

Date of Submission: 15th June 2020

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

Dear Sir/Madam,

Sub: Investor Presentation for FY 2019-20

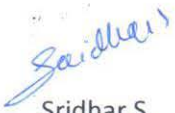
With reference to the subject, please find enclosed Investor Presentation for the FY 2019-20.

Kindly take the above said information on record as per the requirement of Listing Regulations.

Thanking You,

Yours faithfully.

For Narayana Hrudayalaya Limited



Sridhar S

Group Company Secretary, Legal and Compliance Officer



Investor Presentation

June 2020

No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be “forward looking statements”, including those relating to the Company’s general business plans and strategy, its future financial condition and growth prospects, and future developments in its industry and its competitive and regulatory environment.

Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the Company’s business, its competitive environment and political, economic, legal and social conditions in India.

This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any shares in the Company and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation can not be copied and/or disseminated in any manner.

As on 1st May 2020



47 Healthcare Facilities	Operational beds
20 Owned / Operated Hospitals ⁽¹⁾	5,282 Beds
1 Managed Hospital ⁽²⁾	112 Beds
6 Heart Centres ⁽³⁾	345 Beds
19 Primary Healthcare Facilities ⁽⁴⁾	10 Beds
1 Hospital in Cayman Islands	110 Beds



6,597 Capacity Beds

5,859⁽⁵⁾ Operational Beds

3.2 mn⁽⁶⁾ Average Effective Capital Cost per Operational Bed

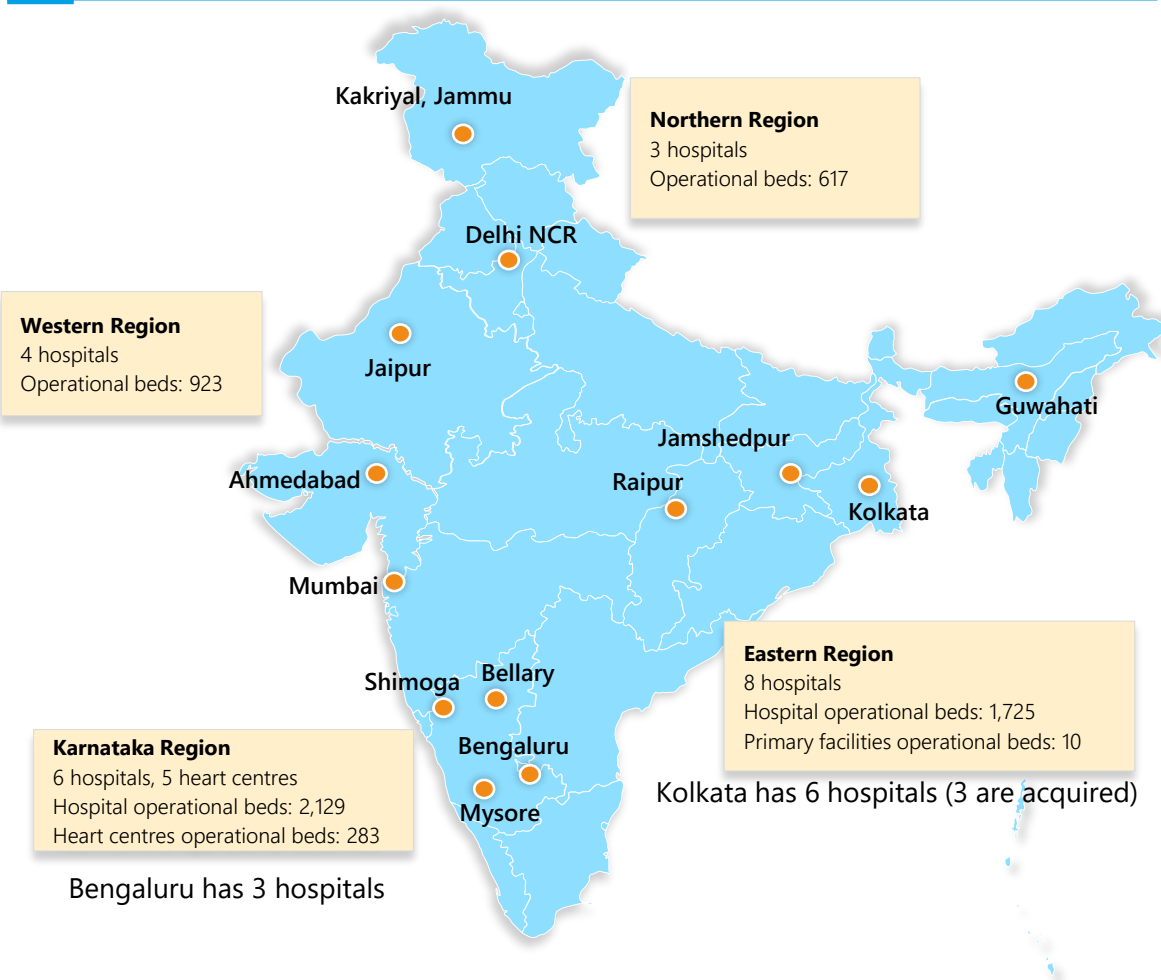


30+ Specialities



17,239 Full-time Employees and Associates including 3,632 doctors

NH's footprint in India



(1) NH owns the P&L responsibility

(2) NH manages 3rd party hospital for Management Fees

(3) NH operates 1 heart centre in Chittagong, Bangladesh

(4) Includes clinics, information centres, etc

(5) Operations shut down at Whitefield Hospital (118 operational beds), Durgapur Heart Centre (49 operational beds), CNH Heart Centre (39 operational beds), Managed Hospital Durgapur IQ City (386 operational beds) and operations commenced at Chittagong Heart Centre (62 operational beds)

(6) Based on (Gross Block for Fixed Assets (adjusted for non-cash government grant provision, non-cash financial lease for Dharamshila unit) + Capital Work in Progress (CWIP)) / Number of operational beds as of March 31st 2020 but excluding Managed Hospital and Cayman facility



Clinical & Operational

- Narayana Superspeciality Hospital, Gurugram successfully operated a rare case of adenoid cystic carcinoma of trachea. It is very rare with incidence of 1-2 per million of population
- Narayana Institute of Cardiac Sciences, Bengaluru successfully performed a heart transplant on a 4-year-old patient, the youngest patient in the state to have undergone a heart transplant
- Narayana Superspeciality Hospital, Howrah successfully treated a rare case of baby suffering from ALCAPA (Anomalous Left Coronary Artery arising from Pulmonary Artery)
- Narayana Superspeciality Hospital, Gurugram successfully performed endovascular procedure of dural fistula embolization patient diagnosed with complex torcular dural fistula with severe intracranial venous hypertension
- Narayana Superspeciality Hospital, Guwahati treated a patient suffering from a rare disease called mitral stenosis using percutaneous technique called Balloon Mitral Valvotomy (BMV)



Financial Performance

- Consolidated operating revenues of INR 7,429 mn in Q4 FY20 translating into INR 31,278 mn in FY20, an increase of 9.3% YoY
- Consolidated EBITDA of INR 1,028⁽¹⁾ mn in Q4 FY20 translating into EBITDA of INR 4,467⁽¹⁾ mn in FY20, an EBITDA margin of 14.3% with consolidated PAT of INR 120⁽²⁾ mn in Q4 FY20 translating into PAT of INR 1,191⁽²⁾ mn in FY20, an increase of 100.8%⁽²⁾ YoY
- Consolidated net debt of INR 6,031 mn as on 31st March 2020, reflecting net debt to equity ratio of 0.53 (Out of which, debt worth US\$ 47.8 mn is foreign currency denominated)

(1) As per the new accounting treatment for leases per IND AS 116 effective 1st April which resulted in INR 183 mn and INR 408 mn increase in EBITDA for Q4 FY20 and FY20 respectively

(2) As per the new accounting treatment for leases per IND AS 116 effective 1st April which resulted in INR 75 mn and INR 209 mn decrease in PAT for Q4 FY20 and FY20 respectively resulting into 136.0% YoY increase in FY20 PAT on like to like basis



Digital Initiatives

- Latest version of Centralized Radiology Information System (RIS) and Picture Archival and Communication System (PACS) rolled out across the NH India network
- Implemented a digital claims management system which allows end-to-end Receivables' tracking across government schemes, insurance providers and TPAs
- Implemented a centralized data repository system to support online and offline data capture for clinical research studies and related operations



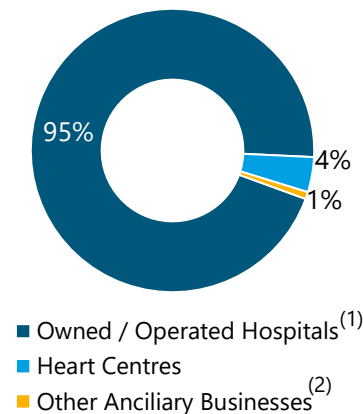
ESG & CSR Initiatives

- Power factor optimisation completed at Gurugram and Guwahati units, estimated to save INR 2 mn in annual energy cost
- Renewable power projects (solar and wind) undertaken at Health City, Bengaluru. Estimated savings to be ~INR 30 million on annual basis
- Namma Naadi, a community radio program managed by Health City, Bengaluru, aimed at various themes such as health, education, hygiene and environment has been playing a crucial social role in these testing times

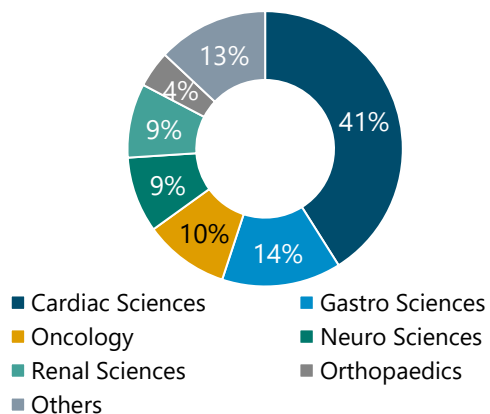
Operating Revenues



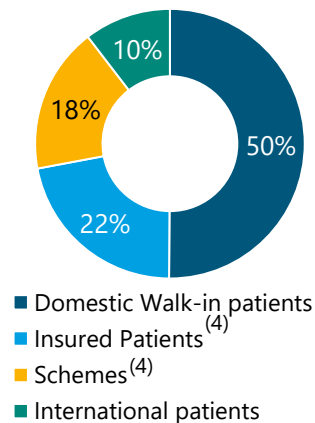
Business Mix



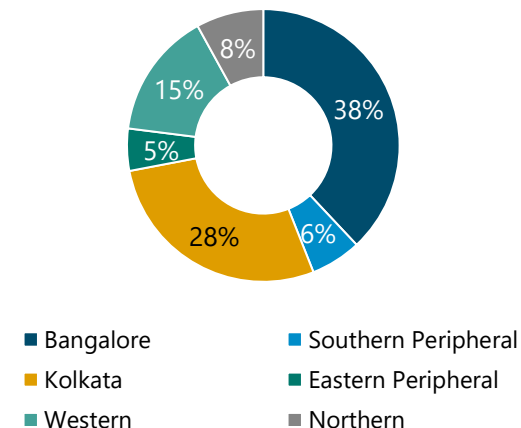
Speciality-Profile⁽⁶⁾



Payee-Profile⁽³⁾



Cluster-Wise⁽⁵⁾



(1) NH owns the P&L responsibility

(2) Includes managed hospital, clinics, learning and development, teleradiology, etc

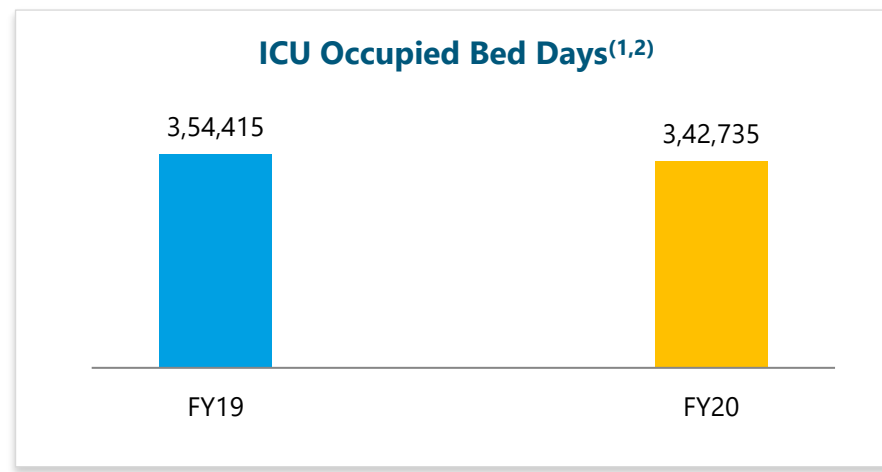
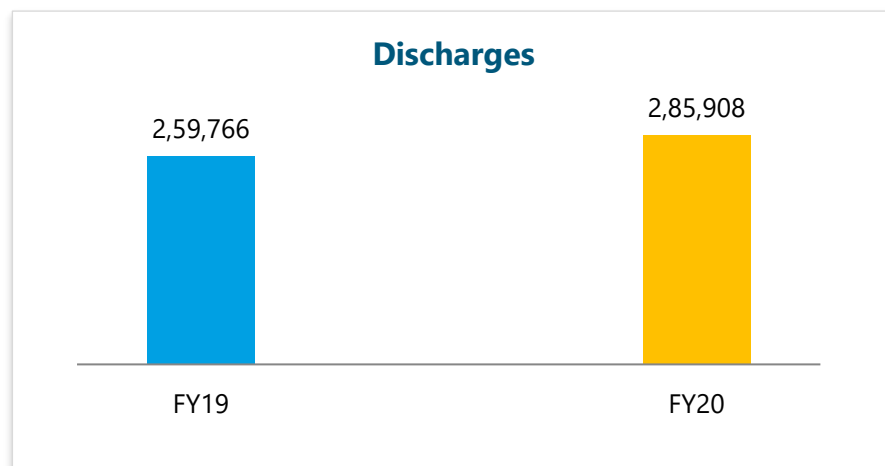
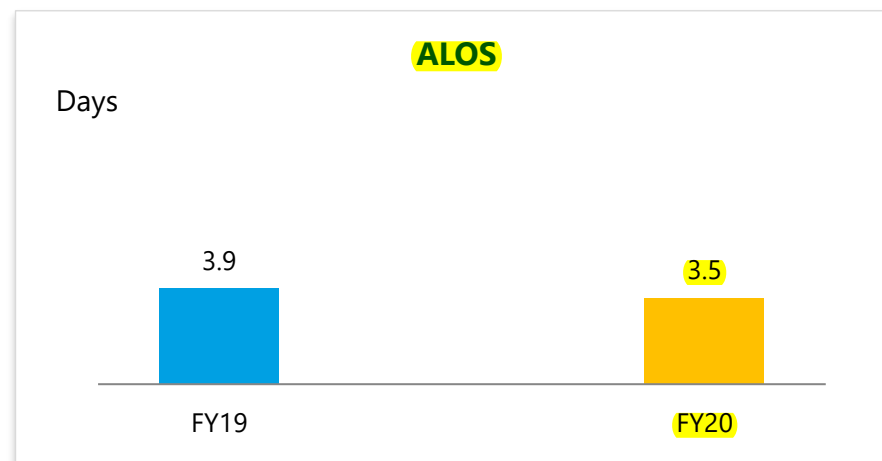
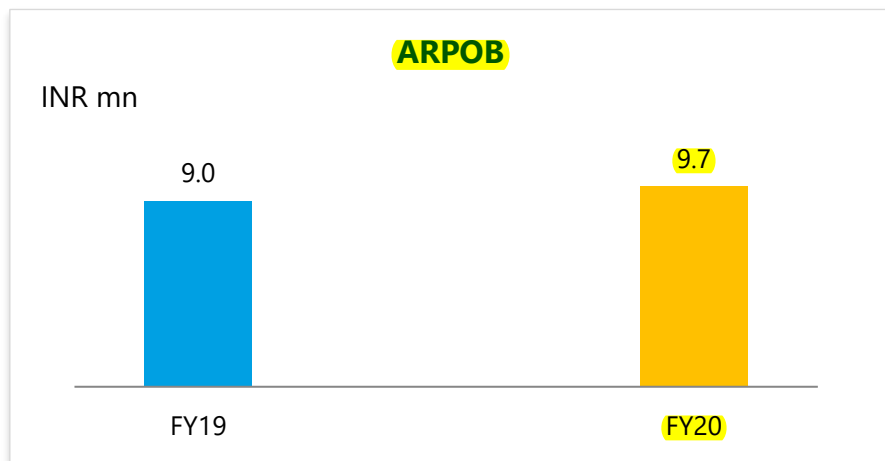
(3) As percentage of IP and OP revenue, excludes Jammu VGF, clinics, other ancillary business

(4) Insured Patients include Insurance-covered patients, corporate patients (including public sector undertakings); Schemes include CGHS, ESIS, other state government schemes

(5) Calculated on operating revenue of owned / operated hospitals

(6) Calculated on IP revenue; 6 core specialities (cardiac sciences, renal sciences, oncology, neurosciences, gastroenterology and orthopaedics) account for ~87% of IP revenue in FY20, excludes clinics data, Jammu VGF

(7) Adjusted for Whitefield facility, YoY revenue growth for Q4 FY20 is 0.7% and 9.7% in FY20 respectively for India Business



(1) Includes critical care and step-down care beds

(2) ICU occupied bed days for Whitefield unit were 4,015 and 2,190 for the periods FY19 and FY20 respectively

ARPOB

US\$ mn



Discharges⁽¹⁾



Operating Revenues

US\$ mn



Profitability

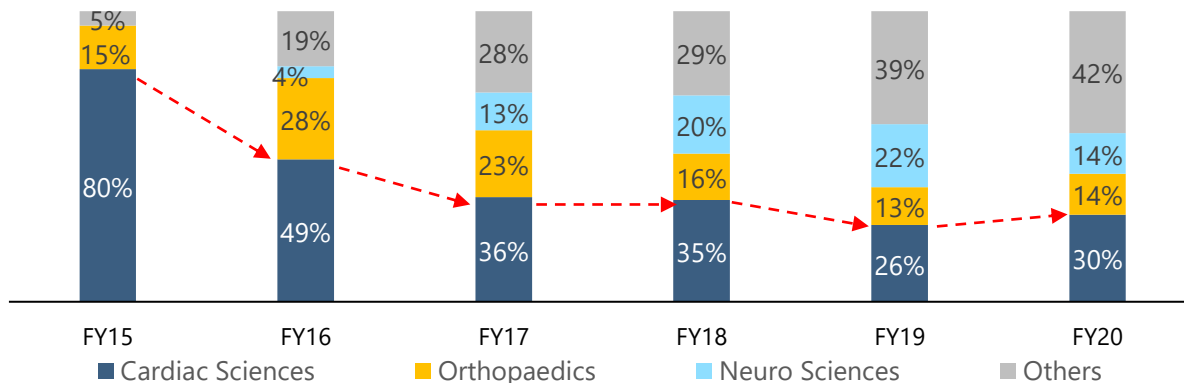
US\$ mn



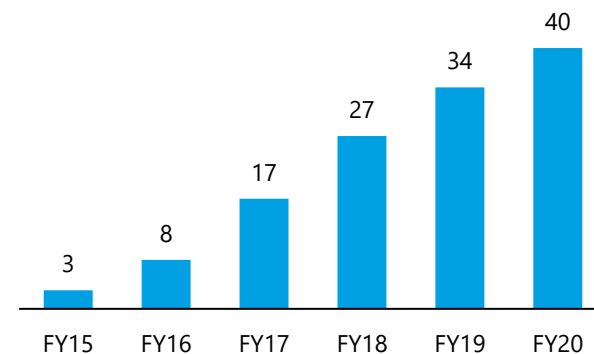
(1) ALOS for the period FY19 was 5.0 days and 5.6 days for FY20

(2) As per the new accounting treatment for leases per IND AS 116 effective 1st April which resulted in US\$ 1.2 mn increase in EBITDA and decrease of US\$ 0.4 mn in PAT for FY 20 on a like-to-like basis (pre IND AS 116)

Evolving as a Multispecialty Healthcare Provider

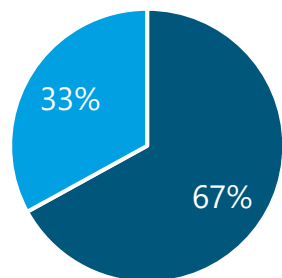


Steady Ramp-up in Occupied Beds



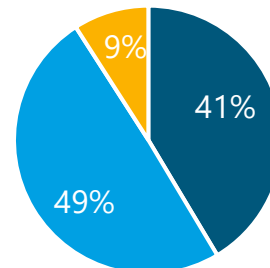
Revenue Mix – FY20

IP/OP Split

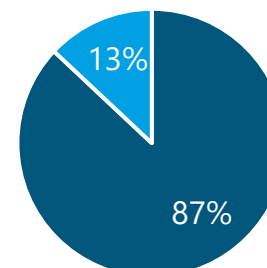


■ IP Patients ■ OP Patients

Payee-Profile



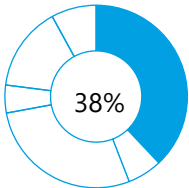
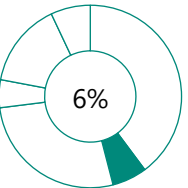
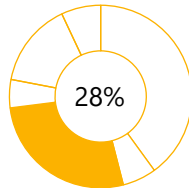
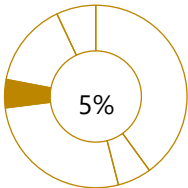
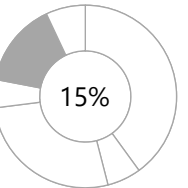
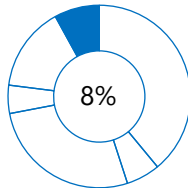
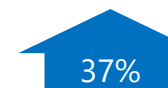
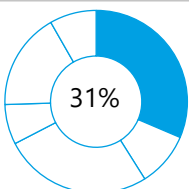
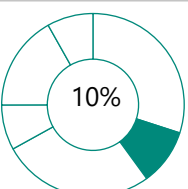
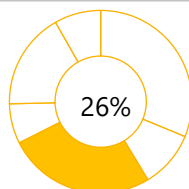
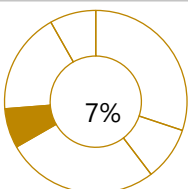
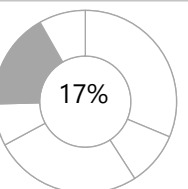
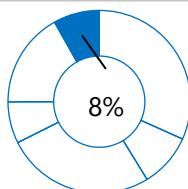
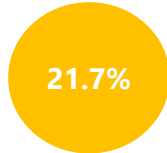
■ Private Credit⁽¹⁾ ■ Other Credit⁽²⁾ ■ Cash



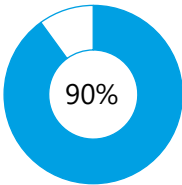
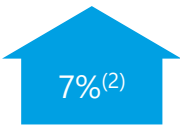
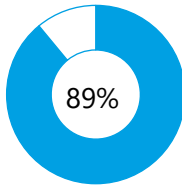
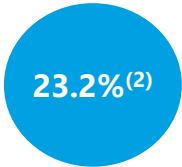
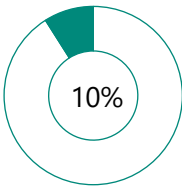
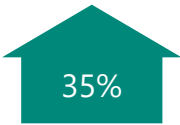
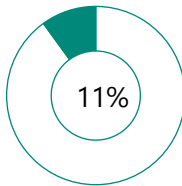
■ Domestic ■ International

(1) Includes private insurance, corporates, employers

(2) Includes government departments, government insurance companies, foundations

Regions	Bangalore - NICS - MSMC - HSR - Whitefield	Southern Peripheral - Mysore - Shimoga	Kolkata - RTIICS - Barasat - NMH & NSH - RNN - NSC	Eastern Peripheral - Jamshedpur - Guwahati	Western - Mumbai - Ahmedabad - Jaipur - Raipur	Delhi NCR - Gurugram - New Delhi
% of Hospital Operating Revenues						
YoY Revenue Growth	 4% ⁽¹⁾	 8%	 7%	 17%	 15%	 37%
% of Hospital Operational Beds						
ARPOB (INR mn)	 11.6	 7.0	 9.1	 6.7	 8.3	 13.6
EBITDAR Margin	 30.7% ⁽¹⁾	 18.4%	 21.7%	 12.0%	 3.4%	 -18.1%

(1) Adjusted for Whitefield facility, for Bangalore region, YoY revenue growth is 7.1% and EBITDAR margin is 31.6% in FY20

Maturity	Hospitals (Exc. Managed Hospital & Jammu)	Hospital Operating Revenues		% of Hospital Operational Beds	Key Performance Indicators		
		% of Total	YoY Growth		ARPOB (INR mn)	Discharges ⁽³⁾	EBITDAR Margin ⁽⁴⁾
Existing	17	 90%	 7% ⁽²⁾	 89%	 9.4	 232,417	 23.2% ⁽²⁾
New	3	 10%	 35%	 11%	 12.2	 31,041	 -22.1%

New: Mumbai, Delhi and Gurugram units

- (1) Jammu facility reported operational revenues of INR 192 mn and INR 773 mn in Q4 FY20 and FY20 respectively
(2) Adjusted for Whitefield facility, YoY revenue growth for existing bucket is 8.2% and EBITDAR margin is 23.4% in FY20
(3) ALOS of matured set is 3.7 days and new units is 2.4 days
(4) EBITDA before rental/revenue share and before allocation of any corporate expenses

EBITDA and EBITDA Margin

INR mn

Movement across New Hospitals

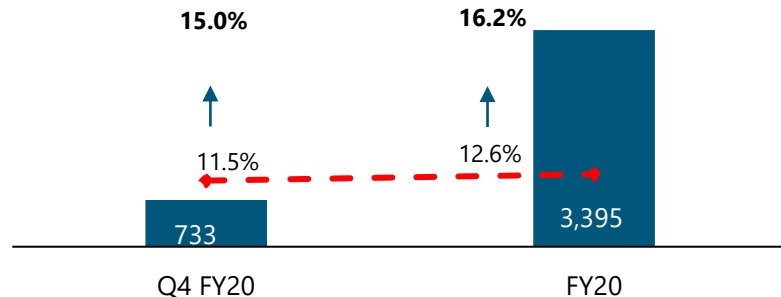
Q4 FY20

	Loss	Revenues
Total	(132)	639

FY20

	Loss	Revenues
Total	(574)	2,480

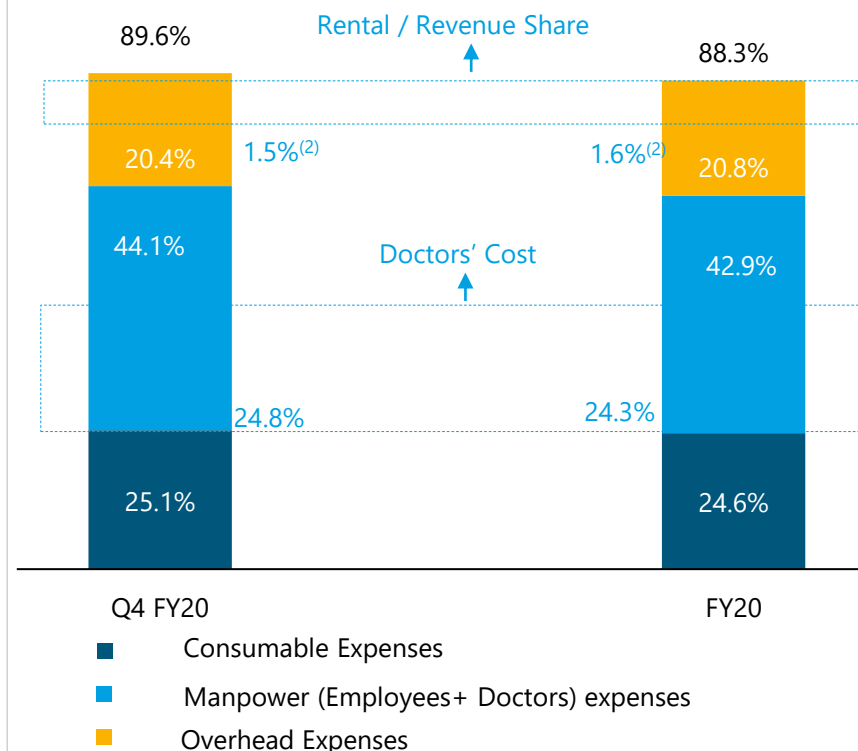
Adjusted for the above, the adjusted EBITDA margins would be as follows



- Heart Centres clocked an EBITDAR margin of 20.8%⁽¹⁾ in Q4 FY20 translating into an EBITDAR margin of 21.2%⁽¹⁾ for FY20

Cost Structure

% of Operating Revenues



(1) EBITDA before rental/revenue share and before allocation of any corporate expenses

(2) As per the new accounting treatment for leases per IND AS 116 effective 1st April which resulted in INR 93 mn and INR 319 mn decrease in India business rental expenses for Q4 FY20 and FY20 respectively while on consolidated basis, it resulted in INR 183 mn and INR 408 mn decrease in rental expenses for Q4 FY20 and FY20 respectively on a like-to-like basis (pre IND AS 116)

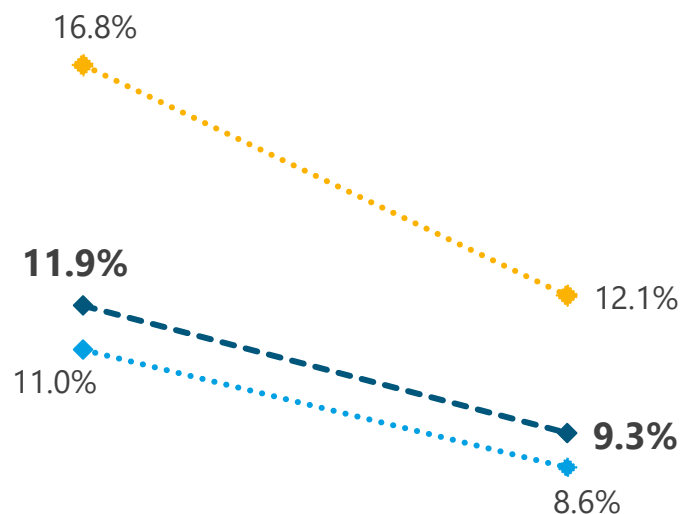
Categories have been calculated as

Consumable Expenses = Purchase of medical consumables, drugs and surgical equipment net of changes in inventories of medical consumables, drugs and surgical equipment;

Manpower (Employees and Doctors) expenses = Employee benefits + Professional fees to doctors;

Overhead expenses = all other expenses

Operating Revenues YoY Growth

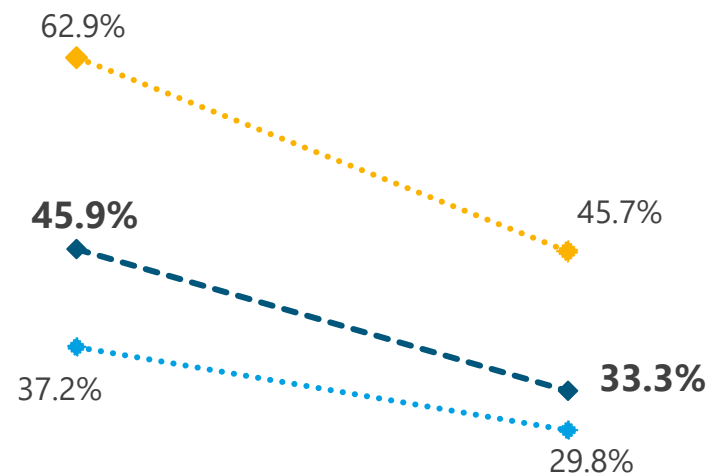


11M FY20⁽¹⁾

12M FY20⁽¹⁾

—◆— NH Consol ···◆··· NH India ···◆··· NH HCCI

EBITDA⁽²⁾ YoY Growth



11M FY20⁽¹⁾

12M FY20⁽¹⁾

—◆— NH Consol ···◆··· NH India ···◆··· NH HCCI

With high degree of operating leverage built in the business, operating profit materially impacted as business registered a YoY degrowth in March 2020

⁽¹⁾ 11M FY20 denotes period ended Feb 2020 and 12M FY20 denotes period ended Mar 2020

⁽²⁾ Pre-IND AS 116 EBITDA

Figures in INR mn, unless stated otherwise

Profit and Loss Statement^(1,3)

Particulars (INR mn)	Q4 FY20	FY20
Total Operating Revenue	7,429	31,278
Consumption	1,788	7,453
Doctors Expenses	1,719	7,102
Employee (Excluding Doctors) Expenses	1,481	5,925
Other Admin Expenses	1,484	6,569
Total Expenses	6,472	27,049
Other Income	70	238
EBITDA	1,028	4,467
Depreciation and Amortization	551	1,858
Finance Costs	208	853
Share of loss of equity accounted investees	(5)	(34)
Exceptional Items	(109)	(109)
PBT	155	1,613
Tax Expense	36	423
PAT	120	1,191
Total Comprehensive Income	157	1,237

Key Balance Sheet Items⁽¹⁾

Particulars	31 st March 2020
Shareholder Equity	11,360
Total Debt	7,178
Lease Liability	2,344
Net Block + CWIP	17,363⁽²⁾
Goodwill	582
Right to Use Assets	2,375
Net Receivables	2,623
Current Investment (Mutual Fund)	693
Cash and Bank Balance	1,148

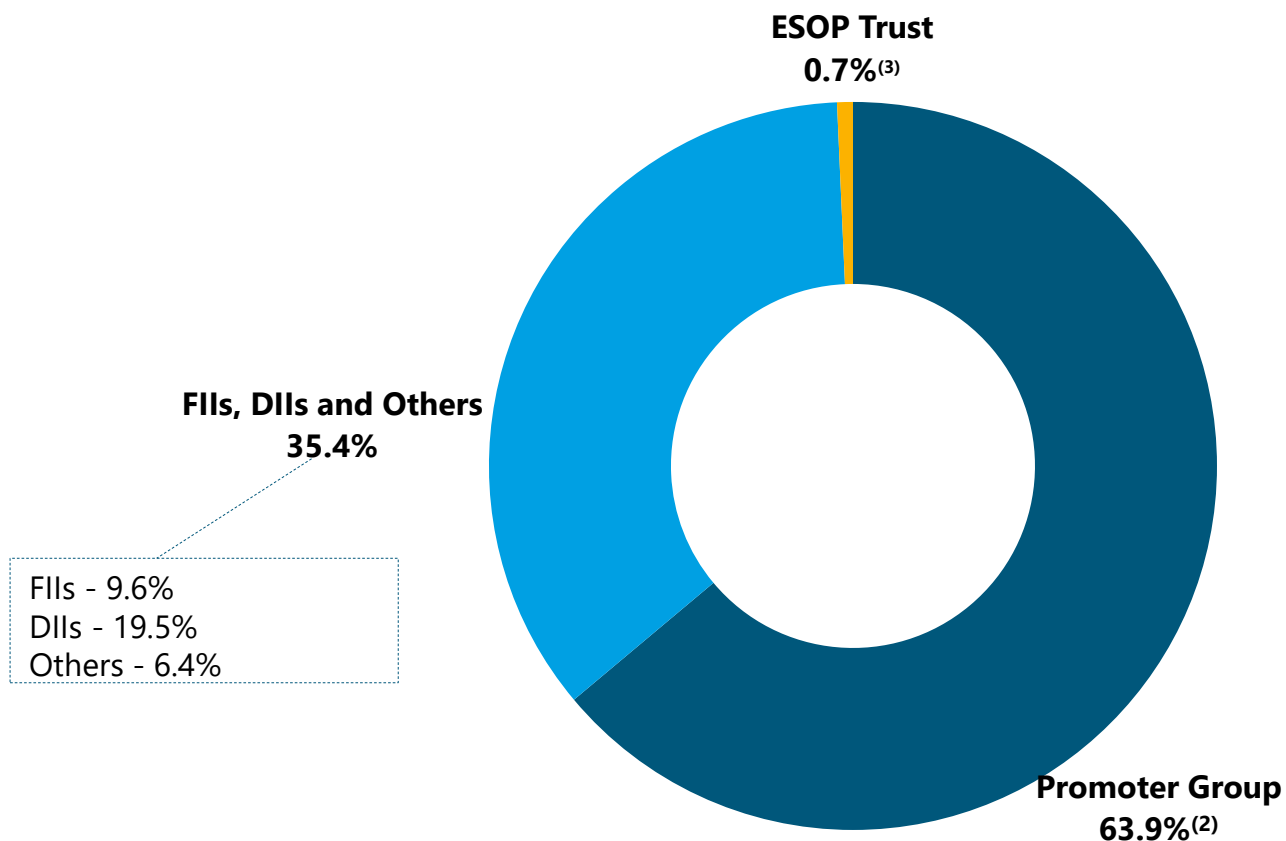
As on March 31st, 2020, the consolidated net debt (Total Debt less Cash and Bank Balance) was Rs 6,031 mn, representing a net debt to equity ratio of 0.53 (Out of which, debt worth US\$ 47.8 mn is foreign currency denominated)

(1) Figures might not equal the reported numbers due to rounding off

(2) Net Block includes non-cash government grant impact of Rs 1,229 mn and non-cash financial lease impact of Rs 972 mn

(3) As per the new accounting treatment for leases per IND AS 116 effective 1st April which resulted in INR 201 mn increase in depreciation, INR 56 mn increase in finance cost for Q4 FY 20 resulting in decrease of INR 75 mn in PAT and INR 431 mn increase in depreciation, INR 186 mn increase in finance cost for 12M FY 20 resulting in decrease of INR 209 mn in PAT on a like-to-like basis (pre IND AS 116)

As on 31st March 2020⁽¹⁾



Total Number of Shares

204,360,804

Key FIIs

Franklin Templeton

Wellington Asset Management

Mirae Asset Management

Simcra Partners

HSBC Global Investment

Key DIIs

SBI Asset Management

ICICI Prudential Asset Management

Max Life Insurance

Aditya Birla Asset Management

Nippon (Reliance) Asset Management

(1) Percentages might not add up to 100% due to rounding off

(2) Includes 2.8% held by NHAPL (Narayana Health Academy Private Limited)