investments	-	-	144.79	144.79	-	-	-	-
Trade receivables	-	-	2,664.45	2,664.45	-	-	-	-
Cash and cash equivalents	-	-	964.88	964.88	-	-	-	-
Bank balances other than above	-	-	42.34	42.34	-	-	-	-
Loans	-	-	383.76	383.76	-	-	-	-
Other financial assets	-	-	264.65	264.65	-	-	-	-
	-	-	**4,464.87**	**4,464.87**	**-**	**-**	**-**	**-**
Financial liabilities								
Borrowings	-	-	7,368.49	7,368.49	-	-	-	-
Trade payables	-	-	3,335.26	3,335.26	-	-	-	-
Other financial liabilities	-	-	2,092.75	2,092.75	-	-	-	-
Interest rate swap	72.41	-	-	72.41	-	72.41	-	-
	72.41	-	**12,796.50**	**12,868.91**	**-**	**72.41**	-	**-**

Measurement of fair values

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

B. Financial risk management

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

(i) Risk management framework

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

(ii) Credit risk

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

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

The Group establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 3,186.86 million (previous year: ₹ 3,080.02 million). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in Million)

Allowance for credit loss	As at 31st March, 2020	As at 31st March, 2019
Opening balance	415.57	302.03
Add : On acquisition of subsidiary	-	-
Foreign currency translation	8.81	5.98
Credit loss recognised /(reversed)	139.95	107.56
Closing balance	**564.33**	**415.57**

Notes

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

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

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

(iii) Liquidity risk

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation. In addition, the Group maintains line of credit as stated in Note 16.

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	1,055.26	1,074.65	3,130.40	1,918.20	7,178.51
Lease liabilities	286.29	388.46	754.66	914.14	2,343.55
Trade payables	3,616.08	-	-	-	3,616.08
Other financial liabilities	457.50	870.35	29.14	197.34	1,554.33
Total	**5,415.13**	**2,333.46**	**3,914.20**	**3,029.68**	**14,692.47**

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

(₹ in Million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	483.61	991.15	3,146.49	3,115.50	7,736.75
Lease liabilities	-	-	-	-	-
Trade payables	3,335.26	-	-	-	3,335.26
Other financial liabilities	628.98	72.50	339.81	755.61	1,796.90
Total	**4,447.85**	**1,063.65**	**3,486.30**	**3,871.11**	**12,868.91**

(iv) Market risk

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

Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

Notes

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

The currency profile of financial assets and financial liabilities as at 31st March, 2020 and 31st March, 2019 are as follows:

(₹ in Million)

Particulars	As at 31st March, 2020 (USD in Million)	As at 31st March, 2019 (USD in Million)
Financial assets		
Trade receivables	10.38	8.49
Cash and cash equivalents	7.73	8.36
Other financial assets (current)	1.83	1.64
Other current assets	1.75	2.23
Financial liabilities		
Borrowings	44.54	51.41
Trade payables	5.38	3.85
Other financial liabilities	5.27	3.58
Net assets / (liabilities)	**(33.50)**	**(38.12)**

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

(₹ in Million)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
USD Sensitivity				
₹/USD - Increase by 1%	(25.32)	(25.84)	(25.32)	(25.84)
₹/USD - Decrease by 1%	25.32	25.84	25.32	25.84

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	No. of Contracts	As at 31st March, 2020		As at 31st March, 2019	
		Amount Hedged (in USD Million)	Fair Value (₹ Million)	Amount Hedged (in USD Million)	Fair Value (₹ Million)
Interest Rate Swap	6	53.20	(247.78)	54.31	(72.41)

The Company has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at 31st March, 2020, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Notes

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

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

(₹ in Million)

Particulars	As at 31st March, 2020	As at 31st March, 2019
Variable rate long term borrowings including current maturities	3,132.75	3,868.82
Total borrowings	**3,132.75**	**3,868.82**

(b) Sensitivity

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

(₹ in Million)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31st March, 2020	As at 31st March, 2019	As at 31st March, 2020	As at 31st March, 2019
Sensitivity				
1% increase in interest rate	(31.33)	(38.69)	(31.33)	(38.69)
1% decrease in interest rate	31.33	38.69	31.33	38.69

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

53. Reclassification and comparative figures

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

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

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 07010883

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 15th June, 2020

Place: Bengaluru
Date: 15th June, 2020

Narayana Health
Health for all. All for health.

NARAYANA HRUDAYALAYA LIMITED

CIN: L85110KA2000PLC027497
258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560 099
Tel: +91 80 7122 2129
www.narayanahealth.org

Concept & Design
WYATT Prism COMMUNICATIONS (info@wyatt.co.in)