Narayana Health™

Date of submission: 12th July 2019

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: Notice of 19th Annual General Meeting and Annual Report for the FY 2018-19

Pursuant to Regulation 34 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('Listing Regulations'), we enclose herewith Notice of 19th Annual General Meeting of the Members of the Company to be held on Saturday, August 10, 2019 at 11:30 AM at 'Sathya Sai Samskruta Sadanam', No. 20, Hosur Road, Bengaluru – 560 029 and Annual Report of the Company for the FY 2018-19.

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 the Listing Regulations 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 19th Annual General Meeting by electronic means and business may be transacted through remote e-voting services provided by Karvy Fintech Private Limited. The e—voting period will commence from Wednesday, August 7, 2019 at 10:00 AM and will end on Friday, August 9, 2019 at 5:00 PM (Both days inclusive). The cut-off date for determining the members who shall be eligible to vote is 3rd August 2019.

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/stakeholder-relations/agm-notice

https://www.narayanahealth.org/stakeholder-relations/annual-reports

Kindly take the above said information on record.

Thanking you,

Yours faithfully,

For **NARAYANA HRUDAYALAYA LIMITED**

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 Health
Health for all. All for health.

Narayana Hrudayalaya Limited
(CIN: L85110KA2000PLC027497)
Registered Office: 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560099
Corporate Office: 261/A, 2nd Floor, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560099
Tel: +91 80 7122 2129, Website: www.narayanahealth.org, E-mail: investorrelations@narayanahealth.org

Dear Members,

Invitation to attend the 19th Annual General Meeting on 10th August 2019

You are cordially invited to attend the Nineteenth Annual General Meeting of the Company to be held at Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru - 560029 on Saturday, the 10th day of August, 2019 at 11.30 A.M.

The Notice convening the Annual General Meeting is attached herewith.

Your Company will be providing transport facility on 10th August, 2019 from the specified destinations given below to reach the venue comfortably.

1. Main Vijayanagar Bus stop Hanuman/Maruthi Mandir
2. Deepanjali Metro Station, Bapujinagar
3. Ashoka Pillar Bus Stop, Jayanagar
4. Sarakki Bus Stop
5. Gopalan Innovation Mall, Bannerghatta Road
6. Jayadeva Hospital Bus Stop- Towards Bannerghatta Dairy Circle Road
7. CET Cell, 18th Cross Road, Malleswaram
8. Mantri Square Mall, Malleswaram
9. Mayo Hall Civil Court, M G Road
10. Life Style Richmond Road Bus Stop
11. Hoodi Bus Stop
12. Baiyappanahalli Metro Station- Old Madras Road
13. Embassy Golf Link Business Park Bus Stop, Domlur
14. Sony World Junction Main Signal, Koramangala

Those who wish to avail of this facility and to know the start time of these buses are requested to contact Mr. Hrishikesh V Murthy (Corporate Secretarial function) at the following number Tel: +91 80 71222129 / Mobile No: +91 9742658844 between 10 a.m. and 5 p.m.

You may also send your request email to investorrelations@narayanahealth.org

Yours truly,

Sridhar S
Group Company Secretary, Legal & Compliance Officer
Place: Bengaluru
Date: 24th May 2019

ROUTE MAP TO THE VENUE



Narayana Hrudayalaya Limited

(CIN: L85110KA2000PLC027497)

Registered Office: 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560 099
Corporate Office: 261/A, 2nd Floor, Bommasandra Industrial Area, Anekal Taluk, Bengaluru-560 099.
Tel: +91 80 7122 2129, Website: www.narayanahealth.org, E-mail: investorrelations@narayanahealth.org

NOTICE

Notice is hereby given that the Nineteenth Annual General Meeting (AGM) of the Members of Narayana Hrudayalaya Limited will be held at "Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029 on Saturday, the 10th August 2019 at 11.30 A.M. to transact the following business:

A. Ordinary Business:

1. To receive, consider and adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2019 including Consolidated Financial Statements for the said year, together with the Reports of the Board of Directors and the Auditors thereon.

2. To declare a dividend of ₹ 1.00 per Equity Share for the financial year ended 31st March 2019.

3. To appoint a Director in place of Dr. Devi Prasad Shetty (DIN:00252187), who retires by rotation and being eligible, offers himself for re-appointment.

B. Special Business:

4. **Ratification of remuneration payable to the Cost Auditors for the Financial Year 2019-20**

   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 ₹ 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 2019-20.

   FURTHER RESOLVED 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. **Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as a Director of the Company**

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

   "RESOLVED THAT, pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors, and pursuant to applicable provisions of the Companies Act, 2013, and the Rules made thereunder (including any statutory modifications or re-enactment(s) thereof, for the time being in force) and the Articles of Association of the Company, Dr. Emmanuel Rupert (DIN: 07010883), who was appointed as an Additional Director with effect from 3rd February 2019, and who holds office until the date of this Annual General Meeting in terms of Section 161 of the Companies Act, 2013 and in respect of whom the Company has received a notice in writing from a member under Section 160 of the Companies Act, 2013, signifying his intention to propose Dr. Emmanuel Rupert as a candidate for the office of a Director of the Company, be and is hereby appointed as a Director of the Company."

6. **Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as Managing Director and Group CEO of the Company**

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

   "RESOLVED THAT, pursuant to the recommendation of the Nomination and Remuneration Committee and the Board of Directors and pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other

applicable provisions, if any, of the Companies Act, 2013 read with the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 (including any amendment/modification thereof) subject to such necessary approval(s), consent(s) or permission(s), as may be required, consent of the Members be and is hereby accorded to appoint Dr. Emmanuel Rupert (DIN: 07010883) as Managing Director and Group CEO of the Company for a period of 3 (three) years with effect from 11th February 2019.

FURTHER RESOLVED THAT, pursuant to the recommendation of Nomination and Remuneration Committee and the Board of Directors, subject to such consent(s), approval(s), permission(s) as may be required from any statutory authority, Dr. Emmanuel Rupert shall be paid the following remuneration with effect from 11th February 2019 till end of the term of appointment as Managing Director and Group CEO or till such time his remuneration is further revised, whichever is earlier:

Consolidated Salary: Dr. Emmanuel Rupert shall be paid consolidated salary up to ₹4,09,15,200 (Rupees Four Crore Nine Lakh Fifteen Thousand and Two Hundred only) per annum which includes performance-based pay, allowances and perquisites, with the authority to the Board to fix the salary within the said maximum limit from time to time including the various components of such salary.

Stock Compensation: A grant of 1,83,117 Options under the NH ESOP Plan 2015 on the following terms:

Vesting Plan	1st Year (30%) – 54935 Options 2nd Year (30%) – 54935 Options 3rd Year (40%) – 73247 Options
Exercise Price	The exercise price shall be ₹10 per share. Dr. Emmanuel Rupert shall bear all tax liability in relation to grant of options.
Vesting Period	1st Vesting – 1st October 2019 2nd Vesting – 1st October 2020 3rd Vesting – 1st October 2021
	All Vested Options shall be respectively exercised as per the vesting period in one or more tranches over the next 4 years from the date of first vesting, failing which the options shall lapse.
Exercise period and process of exercise	Dr. Emmanuel Rupert may Exercise the Options by applying to the ESOP Trust to issue and transfer to him shares pursuant to the Vested Options, accompanied by payment of an amount equivalent to the Exercise Price in respect of such shares and such other writing, if any, as the Board may specify to confirm extinguishment of the rights comprising in the options then exercised.

Other Benefits: Group Mediclaim Insurance Policy, Group Personal Accident Policy, Group Term Life Insurance Policy and Group Term Life – Future Service Guarantee.

FURTHER RESOLVED THAT, all other terms and conditions as per the HR policy of the Company be and is hereby applicable including Earned/Privilege leave, Gratuity in terms of applicable provisions of the relevant statutes.

FURTHER RESOLVED THAT, the remuneration as set out above be paid to Dr. Emmanuel Rupert as minimum remuneration, in the event of loss or the profits made are inadequate, subject to the provisions of Schedule V of the Companies Act, 2013.

FURTHER RESOLVED 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 as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

7. Appointment of Ms. Nivruti Rai (DIN: 01353079) as an Independent Director of the Company for a term of three consecutive years

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

"RESOLVED THAT, pursuant to the provisions of Sections 149, 150, 152, read with Schedule IV and any other applicable provisions of the Companies Act, 2013

read with the Companies (Appointment and Qualifications of Directors) Rules, 2014 (including any statutory modification(s) or re-enactment thereof for the time being in force) and pursuant to Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, based on the recommendation of the Nomination and Remuneration Committee and the Board of Directors, Ms. Nivruti Rai (DIN:01353079), who was appointed as an Additional Director of the Company with effect from 27th March 2019 pursuant to provisions of Section 161(1) of the Companies Act, 2013 and the Articles of Association of the Company and who holds office up to the date of this Annual General Meeting and who has submitted a declaration that she meets the criteria of Independence as provided in Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, be and is hereby appointed as an Independent Director of the Company to hold office for a term of three consecutive years from 27th March 2019 to 26th March 2022 and whose office shall not be liable to determination by retirement of Directors by rotation.

FURTHER RESOLVED 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 as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

8. Continuation of Mr. Muthuraman Balasubramanian (DIN: 00004757) as an Independent Director of the Company

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

"RESOLVED THAT, pursuant to Regulation 17(1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and any other applicable act(s)/ rule(s)/ regulation(s) including the Companies Act, 2013 and the rules made thereunder, the approval of the Members of the Company be and is hereby accorded for continuation of Directorship of Mr. Muthuraman Balasubramanian (DIN: 00004757), Independent Director, on his attaining the age of 75 years on 26th September 2019 for the remainder of his tenure as an Independent Director which ends on 7th August 2023 at same terms and conditions as already approved by Members.

FURTHER RESOLVED 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 as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

9. Revision in remuneration of Dr. Devi Prasad Shetty (DIN: 00252187) as Whole-time Director

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

"RESOLVED THAT, pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment/modification or enactment thereof for the time being in force), and the recommendation of the Nomination and Remuneration Committee and the Board of Directors, subject to such necessary approval(s), consent(s) or permission(s), as may be required, approval of the Members be and is hereby given to revise the remuneration payable to Dr. Devi Prasad Shetty (DIN: 00252187) as Whole-time Director of the Company on the terms and conditions as hereinafter mentioned effective from 1st April 2019 and for the remaining period of his appointment or till such time his remuneration is further revised before the end of his term, whichever is earlier:

Consolidated Salary: Consolidated salary upto ₹ 6,58,24,000/- (Rupees Six Crore Fifty Eight Lakh Twenty Four Thousand only) per annum which includes performance based pay, allowances and perquisites, with the authority to the Board to fix the salary within the said maximum limit from time to time including the various components of such salary.

Benefits apart from consolidated salary: Group Mediclaim Insurance Policy, Group Personal Accident Policy, Group Term Life Insurance Policy.

FURTHER RESOLVED THAT, all other terms and conditions as per the HR policy of the Company be and is hereby applicable including Earned/Privilege leave, Gratuity in terms of applicable provisions of the relevant statutes.

FURTHER RESOLVED THAT, the revised remuneration as set out above be paid to Dr. Devi Prasad Shetty as minimum remuneration in the event of loss or the profits made are inadequate, subject to the provisions of Schedule V of the Companies Act, 2013.

FURTHER RESOLVED 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 as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

10. Revision in remuneration of Mr. Viren Shetty (DIN:02144586) as Whole-time Director and Group Chief Operating Officer (COO)

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

"RESOLVED THAT, pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (including any amendment/modification or enactment thereof for the time being in force) and the recommendation of the Nomination and Remuneration Committee and the Board of Directors, subject to such necessary approval(s), consent(s) or permission(s), as may be required, approval of the Members be and is hereby given to revise the remuneration payable to Mr. Viren Shetty (DIN: 02144586) as Whole-time Director and Group Chief Operating Officer of the Company, on the terms and conditions as hereinafter mentioned effective from 1st April 2019 and for the remaining period of his appointment or till such time his remuneration is further revised before the end of his term, whichever is earlier:

Consolidated Salary: Consolidated salary upto ₹ 1,35,43,200/- (Rupees One Crore Thirty Five Lakh Forty Three Thousand Two Hundred only) per annum which includes performance based pay, allowances and perquisites, with the authority to the Board to fix the salary within the said maximum limit from time to time including the various components of such salary.

Benefits apart from consolidated salary: Group Mediclaim Insurance Policy, Group Personal Accident Policy, Group Term Life Insurance Policy and Group Term Life – Future Service Guarantee.

FURTHER RESOLVED THAT, all other terms and conditions as per the HR policy of the Company be and is hereby applicable including Earned/Privilege leave, Gratuity in terms of applicable provisions of the relevant statutes.

FURTHER RESOLVED THAT, the revised remuneration as set out above be paid to Mr. Viren Shetty as minimum remuneration in the event of loss or the profits made are inadequate, subject to the provisions of Schedule V of the Companies Act, 2013.

FURTHER RESOLVED 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 as it may in its absolute discretion deem necessary, proper or desirable and to settle any question, difficulty or doubt that may arise in the said regard."

11. 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

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

"RESOLVED THAT, pursuant to the provisions of Section 185 of the Companies Act, 2013, as amended by the Companies (Amendment) Act, 2017, approval of the Members be and is hereby accorded to provide loan(s) to Meridian Medical Research and Hospital Limited, a Subsidiary Company and/or to give guarantee(s), and/ or provide security(ies) in connection with any loan (excluding loans availed from banks and financial institutions) taken / to be taken by Meridian Medical Research and Hospital Limited, the aggregate of which shall not exceed ₹ 25,00,00,000/- (Rupees Twenty Five Crore only).

RESOLVED FURTHER THAT, the Board of Directors (including any Committee of the Board, duly constituted / to be constituted by the Board of Directors of the Company for the purpose of evaluation and approval of various borrowings of the Company) be and is hereby authorized

to negotiate, finalise and agree the terms and conditions of the aforesaid loan/ guarantee/security and do all such acts, deeds, matters and things as may be deemed necessary, desirable, proper or expedient for the purpose of giving effect to the above resolution and including without limitation, for matters connected therewith or incidental thereto and to sign and execute any deeds / documents / undertakings / agreements / papers / writing, as may be required in this regard."

12. Issue of debt securities on Private Placement Basis

To consider and, if thought fit, to pass the following resolution as a **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 the Board) to offer, invite subscription for or issue debt securities, secured or unsecured, including redeemable Non-Convertible Debentures ("Debt Securities") not exceeding ₹ 200 Crores 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, shall be within the overall borrowing limit as approved by the Shareholders under Section 180(1)(c) of the Companies Act, 2013, that is ₹ 1500 crores (Rupees Fifteen Hundred Crores only)

RESOLVED FURTHER THAT, the Board of Directors of the Company (including any Committee thereof), be and is hereby authorised to finalise and execute all deeds, documents and writings as may be necessary, desirable or expedient, and to do all acts and take all such steps as may be necessary and to delegate all or any of these powers to any Director(s) or officer(s) to give effect to this resolution."

13. Revision in remuneration payable to Dr. Varun Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013

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

"RESOLVED THAT, pursuant to the provisions of Section 188 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014, approval of the Members be and is hereby accorded for the payment of revised remuneration of ₹ 71,00,000 (Rupees Seventy One Lakh Only) per annum effective from 1st April 2019 to Dr. Varun Shetty, a Consultant Surgeon, who is a relative of Dr. Devi Prasad Shetty, Chairman & Whole-time Director and Mr. Viren Shetty, Whole-time Director and Group COO of the Company.

RESOLVED FURTHER THAT, the Board of Directors of the Company, 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."

14. Revision in remuneration payable to Dr. Vivek Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013

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

"RESOLVED THAT, pursuant to the provisions of Section 188 of the Companies Act, 2013 (including any statutory modification(s) or re-enactment(s) thereof for the time being in force), read with Rule 15 of the Companies (Meeting of Board and its Powers) Rules, 2014, the consent of the Members be and is hereby accorded for the payment of revised remuneration of ₹ 53,50,000/- (Rupees Fifty Three Lakh Fifty Thousand Only) per annum effective from 1st April 2019 to Dr. Vivek Shetty, a Consultant Surgeon, who is a relative of Dr. Devi Prasad Shetty, Chairman & Whole-time Director and Mr. Viren Shetty, Whole-time Director and Group COO of the Company.

RESOLVED FURTHER THAT, the Board of Directors of the Company, 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."

15. Fees for delivery of any document through a particular mode of delivery to a Member

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

"RESOLVED THAT, pursuant to provisions of Section 20 of the Companies Act, 2013 and other applicable provisions, if any, of the said Act and relevant rules prescribed there under, whereby a document may be served on any member by the Company by sending it to him by post or by registered post or by speed post or by courier or by delivering to his office or address, or by such electronic or other mode as may be prescribed, the consent of the Members be and is hereby accorded to charge from the member the fee in advance equivalent to expenses of delivery of the documents being not more than the actual expenses applicable for such delivery, pursuant to any request made by any Member for delivery of such document to him, through any particular mode of services mentioned above.

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."

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

Sridhar S
Group Company Secretary, Legal & Compliance Officer

Place: Bengaluru
Date: 24th May 2019

Notes:

1. The Explanatory Statement pursuant to Section 102 of the Companies Act, 2013 setting out material facts concerning business under item nos. 4 to 15 is annexed hereto.

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 Directors seeking appointment / re-appointment at the Annual General Meeting forms integral part of the Notice. The Directors have furnished details as required under this regulation for their re-appointment/appointment and also as required under the Companies Act, 2013 and Rules made thereunder.

3. A route map showing the directions to reach the venue of the Nineteenth Annual General Meeting is annexed hereto.

4. A Member entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy, to attend and vote instead of himself/herself, and a proxy need not be a Member of the Company. The instrument appointing the proxy, duly completed, must be deposited at the Registered Office of the Company not less than forty eight (48) hours before the commencement of the Meeting (on or before 8th August 2019). Proxies submitted on behalf of limited companies, societies etc., must be supported by appropriate resolutions/authority as applicable. A person can act as a proxy on behalf of Members not exceeding fifty (50) and holding in aggregate not more than ten percent (10 %) of the total share capital of the Company. In case a proxy is proposed to be appointed by a Member holding more than 10% of the total share capital of the Company carrying voting rights, then such proxy shall not act as a proxy for any other person or Members.

5. For the convenience of Members and for the proper conduct of the meeting, entry to the place of meeting will be regulated by an attendance slip, which is annexed to the Proxy Form. Members/Proxies attending the meeting are kindly requested to complete the enclosed attendance slip, affix their signature at the place provided thereon and hand it over at the entrance.

6. Members are requested to bring Annual Report 2018-19 along with them to the Annual General Meeting, since extra copies will not be supplied at the Meeting.

7. The Company has fixed Saturday, 3rd August 2019 as the 'Record Date' for determining entitlement of Members to final dividend for the financial year ended 31st March 2019.

8. If the final dividend, as recommended by the Board of Directors, is approved at the AGM, payment of such dividend will be made within 30 days from date of the AGM, to all Beneficial Owners in respect of shares held in dematerialized form as per the data as may be made available by the National Securities Depository Limited (NSDL) and the Central Depository Services (India) Limited (CDSL) and to Members in respect of shares held in physical form as of the close of business hours on Saturday, 3rd August 2019.

9. The Register of Directors and Key Managerial Personnel and their shareholding maintained under Section 170 of the Companies Act, 2013 and the Register of Contracts or Arrangements in which the Directors are interested maintained under Section 189 of the Companies Act, 2013 and the certificate from Auditors of the Company certifying that the Narayana Hrudayalaya (Employee Stock Option Plan), 2015 are being implemented in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 will be available for inspection by the Members at the Annual General Meeting.

10. Proxies shall be made available for inspection by a Member, during the period beginning twenty-four hours before the time fixed for the commencement of the Meeting and ending with the conclusion of the Meeting.

11. All the documents referred to in the Notice and Explanatory Statement shall be open for inspection at the Registered Office of the Company on all working days during business hours up to the date of the Meeting.

12. Notice is sent to all the Members (electronic or physical copy), whose names appears in the Register of Members as on Friday, the 5th July 2019. The Notice of the meeting is also posted on the website of the Company i.e., www.narayanahealth.org.

13. In line with the measures of Green Initiative, the Companies Act, 2013 provides for sending notice of the meeting and other Member correspondence through electronic mode. Members holding shares in physical mode are requested to register their e-mail ID with the Company/Karvy Fintech Private Limited ("Karvy"), the Registrar and Transfer Agent. Members holding shares in demat mode are requested to register their e-mail ID with their respective Depository Participants (DP). If there is any change in the e-mail ID already registered with the Company/Karvy, Members are requested to immediately notify the same to the Company.

14. 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 Karvy to provide efficient and better services. Members holding shares in physical form are requested to intimate such changes to Karvy.

15. As per Regulation 40 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended, securities of listed companies can be transferred only in dematerialized form with effect from 1st April 2019, except in case of request received for transmission or transposition of securities. In view of this and to eliminate all risks associated with physical shares and for ease of portfolio management, members holding shares in physical form are requested to consider converting their holdings to dematerialized form. Members can contact the Company or Karvy for assistance in this regard.

16. 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 Karvy.

17. In compliance with the provisions of Section 108 of the Companies Act, 2013, read with Rule 20 of the Companies (Management and Administration) Rules, 2014, as

amended from time to time and Regulation 44 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards on General Meetings (SS-2) issued by the Institute of Company Secretaries of India, the Company is pleased to provide its Members facility to exercise their right to vote on resolutions proposed to be considered at the 19th Annual General Meeting by electronic means and the businesses may be transacted through e-Voting Services. The facility of casting votes by the Members using an electronic voting system from a place other than venue of the Annual General Meeting ("remote e-voting") will be provided by Karvy.

18. The facility of Insta Voting shall be made available at the venue of the Annual General Meeting and the Members attending the meeting who have not cast their vote by remote e-voting shall be able to exercise their right at the meeting through insta voting.

19. The voting through electronic means will commence on Wednesday, 7th August 2019 at 10.00 A.M. and will end on Friday, 9th August 2019 at 5.00 P.M. During this period, Members of the Company holding shares either in physical form or in dematerialized form, as on the cut-off date Saturday, 3rd August, 2019, may cast their vote electronically. The e-voting module shall be disabled by Karvy for voting thereafter. Once the vote on a resolution is cast by the Members, the Members shall not be allowed to change it subsequently.

20. The Members who have cast their votes before the Annual General Meeting can also attend the meeting but shall not be entitled to cast their votes again.

21. A person who ceases to be Member after the cut-off date should treat this notice for information purpose only.

22. Instructions for Voting through electronic means are as under:

A. In case a Member receives an email from Karvy [for Members whose e-mail ids are registered with the Company/Depository Participant(s)]:

(i) Open e-mail and open PDF file viz. "remote e-voting.pdf" with your Client ID or Folio No. as password. The said PDF file contains your user ID and password/PIN for remote e-voting. Please note that the password is an initial password.

(ii) Launch internet browser by typing the following URL: https://www.evoting.karvy.com.

(iii) Click on Shareholder - Login

(iv) Put user ID and password/PIN as initial password/PIN noted in step (i) above. Click Login.

(v) Password change menu appears, change the password with new password/PIN of your choice with minimum 8 digits/characters or combination thereof. Note new password. It is strongly recommended not to share your password with any other person and take utmost care to keep your password confidential.

(vi) Home page of remote e-voting opens. Click on remote e-voting: Active Voting Cycles.

(vii) Select "EVEN" i.e., E-Voting Event Number of "Narayana Hrudayalaya Limited".

(viii) Now you are ready for remote e-voting as Cast Vote page opens.

(ix) Cast your vote by selecting appropriate option and click on "Submit" and also "Confirm" when prompted.

(x) Upon confirmation, the message "Vote cast successfully" will be displayed.

(xi) Once you have voted on the resolution, you will not be allowed to modify your vote.

(xii) Shareholders holding multiple folios/demat account shall choose the voting process separately for each folios/demat account.

(xiii) Institutional shareholders (i.e. other than individuals, HUF, NRI etc.) are required to send scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc. together with attested specimen signature of the duly authorized signatory(ies) who is/ are authorized to vote, to the Scrutinizer through e-mail to sudhindraksfcs@gmail.com with a copy marked to evoting@karvy.com.

(xiv) The e-voting portal will remain open for voting from Wednesday, 7th August 2019 at 10.00 A.M. and will end on Friday, 9th August 2019 at 5.00 P.M (both days inclusive).

B. In case a Member receives physical copy of the Notice of Annual General Meeting and for Members whose e-mail ids are not registered with the Company /Depository Participant(s) or requesting physical copy:

(i) EVEN, User ID & Initial Password is provided at the bottom of the attendance slip.

(ii) Please follow all steps from Sl. No. A (i) to Sl. No. A (xiv) above, to cast your vote.

In case of any queries, you may refer the Frequently Asked Questions (FAQs) for Members and remote e-voting user manual for Members available at downloads Section of www.evoting.karvy.com or call on toll free no. 1-800-3454-001 for any query.

C. General Instructions:

(i) If you are already registered with Karvy for remote e-voting then you can use your existing user ID and password/PIN for casting your vote. If you forgot your password, you can reset your password by using "Forgot User Details/Password" option available on www.evoting.karvy.com or contact Karvy at the following toll-free No. 1-800-3454-001.

(ii) You can also update your mobile number and e-mail ID in the user profile details of the folio which may be used for sending future communication(s).

(iii) The voting rights of Members shall be in proportion to their shares of the paid up equity share capital of the Company as on the cut-off date on Saturday, 3rd August 2019.

(iv) Any person, who acquires shares of the Company and become Member of the Company after dispatch of the notice and holding shares as of the cut-off date i.e., Saturday, 3rd August 2019 may obtain the login ID and password by sending a request at evoting@karvy.com.

(v) 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 as well as voting at the Annual General Meeting through insta poll.

(vi) Institutional shareholders (i.e. other than individuals, HUF, NRI, etc.) are required to send a scanned copy (PDF/JPG Format) of the relevant Board Resolution/ Authority letter etc., with attested specimen signature of the duly authorized signatory(ies) who are authorized to vote, to the Scrutinizer by email to sudhindraksfcs@gmail.com with a copy marked to evoting@karvy.com

(vii) The Company has appointed Mr. Sudhindra K S, Practicing Company Secretary (FCS No. 7909, CP No. 8190), Bengaluru to act as Scrutinizer for conducting the electronic voting process in a fair and transparent manner. The Chairman shall, at the Annual General Meeting, at the end of discussion on the resolutions on which voting is to be held, allow voting with the assistance of scrutinizer, by use of insta poll facility for all those Members who are present at the Annual General Meeting but have not cast their votes by availing the remote e-voting facility.

(viii) The Scrutinizer shall, immediately after the conclusion of voting at the Annual General Meeting, first count the votes cast at the meeting and thereafter unblock the votes cast through remote e-voting in the presence of at least two witnesses not in the employment of the Company and shall make, not later than two days from the conclusion of the meeting i.e., on or before 12th August 2019, a consolidated scrutinizer's report of the total votes cast in favor or against, if any, to the Chairman or a person authorized by him in writing, who shall countersign the same and declare the result of the voting forthwith.

(ix) The Results declared along with the report of the Scrutinizer shall be placed on the website of the Company www.narayanahealth.org and on the website of Karvy immediately after the declaration of result by the Chairman or a person authorized by him in writing. The results shall also be immediately forwarded to the BSE Limited and National Stock Exchange of India Limited where the shares of the Company are listed.

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

Sridhar S
Group Company Secretary, Legal & Compliance Officer

Place: Bengaluru
Date: 24th May 2019

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 2019-20

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 2020, at a remuneration of ₹ 3,00,000 (Rupees Three Lakhs) per annum plus applicable taxes and 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 2020.

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

Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as a Director of the Company

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 3rd February 2019, appointed Dr. Emmanuel Rupert as an Additional Director effective from 3rd February, 2019 and he holds office as an Additional Director till the date of this Annual General Meeting. The Company has received a notice in writing under the provisions of Section 160 of the Companies Act, 2013, from a member proposing the candidature of Dr. Emmanuel Rupert for the office of director.

The Company has received consent, disclosures and declarations as applicable under the Companies Act, 2013 from Dr. Emmanuel Rupert.

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

Except Dr. Emmanuel Rupert, none of the other Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, directly or indirectly in the proposed resolution.

Dr. Emmanuel Rupert is not related to any Director or Key Managerial Personnel of the Company.

Profile of Dr. Emmanuel Rupert has been provided in the Annual Report for Financial Year 2018-19.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Dr. Emmanuel Rupert is annexed to this Notice.

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

Item No. 6

Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as Managing Director and Group CEO of the Company

The Board of Directors, on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 3rd February 2019, appointed Dr. Emmanuel Rupert as Managing Director and Group CEO of the Company for a term of 3 years with effect from 11th February 2019, subject to approval of the Members at the ensuing Annual General Meeting on such terms and conditions including remuneration, as recommended by the Nomination and Remuneration Committee.

Dr. Emmanuel Rupert shall be paid remuneration during his tenure as Managing Director and Group CEO as proposed in the resolution under Item No.6 of the Agenda.

Approval of the Members is sought pursuant to the provisions of Sections 196, 197, 198, 203, Schedule V and other applicable

provisions, if any, of the Companies Act, 2013, (including any amendment/ modification thereof).

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 6 of this Notice, for the approval of the Members.

Except Dr. Emmanuel Rupert, none of the other Directors, Key Managerial Personnel and their relatives are in any way concerned or interested, financially or otherwise, directly or indirectly in the proposed resolution.

Profile of Dr. Emmanuel Rupert has been provided in the Annual Report for Financial Year 2018-19.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Dr. Emmanuel Rupert is annexed to this Notice.

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

Item No. 7

Appointment of Ms. Nivruti Rai (DIN: 01353079) as an Independent Director of the Company for a term of three consecutive years

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, had appointed Ms. Nivruti Rai (DIN: 01353079) with effect from 27th March 2019 as an Additional Director and in the capacity of an Independent Director, for a period of three consecutive years, not liable to retire by rotation.

Profile of Ms. Nivruti Rai has been provided in the Annual Report for Financial Year 2018-19.

Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standard 2, issued by the Institute of Company Secretaries of India, brief profile of Ms. Nivruti Rai is annexed to this Notice.

As an Additional Director, Ms. Nivruti Rai holds office till the date of the AGM and is eligible for being appointed as an Independent Director. The Company has received a notice pursuant to Section 160 of the Companies Act, 2013 from a Member signifying his intention to propose the appointment of Ms. Nivruti Rai as a Director (categorized as 'Independent Director') of the Company. The Company has also received a declaration from Ms. Nivruti Rai confirming that she meets the criteria of independence as prescribed under Section 149(6) of the Companies Act, 2013. Ms. Nivruti Rai is also not disqualified from being appointed as a Director in terms of Section 164 of the Act and has given her consent to act as a Director of the Company.

In the opinion of the Board of Directors of the Company, Ms. Nivruti Rai is independent of the management of the Company and fulfils the conditions specified in the Companies Act, 2013, the rules made thereunder, and Regulation 16 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 for appointment as an Independent Director. Further, the Board of Directors of the Company is of the opinion that Ms. Nivruti Rai is a person of integrity and has relevant experience and expertise for her to be appointed as Independent Director of the Company.

Copy of the letter of appointment of Ms. Nivruti Rai as an Independent Director setting out terms and conditions of appointment would be available for inspection without any fee by the Members at the Registered Office of the Company during normal business hours (9:00 am to 5:00 pm) on any working day, except Saturday, upto and including the date of AGM of the Company and is also available on the Company's Website.

Accordingly, the Board recommends passing of an Ordinary resolution as set out at Item No. 7 of this Notice, for the approval of the Members.

Except Ms. Nivruti Rai, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

Ms. Nivruti Rai is not related to any Director or Key Managerial Personnel of the Company.

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

Item No. 8

Continuation of Mr. Muthuraman Balasubramanian (DIN: 00004757) as an Independent Director of the Company

Pursuant to the provisions of Regulation 17 (1A) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 no listed entity shall continue the directorship of any person as a Non-Executive Director who has attained the age of 75 (Seventy five years) unless a special resolution is passed to that effect.

Mr. Muthuraman Balasubramanian, Independent Director of the Company, shall attain age of 75 years on 26th September 2019. He was re-appointed as Independent Director of the Company for a second term of five consecutive years from 8th August 2018. He brings in rich experience of more than 50 years in business strategy, business management and leadership. 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.

Mr. Muthuraman Balasubramanian 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. He 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. Muthuraman Balasubramanian contributes significantly through the Board process on strategy formulation, review of business operations and financial results, risk management and controls. Therefore, the Nomination and Remuneration Committee and the Board of Directors considers that his continued association would be of immense benefit to the Company considering his rich experience, expertise and valuable contribution made to the Board of Directors of the Company and has recommended the continuation of directorship of Mr. Muthuraman Balasubramanian as Independent Director of the Company till his original term upto 7th August 2023 and accordingly approval of Members of the Company is sought to continue his directorship.

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 8 of this Notice, for the approval of the Members.

Except Mr. Muthuraman Balasubramanian, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution. Mr. Muthuraman Balasubramanian is not related to any Director or Key Managerial Personnel of the Company.

Profile of Mr. Muthuraman Balasubramanian has been provided in the Annual Report for Financial Year 2018-19. Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, issued by the Institute of Company Secretaries of India, brief profile of Mr. Muthuraman Balasubramanian is annexed to this Notice.

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

Item No. 9

Revision in remuneration of Dr. Devi Prasad Shetty (DIN: 00252187) as Whole-time Director

The Board of Directors on the recommendation of the Nomination and Remuneration Committee, at their meeting held on 24th May 2019, approved increase in the remuneration payable to Dr. Devi Prasad Shetty, as Whole-time Director of the Company as proposed in the resolution in Item No. 9 of the Notice, and hereby recommend it for your approval.

The proposed remuneration is based on Industry Standards and the role and responsibilities of Dr. Devi Prasad Shetty as Whole-time Director of the Company.

Accordingly, approval of the Members is sought pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 9 of this Notice, for the approval of the Members.

Except for Dr. Devi Prasad Shetty, Mr. Viren Shetty and their relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

Profile of Dr. Devi Prasad Shetty has been provided in the Annual Report for Financial Year 2018-19. Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, issued by the

Institute of Company Secretaries of India, brief profile of Dr. Devi Prasad Shetty is annexed to this Notice.

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

Item No. 10

Revision in remuneration of Mr. Viren Shetty (DIN:02144586) as Whole-time Director and Group COO

The Board of Directors on recommendations of the Nomination and Remuneration Committee, at their meeting held on 24th May 2019 have passed a resolution for increasing the remuneration payable to Mr. Viren Shetty, Whole-time Director and Group COO of the Company as proposed in the resolution in Item No. 10 of the Notice, and hereby recommend it for your approval.

Approval of the Members is sought pursuant to the provisions of Sections 196, 197, 198, 203 read with Schedule V and other applicable provisions, if any, of the Companies Act, 2013, the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

The proposed remuneration is based on Industry Standards and the role and responsibilities of Mr. Viren Shetty as Whole-time Director and Group COO of the Company.

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 10 of this Notice, for the approval of the Members.

Except Mr. Viren Shetty, Dr. Devi Prasad Shetty, and their relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

Profile of Mr. Viren Shetty has been provided in the Annual Report for Financial Year 2018-19. Pursuant to Regulation 36 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and Secretarial Standards 2, issued by the Institute of Company Secretaries of India, brief profile of Mr. Viren Shetty is annexed to this Notice.

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

Item No. 11

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

The Company holds 99.12% in the equity share capital of Meridian Medical Research and Hospital Limited(MMRHL). MMRHL currently operates two hospital units in West Bengal.

The Board of Directors seek consent of the Members by way of a Special resolution pursuant to Section 185 of the Companies Act, 2013 (as amended by the Companies (Amendment) Act, 2017) for making of loan(s) to, and/or giving of guarantee(s), and/or providing of security(ies) in connection with any loan taken/ to be taken (excluding loans availed from banks and financial institutions) by MMRHL of an aggregate amount not exceeding ₹ 25,00,00,000/- (Rupees Twenty Five Crore only) on the terms mentioned in the resolution set out at Item No. 11 and necessary delegation of authority to the Board of Directors of the Company for this purpose.

The aforesaid limit of upto ₹ 25,00,00,000/- (Rupees Twenty Five Crore only) shall be utilized by MMRHL for its operational/ working capital requirements including margin money, as may be required, from time to time for expansion of its business activities and the matters connected and incidental thereto.

The Board of Directors recommend the resolution set out at Item No. 11 for the approval of the Members of the Company.

Except Dr. Emmanuel Rupert, Dr. Devi Prasad Shetty, Mr. Viren Shetty, Mr. Muthuraman Balasubramanian, being Directors on the Board of the Company and MMRHL and their relatives, none of the Promoters, Directors, Key Managerial Personnel of the Company and their relatives are deemed to be concerned or interested financially or otherwise in the said resolution.

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

Item No. 12

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 Rs.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.12.

As per the provisions of Section 42 of the Companies Act, 2013 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 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 the Section 42 of the Act) in one or more series / tranches. Hence, the Board of Directors ('Board') pursuant to Section 71 and Section 42 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. 12 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, in the said resolution.

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

Item No. 13

Revision in renumeration payable to Dr. Varun Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013

The Board of Directors at their meeting held on 24th May 2019, on the recommendation of Audit, Risk and Compliance Committee and Nomination and Remuneration Committee of the Company, has approved revised remuneration payable to Dr. Varun Shetty as a Consultant Surgeon with a Remuneration of ₹ 71,00,000 (Rupees Seventy One Lakh only) per annum which is commensurate with his experience and as per prevalent industry standards.

Dr. Varun Shetty being a relative of Dr. Devi Prasad Shetty, Chairman and Whole-time Director and Mr. Viren Shetty, Whole-time Director and Group COO of the Company is deemed to be holding an office or place of profit in the Company in terms of Section 188 (1)(f) of the Companies Act, 2013.

Dr. Varun Shetty graduated with MBBS in 2010 and later finished his DNB in Cardiothoracic Surgery from Narayana Institute of Cardiac Sciences in 2016. He later did his FRCS In Cardiothoracic Surgery from the Joint Surgical College UK in 2018. He is now a Consultant Surgeon in the department of Cardiac surgery at Narayana Institute of Cardiac Sciences, Bengaluru. He is currently paid remuneration of ₹ 52,32,000 (Rupees Fifty Two Lakhs and Thirty Two Thousand only) per annum.

Since the above proposed revision in remuneration exceeds the limit prescribed under Section 188 of the Companies Act 2013, the revision in remuneration will require prior approval of the Members vide a Special resolution.

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 13 of this Notice, for the approval of the Members.

Except Dr. Devi Prasad Shetty, Mr. Viren Shetty and their relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way concerned or interested, financially or otherwise, in the said resolution.

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

Item No. 14

Revision in remuneration payable to Dr. Vivek Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013

The Board of Directors at their meeting held on May 24, 2019, on the recommendation of Audit, Risk and Compliance Committee and Nomination and Remuneration Committee of the Company, has approved revision in remuneration payable to Dr. Vivek Shetty as a Consultant Surgeon with a Remuneration of ₹ 53,50,000/- (Rupees Fifty Three Lakh Fifty Thousand only) per annum which is commensurate with his experience and as per prevalent industry standards.

Dr. Vivek Shetty being a relative of Dr. Devi Prasad Shetty, Chairman and Whole-time Director and Mr. Viren Shetty, Whole-time Director and Group COO of the Company is deemed to be holding an office or place of profit in the Company in terms of Section 188 (1)(f) of the Companies Act, 2013.

Dr Vivek Shetty graduated with MBBS in February 2011 and subsequently did MS in General Surgery in May 2014. He further completed Fellowship in Head and Neck Oncology from RGUHS in 2016.

He underwent training in Head and Neck Surgical Oncology in June 2016 following which, he has been working as a Consultant Surgeon in the department of Head and Neck Oncology at Mazumdar Shaw Cancer Center, Bengaluru. He is currently paid remuneration of ₹ 32,04,600 (Rupees Thirty Two Lakhs Four Thousand and Six Hundred Only) per annum.

Since the above proposed remuneration exceeds the limit prescribed under Section 188 of the Companies Act 2013, the appointment will require prior approval of the Members vide a Special resolution.

Accordingly, the Board recommends passing of the Special resolution as set out at Item No. 14 of this Notice, for the approval of the Members.

Except Dr. Devi Prasad Shetty, Mr. Viren Shetty and their relatives, none of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said resolution.

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

Item No. 15

Fees for delivery of any document through a particular mode of delivery to a Member

As per the provisions of Section 20 of the Companies Act, 2013, a document may be served on any member by sending it to him by registered post, by speed post, by electronic mode, or any other modes as may be prescribed.

Further, a member may request the delivery of document through any particular mode by paying such fees as may be determined by the members in the Annual General Meeting.

Accordingly, the Board recommends the passing of the Ordinary Resolution at Item No. 15 of the Notice for members approval.

None of the Directors or Key Managerial Personnel of the Company or their relatives are in any way, concerned or interested, financially or otherwise, in the said 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: 24th May 2019

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. Devi Prasad Shetty	Dr. Emmanuel Rupert	Ms. Nivruti Rai	Mr. Muthuraman Balasubramanian
DIN (Director Identification Number)	00252187	07010883	01353079	00004757
Date of Birth (Age in Years)	8th May 1953 (66 Years)	29th December 1967 (51 years)	05th November, 1966 (52 Years)	26th September 1944 (74 Years)
Date of Appointment	19th July 2000	3rd February 2019	27th March, 2019	8th August 2015
Qualification	MBBS, Master's Degree in Surgery	MBBS from M.S. Ramaiah Medical College, M.D (Anesthesiology) from Benaras Hindu University, Fellowship, Cardiac Anesthesiology and Critical Care Medicine, Madras Medical Mission	Bachelor's degree in statistics, physics & chemistry and master's degree in applied mathematics from University of Lucknow master's degree in electrical and industrial engineering from Oregon State University	Master's in business administration, Degree in metallurgical engineering
Expertise in specific functional areas	He is Renowned Cardiac Surgeon and Healthcare Entrepreneur Please refer to the Directors Profile section in this Annual Report for detailed profile	He has over 25 years of clinical experience and 10 years of experience as Administrator in Healthcare delivery. Please refer to the Directors Profile section in this Annual Report for detailed profile	She has wide experience in Information Technology. Please refer to the Directors Profile section in this Annual Report for detailed profile	He has wide experience in Business Strategy, Business Management and Leadership Please refer to the Directors Profile section in this Annual Report for detailed profile
Number of Board Meetings attended during the Financial Year 2018-19	6	1	NA	6
*Directorships held in other Listed Companies	NIL	NIL	NIL	Sundaram Fasteners Limited
**Membership of Committees of other Listed Companies	NIL	NIL	NIL	Strategy Committee Chairman
Relationship between Directors of the Company inter-se	Dr. Devi Prasad Shetty is Father of Mr. Viren Shetty, Whole-time Director and Group COO	None	None	None
Number of shares held in the Company	6,47,00,571	NIL	NIL	120

Note: Directorship held in other Companies details is as on 24th May, 2019

* 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).

NOTES

NOTES

Narayana Health
Health for all. All for health.

Narayana Hrudayalaya Limited
(CIN: L85110KA2000PLC027497)
Registered Office: 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099
Corporate Office: 261/A, 2nd Floor, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099
Tel: +91 80 7122 2129, Website: www.narayanahealth.org, E-mail: investorrelations@narayanahealth.org

ATTENDANCE SLIP

19th Annual General Meeting held on 10th August 2019 at 11.30 A.M.

Name and Address of the Member:

Name(s) of the Joint Member(s) if any:

Registered Folio No./ DP ID & Client ID:

Number of Shares held:

Name of the Proxy/Representative, if any:

I/We hereby record my/our presence at the 19th Annual General Meeting of the Company held at "Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru- 560029 on Saturday, the 10th August 2019 at 11.30 A.M.

Note: Please bring the attendance slip to the meeting hall and hand it over at the entrance of the hall

Name of the Member/Proxy

Signature of the Member/Proxy

ELECTRONIC VOTING PARTICULARS		
EVEN (E-Voting Event Number	**USER ID**	**PASSWORD/PIN**

Note: Please read the instructions given at Note No. 22 of the Notice of the 19th Annual General Meeting carefully before voting electronically.

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MGT-11
FORM OF PROXY

[Pursuant to Section 105 (6) of the Companies Act, 2013 and Rule 19 (3) of the Companies (Management and Administration) Rules, 2014]

Name of the Member(s):					
Registered address:					
Email ID:		**Folio No/ Client ID**		**DP ID**	

I/We, being the Member (s) of Narayana Hrudayalaya Limited, holding …….. shares, hereby appoint

1. …….. of…….having email ID:…….or failing him
2. ……..…….. of…….having email ID:……or failing him
3. …….. of……..……having email ID:……..……

and whose signature(s) are appended below as my/our proxy to attend and vote (on a poll) for me/us and on my/our behalf in the 19th Annual General Meeting of the Company, to be held on Saturday, 10th August 2019 at 11.30 a.m. at Sathya Sai Samskruta Sadanam, No. 20, Hosur Road, Bengaluru - 560029 and at any adjournment thereof in respect of such resolutions as indicated below:

Resolution No	Business	Optional*	
Ordinary Business		**For**	**Against**
1.	To receive, consider and, adopt the Audited Financial Statements of the Company for the financial year ended 31st March 2019 including Consolidated Financial Statements for the said year together with the Reports of the Board of Directors and the Auditors thereon.		
2.	To declare a dividend of ₹ 1.00 per Equity Share for the financial year ended 31st March, 2019.		
3.	Re-appointment of Dr. Devi Prasad Shetty (DIN 00252187), who retires by rotation and being eligible, offers himself for re-appointment.		
Special Business			
4.	Ratification of remuneration payable to the Cost Auditors for the Financial Year 2019-20		

Resolution No	Business	Optional*	
Special Business		**For**	**Against**
5.	Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as a Director of the Company		
6.	Appointment of Dr. Emmanuel Rupert (DIN: 07010883) as Managing Director and Group CEO of the Company		
7.	Appointment of Ms. Nivruti Rai (DIN: 01353079) as an Independent Director of the Company for a term of three consecutive years		
8.	Continuation of Mr. Muthuraman Balasubramanian (DIN: 00004757) as an Independent Director of the Company		
9.	Revision in remuneration of Dr. Devi Prasad Shetty (DIN: 00252187) as Whole-time Director		
10.	Revision in remuneration of Mr. Viren Shetty (DIN:02144586) as Whole-time Director and Group COO		
11.	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		
12.	Issue of debt securities on Private Placement Basis		
13.	Revision in remuneration payable to Dr. Varun Shetty as a Consultation Surgeon, an office or place of profit under the Companies Act, 2013		
14.	Revision in remuneration payable to Dr. Vivek Shetty as a Consultant Surgeon, an office or place of profit under the Companies Act, 2013		
15.	Fees for delivery of any document through a particular mode of delivery to a Member		

Signed this……....day of…… 2019

Affix Revenue Stamp

Signature of Members	
Signature of First Proxy holder	
Signature of Second Proxy holder	
Signature of Third Proxy holder	

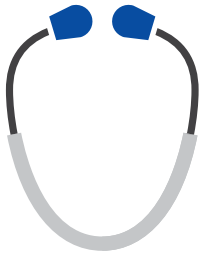
Note:

1. This form of proxy in order to be effective should be duly completed and deposited at the Registered Office of the Company, not less than 48 hours before the commencement of the Meeting.
2. For the Resolutions, Explanatory Statement and notes, please refer to the Notice of 19th Annual General Meeting.
3. It is optional to put a 'X' in the appropriate column against the Resolutions indicated in the Box. If you leave the "For' or "Against' column blank against any or all Resolutions, your proxy will be entitled to vote in the manner as he/she thinks appropriate.

Narayana Health
Health for all. All for health.

Building the Future of Healthcare

Narayana Hrudayalaya Limited **Annual Report 2018-19**



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Our Vision

To provide high quality healthcare with care and compassion at an affordable cost on a large scale.

Our Mission

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



Affordable Healthcare

A 225-bed hospital in the year 2000, is today a 7,155 capacity-bed multi-specialty healthcare services chain that provides superior tertiary healthcare at affordable costs. Headquartered in Bengaluru, we have a network of 23 hospitals (multispeciality and super-speciality healthcare facilities) with 7 heart centres (super- speciality units) across 18 locations in India and 1 multispeciality hospital in Cayman Islands.

In 19 years, we have demonstrated that vision and operational excellence can indeed create a healthcare service that is within the reach of all. We have done so by consistently growing our network of facilities, both through organic and inorganic routes. We have brought together quality and affordability. We have ensured that technology and accessibility coexist. And in the process, we have gained trust and credibility.

Today, we are firmly focused on strengthening this circle of care and compassion that has enabled us to serve patients, with means and without. And, in all that we do, the objective of building an affordable and sustainable healthcare ecosystem remains at the core.



23 HOSPITALS

7 HEART CENTRES

19 PRIMARY FACILITIES

1 HOSPITAL IN CAYMAN ISLANDS



7,155
Capacity Beds

30+
Specialities

16,690
Full-time employees and associates
including 3,644 Doctors as of March 2019



Operational & Clinical Highlights

- Mazumdar Shaw Medical Center (MSMC), Bengaluru, achieved the feat of completing 1,000 bone marrow transplants since its inception, thus becoming the first ever facility in Karnataka to have attained such distinction
- NH establishes strategic foray into Bangladesh by entering into partnership for operating cardiac sciences department in a state-of-the-art 350 bedded hospital
- NH SRCC Children's Hospital, Mumbai, recently commissioned state-of-the-art Bone Marrow Transplant (BMT) department and have successfully performed over 10 BMTs since of its commissioning
- NH SRCC Children's Hospital, Mumbai, successfully performed Endoscopic detethering of spinal cord. There have been only 7 such reported surgeries in the world and this was the first one performed in India
- Narayana Institute of Cardiac Sciences, Bengaluru, performed a double lung transplant. With novel techniques like these, the facility has emerged as the prime centre for organ transplants
- Narayana Institute of Cardiac Sciences, Bengaluru, performed India's first Interventional Fontan Completion, a hybrid treatment modality that reduces the number of surgeries required from 3 to 1 to treat congenital heart diseases
- Rabindranath Tagore International Institute of Cardiac Sciences (RTIICS), Kolkata, achieved the rare distinction of performing dual kidney transplant on a patient. It was the first ever such transplant in Eastern India
- Brahmananda Narayana Multispeciality Hospital, Jamshedpur, successfully removed a cancerous tumour weighing 3 kg. It was the second largest parotid gland tumour removal in India
- Narayana Health City, Bengaluru, successfully performed a heart-lung transplant on a patient suffering from interstitial lung disease (ILD) and severe coronary artery disease. This procedure was the first of its kind in the state
- NH completed its first year of liver transplant program and performed around 18 such transplants across RTIICS at Kolkata, MSMC, M S Ramaiah NH at Bengaluru and Narayana Superspeciality Hospital at Gurugram
- SRCC Mumbai now runs the 2nd largest paediatric cardiac surgery program in Maharashtra state
- Mazumdar Shaw Medical Centre, Bengaluru, operated a case of Naso Orbital Solitary Fibrous tumor using trans-nasal endo-orbital approach. Only 30 such cases have been reported in the world with this being the 2nd case operated by endoscopic approach

Chairman's Message



> **We have been globally recognised as a disruptive innovator in the field of healthcare for proving a model that combines world-class healthcare delivery with a cost-conscious mindset.**

Dear Stakeholders,

We started NH as a group of doctors with the idea of making high quality healthcare accessible to the masses. In the 19 years since we began this journey, our company has grown into a chain of super-speciality hospitals treating patients from across the world. We have been globally recognised as a disruptive innovator in the field of healthcare for proving a model that combines world-class healthcare delivery with a cost-conscious mindset. We don't have the luxury to sit still because the world is changing, and we must change to remain relevant in the 21st century. Just like AirBnB built the world's largest hotel chain without building any rooms, and Uber built the world's largest transport company without buying any cars, I believe that the world's largest healthcare company of the future will not build any beds.

We recognise the power of digitisation and its disruptive impact on companies that refused to evolve, and we believe that it will transform every aspect of our business. A few years ago, we took a decision to develop the capability to build software in-house and so we created the NH Software Development Centre. This team is building the next generation of hospital information systems, electronic records, and clinical decision support systems that will help us achieve high quality of clinical outcomes without putting a financial burden on our patients. I would like to highlight some of our ongoing projects:

Online Diabetes Clinic

Digital health may have started in developed economies, but it is desperately required in India which is struggling with the shortage of medical specialists. India is the diabetic capital of the world, with 7.2 million diabetes patients (International Diabetes Federation, 2017), yet it has only around 600 diabetologists to treat them. We believe that online diabetic care is the only way forward because a diabetologist sitting at home in front of a computer can treat 10 times more patients than seeing patients physically in clinic. NH has developed CURA diabetes outpatient application which treated over 34,000 patients in the last two years. Eight months ago, we launched an online diabetes management system that treats more than 2,400 patients online. Our patients were initially reluctant to consult the doctor online, but after they experienced the convenience, very few of them want to visit the hospital for a follow up.

NH-Atma, NH-Medha, and Kaizala

The entire NH network will transition to a home-grown Hospital Information System built by our team over the next couple of years. This software, which we have affectionately named NH-Atma, will be the foundation upon which our digital infrastructure will be developed. NH-Atma is cloud-based, fully scalable, and can integrate with all the existing infrastructure in the hospital. It has taken us 2 years to develop the software, but it is the first and most important step in our digital transformation.

As a low-cost healthcare operator, NH relies on accurate and timely data to help us make important decisions. We have a large team that can analyse this data and help us to identify inefficiencies in the hospital. With developments in AI and predictive analytics, we will soon be able to identify problem areas before they become serious events. Our data analytics product, called NH-Medha, has been a valuable tool in helping hospital administrators cut down costs, and doctors to make better clinical decisions.

Kaizala is an application developed by Microsoft that NH has adopted as an in-house messaging platform. We have developed multiple cards that run on top of Kaizala to help our teams communicate better. Our e-ICU cards have made a huge impact on care management for patients in the ICU. Our doctors can manage an ICU patient's condition from any part of the world using only their mobile phones. This simple technology has led to better clinical outcomes, shorter patient stays, and lesser medicine consumption in our tech-enabled e-ICU. The digital assets we have invested in, will help us scale our operations to serve millions of patients across the world without building or owning hospital beds in the future.

Making a Shift in our Growth Metrics

Several years ago, I made a statement that NH will build 30,000 beds and become the world's largest healthcare operator. Now we believe that hospital bed count as a growth indicator is quickly losing its relevance. As our clinical results improve, patients are staying in the hospital for shorter and shorter periods of time. Newer technologies like surgical robotics have converted procedures that used to require overnight admission into day-care procedures. The continuous lowering of Average Length of Stay has reduced our in-patient occupancy numbers and thus we are under less pressure to keep adding beds. With better systems to enable optimal usage of manpower and equipment, we can serve more patients with the same infrastructure. NH Average Length of Stay has decreased from 4.3 days in FY 2015-16 to 3.9 in FY 2018-19, while the number of discharges increased from 1.9 lakh to 2.6 lakh. This proves that our focus on clinical quality allows us to do more with less.

Outreach Programs

NH has always been at the forefront of responsible ESG stewardship in the healthcare space and we strive to align our healthcare initiatives with socio-economic imperatives. Our CSR programmes allow us to reach out to the masses to realise the goal of an educated and healthy society.

Suposhan Program

India has been fighting an invisible war against adolescent anaemia for decades. Anaemia, caused by the lack of iron in the diet, is associated with learning disabilities, lowered immunity, and maternal mortality. NH and Britannia Nutrition Foundation have launched a nutritional intervention programme in Jaipur in which 52 government schools have been selected for this research and action programme. We will distribute iron fortified biscuits amongst adolescents and conduct dietary surveys. The emphasis is on addressing awareness towards anaemia and the need for nutritional diversity.

Project H.O.P.E

Breast cancer is the most common cancer for urban Indian women and the second most common in rural women, with 1,40,000 new breast cancer patients being diagnosed annually. Project H.O.P.E. is aimed at early detection through promotive, preventive and curative efforts combined with research. Our teams have screened more than 60,000 people till now for oral and breast cancer and other non-communicable diseases including diabetes and hypertension.

I would like to conclude by saying that in these changing times, we have a great opportunity to change how healthcare is delivered. I would like to thank all our stakeholders, employees and associates who have reposed trust and confidence in us.

Best Regards,

Dr. Devi Prasad Shetty
Chairman

CEO's Message



> **NH is renowned for its dedication towards achieving clinical excellence and we now have world-class quaternary-care hospitals across most of the major cities in India.**

Dear Stakeholders,

It is an honour to present the performance of your company for FY 2018-19. Over the last two years, the Indian healthcare industry has undergone major changes due to a slew of regulatory measures. These changes impacted the momentum of your company for some time, but we are back on our growth trajectory. NH is renowned for its dedication towards achieving clinical excellence and we now have world-class quaternary-care hospitals across most of the major cities in India.

Strong Foundation for Growth

Your company has leveraged its leadership position in Cardiac and Renal Sciences to expand services across all the fields. Specialities like Gastro Sciences, Oncology, Neurology and Orthopaedics have grown from minor departments to contribute significantly to overall revenues. NH has developed Centres of Excellence (COE) across specialities to provide quaternary services across the country without duplicating manpower or infrastructure. This strategy is yielding results - our Raipur and East Delhi hospitals have emerged as Centres of Excellence in Oncology. Similarly, Mazumdar-Shaw Medical Centre in Bengaluru has achieved excellence in Gastro Sciences and Organ Transplants with 17 Liver Transplants and 161 Bone Marrow Transplants done in FY 2018-19. Our founding hospitals, NICS Bengaluru and RTIICS Kolkata have retained their pre-eminent status with NICS performing over 8,000 cardiac surgeries and RTIICS performing over 500 kidney transplants in FY 2018-19. We will continue to invest in state-of-the-art medical technology to achieve excellence in quaternary care.

International Operations

Our Facility in the Cayman Islands was the first attempt by an Indian company to run a Joint Commission accredited hospital in the Western world. We prudently deployed a phased approach to this investment, wherein we started off as a minority partner with 28.6% stake and increased our stake to 100% in the fourth year of operations. We are very pleased with the performance of this hospital as it registered a 22.3% year-on-year revenue growth in FY 2018-19 and an EBITDA margin of 24.1% in Q4 of FY 2018-19 translating into an impressive EBITDA margin of 17.4% for the FY 2018-19.

We have also entered into partnership for operating cardiac sciences department in a state-of-the-art 350-bed hospital in Chittagong, Bangladesh. NH is a well-known brand across Bangladesh and it has been our largest source of international patient footfall. This hospital is the first foray in the country and we will continue to explore other asset-light opportunities that can grow over time.

Strengthening Emerging Clusters

Post our strategic expansion into Mumbai and Delhi, we are now focussed on consolidating our operations to capitalise upon the strength of our network and replicating the success we have achieved in West Bengal and Karnataka.

In order to broaden the service offerings at our Children's Hospital in Mumbai, we have recently commissioned a state-of-the-art Bone Marrow Transplant (BMT) department and have successfully performed 10 BMTs during the last 6 months of its commissioning. The hospital also successfully performed an Endoscopic detethering of spinal cord. There have been only 7 such reported surgeries in the world and this was the first one performed in India. Since NH enjoys strong brand recall in cardiac sciences, the unit performed close to 550 cardiac surgeries with less than 2% mortality rate as against industry benchmark of around 4% in paediatric cardiac cases.

Our Gurugram unit is a premium quaternary care hospital with a focus on international medical tourism. Around 30% of revenues were from international patients coming from Afghanistan, Pakistan, Iraq and Uzbekistan. The unit performed over 900 surgeries with 1 liver and 1 kidney transplant in its first full year of operations. Dharamshila Narayana Superspeciality Hospital has a successful legacy of over 2 decades in oncology, and we are transforming it into an advanced multi-speciality provider. The unit performed 23 BMTs with less than 10% mortality rate and 21 renal transplants in the FY 2018-19. The ramp-up across these new facilities will set the stage for your company's growth trajectory in years to come.

Strengthening Operations, Delivering Growth

On the back of sustained performance of Indian operations, aided by the consolidation of our Cayman business, we ended the FY 2018-19 with an impressive consolidated revenue growth of 25.4% for the year. Our India business delivered year-on-year revenue growth of 12.5%, led mainly by an increase in ARPOB (Average Revenue Per Occupied Bed) which grew by 12.5% year-on-year on account of clinical advancements, evolving case mix and higher contribution of international patients. Our international business in Cayman, continued to deliver strong growth. The Cayman Business reported 22.3% year-on-year growth in revenues which resulted in 58.3% year-on-year growth in adjusted EBITDA in FY 2018-19, underlining the operating leverage in this hospital. On the profitability front, EBITDA for India business excluding new units at Mumbai and Delhi NCR for FY 2018-19 stands at 13.4% vis-à-vis an adjusted EBITDA margin of 12.4% in FY 2018-19. This robust uptick in the profitability has been achieved on the back of industry-leading margins across our mature centres being ably complemented by our newer hospitals.

To sum it up, I would like to state that patient safety and well-being continue to be focus areas for our company. We will continue to work towards achieving the goal of making high quality healthcare accessible to everyone. 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.

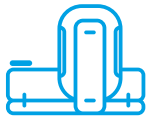
Best Regards,

Dr. Emmanuel Rupert
Managing Director and Group CEO

Clinical Review



OPD Consultations
2.5M (1.35x⬆)



CT
100K (1.32x⬆)



MRI
60K (1.46x⬆)



Health Check-up
115K+ (1.03x⬆)



Inpatient Admission
250K+ (1.35x⬆)



Robotic Surgery
230+ (2.1x⬆)



Solid Organ Transplant **600+**

Growth numbers are for last 3 years.



Cardiac Sciences

Narayana Health has been at the forefront in the fight against Cardiovascular epidemic in India. The commitment of our cardiologists and cardiothoracic surgeons has led to increasingly better outcomes improving the lives of thousands of patients who visit many of our hospitals every day. We invest in state-of-the-art technology, training and education to stay ahead of the curve. As a result, in the last decade, we have become a preferred destination for hundreds of thousands of patients for complex as well as routine Coronary Artery Bypass Surgery and Valvular Diseases. We have become one of the preferred centres for Heart Transplant.

Changing nature of Diagnostics

Over the years, the diagnostics of Cardiac related ailments have become increasingly sophisticated. As a result, we have seen phenomenal growth in certain areas of Cardiac Diagnostics while it has been stagnant in other areas. One such area has been the Cardiac MRI.

Cardiac MRI is used to diagnose a wide range of heart conditions. These include coronary heart disease, congenital heart disease, inherited heart condition, heart valve disease and cardiac tumours. There is increasingly strong evidence that cardiac MRI is very good for complex cases and for diagnosing conditions where other tests have been ambiguous. In the last three years, we have seen 600% growth in numbers stemming mainly from two locations.

Cardiac MRI	CT Coronary
6x Growth	**1.5x**

Electrophysiology Study and Radio Frequency Ablation

Electrophysiology studies (EPS) are tests that help doctors understand the nature of abnormal heart rhythms (arrhythmia) along with its location. Result of the procedure helps our doctors decide whether a pacemaker, an implantable cardioverter defibrillator, cardiac ablation or surgery is necessary. It also helps separating medical management cases from intervention cases.

The system enhances the accuracy of delivering Radio frequency Catheter Ablation, which can treat and cure most cardiac arrhythmias in place of life-long treatments. The overall lifecycle cost of care for the patient comes down due to the curative nature of this therapy.

EPS + RFA
3.6x Growth in 3 years

Growth numbers are for last 3 years.

Practice Makes Perfect

Various studies have demonstrated that hospitals with larger numbers 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. Narayana Health 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.

Angioplasty **15K+ (1.23x↑)**

Angiograms **38K+ (1.08x↑)**

CABG **8K+ (1.28x↑)**

Valve Repair **850+ (1.85x↑)**

Percutaneous Valve Replacement: Final Frontier in Cardiac Surgery

- **Transcatheter Mitral Valve Replacement:** In recent years, transcatheter mitral valve replacement (TMVR) has emerged as a potential therapeutic option for the treatment of severe mitral regurgitation which allows blood to flow in two directions during the contraction of the heart. Current option of treatment has been mitral valve repair or mitral valve replacement, both of which requires surgery. Our hospital in Bengaluru performed its first case of TMVR this year. Very few such cases have been performed in India till date.

New Frontiers in Cath Lab Interventions

- **Interventional Fontan Completion:** Our hospital in Bengaluru performed a hybrid treatment modality that reduces the number of surgeries required from 3 to 1 to treat congenital heart diseases. We are the first in the country to perform such procedure.
- **Leadless Pacemaker:** Leadless Pacemaker has been the newest invention in this area and still a novel procedure in India. These tiny machines are inserted directly into the heart, unlike regular pacemakers implanted just below the skin on the chest. Three such implantations have been done till date.



Growth numbers are for last 3 years.

Cardiac Cases

- **Heart & Lung Transplant on single recipient:** Combined heart and lung transplants – a rare surgery has been successfully performed on a 68-year-old male. He was diagnosed with Interstitial Lung disease. Upon further check-ups, he was diagnosed to have severe coronary artery disease. He was evaluated for options of organ transplant and registered for Heart & Lung transplant requirement. In January 2019, patient was successfully transplanted with both Heart and Lung and successfully discharged from our hospital in Bengaluru.
- **Heart Transplant In Kolkata:** Our hospital in Kolkata performed its first heart transplant surgery in September 2018. The recipient is a 29-year-old homemaker from Howrah. The heart was retrieved by a team from RTIICS through a long-distance retrieval from Patna, Bihar. This is the second reported Heart Transplant in eastern India.
- **Advanced 3D Mapping:** A middle-aged gentleman was a known case of ischemic dilated cardiomyopathy with severe left ventricle dysfunction. In the past, he had undergone an ICD implantation for these problems. However, after the procedure, he was having recurrent and frequent appropriate shocks for ventricular tachycardia. It was required to plan and execute a gruelling 6-hour EP and ablation procedure under 3D Cartos Mapping System for the management of the same after which the patient has been free of any further shocks.
- **Fourth time valve replacement:** The Cardiac Sciences Team at Narayana Multispeciality Hospital, Jaipur, performed heart surgery on a 40-year-old patient suffering from Mitral valve stenosis. The patient had already undergone valve repair and replacement surgery thrice in the past at other centres and needed it for the fourth time.
- **PDA on 64-year-old adult:** Cardiac Specialists successfully diagnosed and treated a 64-year-old patient with a hole in the heart, present since birth. Because most patients with PDA are diagnosed and treated when they are infants, this is a relatively rare birth defect amongst adults. An adult with untreated PDA is at a high risk of developing heart failure which could be fatal.
- **Dissection of Aorta:** Cardiac Sciences Team provided a new lease of life to a patient with Dissection of Aorta. The inner layer of the Aorta had separated away from the middle layer, which created a false channel for the blood to flow in between the two layers. The tear had resulted in compromised blood flow to the abdominal region, as the blood was leaking inside the aorta wall instead of flowing to the intestine and legs. The patient was treated via endo-vascular approach.
- **Other Key Procedures:** A known case of severe Left Ventricle Systolic Dysfunction was waiting for a heart transplant had a cardiac arrest. Emergency LVAD done. As she improved the LVAD was explanted. Then ICD implantation done in view of Secondary prevention.
- Our multidisciplinary team continues to provide excellent clinical care to patients. In one such example, our Cardiac Surgeons and Obstetrician operated on a 21-year-old pregnant patient with simultaneous Caesarean section and Aortic Valve Replacement. While these procedures are common in nature but performing them simultaneously makes it a very unique case.
- Our expertise in Pediatric Cardiac Surgery continues to save lives. A 9-days-old baby was diagnosed for Coarctation of aorta with Bicuspid Aortic Valve with Severe Aortic stenosis. Coarctoplasty was done to save its life. One month later, Balloon Aortic Valve dilatation was done.
- 3-year-old female diagnosed with Tetralogy of Fallot was admitted for Intracardiac Surgical Repair, evaluated and found to have Sickle Cell Anaemia. The surgery was performed on warm heart. Surgery went well, and the patient was discharged after one week.



Oncology

Stereotactic Body Radiation Therapy	**4.6x⬆**
Stereotactic Radiosurgery	**2.75x⬆**
Chemotherapy	**53K+ (3x⬆)**
Brachytherapy	**1.65x⬆**
Radiation Therapy	**25K+ (1.25x⬆)**
IMRT	**2.8x⬆**
IGRT	**10x⬆**

Cancer is a growing menace in India. It is estimated that there are 22.5 lakh patients in India and this number is increasing to the tune of 11.5 lakh every year. Overall, close to 8 lakh people die of cancer every year. 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.

The last decade has seen huge advancement in the cancer therapy with many new therapies now being tested in different stages for their efficacy to treat cancer. We, at Narayan Health, are trying to provide a spectrum of therapies in this speciality to provide best-in class treatment.

Growth numbers are for last 3 years.

Oncology Cases

- First Ophthalmic artery chemotherapy, a high-end eye saving procedure for resistant Retinoblastoma (Eye Cancer) in a two-and-half-year-old child was performed. A team of Ocular Oncology, Interventional radiology, Cathlab and Anaesthesia Teams worked on this multidisciplinary clinical care.
- A case of naso-orbital Solitary Fibrous Tumour was treated by transnasal endo orbital approach. The patient had normal vision in pre and post-operative period. Conventional approach with facial scar is avoided. Only 30 cases reported in the world literature. This is the second case reported, operated by endoscopic approach.
- Pedicle cryotherapy, a novel surgical technique, has been started for bone tumour. In this procedure, tumour bone is dipped in liquid nitrogen that helps kill all the cells and the same bone is put back into the body. It helps to save bone stock and give better function than artificial bone. Our centre in Bengaluru has performed the maximum number of pedicle cryotherapies in India.
- A 75-year-old patient from Bhutan with a huge growth on his face was operated. He underwent a complex maxillo-fronto-zygomatico-orbital excision with orbital exenteration and a rectus femoris free flap. A multi- surgeon team comprising Head Neck, Neuro and Plastic surgeons operated upon him.
- Thoracoscopic Salvage Esophagectomy: A year back, 34-year-old patient of squamous cell carcinoma of oesophagus was treated with chemoradiotherapy. He developed recurrent disease in mid-thoracic oesophagus & was referred for salvage esophagectomy. Procedure via thoracotomy was efficiently performed via thoracoscopic approach.
- Massive 8 kg tumour arising from head of pancreas and involving superior mesenteric vein and transverse colon was resected in a mammoth surgery (Whipple's pancreatic duodenectomy + right hemicolectomy + SMV resection & reconstruction).



Gastro Sciences

Endoscopy **36K+ (1.26x⬆)**

Colonoscopy **1.08x⬆**

Cholecystectomy **1.56x⬆**

Gastro Sciences is a highly specialised service split into gastrointestinal medicine and surgical expertise including transplants. We treat the upper digestive tract, stomach, liver, colon, intestinal problems and pancreas. 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.

Gastro Cases

- 45-years-old male patient admitted with history of fainting attacks if he does not eat every two hours. On evaluation he was found to have insulinoma in the region of pancreatic head. Excision of the tumour was done. Patient recovered well, and no more recurrent fainting attacks have happened since.
- An 18-year-old boy who had consumed Muriatic acid suffered acute cicatrisation of his entire stomach. He underwent a successful Hunt-Lawrence Pouch Surgery at our hospital in Kolkata to save his life.
- A 44-year-old, the prince in waiting of his tribe in Nigeria, presented with severe abdominal pain and distention. Evaluation showed a large mass arising from behind the stomach along with liver metastases stage 4. It was diagnosed as a spindle cell sarcoma. He received 4 cycles of a palliative chemo and repeat evaluation showed a very good response. He went on to undergo a resection of the mass along with resection of the metastatic liver deposits. What was considered a palliative treatment for stage 4 was converted to a curative therapy.

Growth numbers are for last 3 years.

Transplant Programme

Leveraging true potential of a network hospital



8 hospitals licensed for **renal transplant** spanning over East, West, South and North India

4 hospitals licensed for **heart transplant** spanning over East, South and West India

3 hospitals licensed for **liver transplant** spanning over East, South and North India

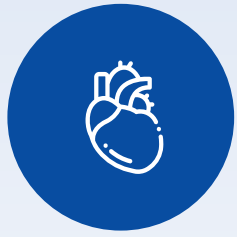
Transplant Programme



Renal Transplant
600+



15 Liver Transplants
2.0x Growth



19 Heart Transplants

Growth numbers are for last 3 years.



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 work days a week.

Haemodialysis
280K+ (1.23x↑)

Renal Cases

- Two back-to-back deceased donor transplants took place at our hospital in Kolkata in January 2019. In one of these cases, both kidneys of the donor were transplanted into a single recipient. This is a rare procedure known as en-bloc Renal Transplantation, and this was the first such instance in Eastern India. Only a handful of such cases have happened in the country.
- A young woman underwent her third kidney transplant in June 2018 at Kolkata from an ABO incompatible donor. RTIICS, our biggest hospital in Kolkata is the only hospital in Eastern India that conducts ABO incompatible renal transplantation, where the donor and recipient have different blood groups.
- Robotic partial nephrectomy was done in a patient of 55 years with bilateral renal tumours.
- Horseshoe kidneys are the most common renal fusion anomalies, occurring in approximately 1/400 births to 1/1000 births. Despite the presence of aberrant anatomy, both open and laparoscopic dismembered pyeloplasty have been reported to be performed successfully with good functional results. However, Robotic pyeloplasty was done with one such patient for stone removal.
- Urology team in association with plastic surgery team did a rare interpolation island flap repair of a complex vesico-cutaneous fistula. A 50-year-old lady with history of ectopia vesical repair in childhood presented with vesico-cutaneous fistula with stones in the fistula. The repair of fistula and removal of scar tissue of ectopia vesical repair left an 8x5 cm defect in supra-pubic region. This gap was covered by right lateral thigh pedicled myo-fascio-cutaneous flap that was tunnelled under groin skin.

Growth numbers are for last 3 years.



Trauma and Orthopaedics

Knee Replacement
1200+(1.2x↑)

Hip Replacement **330+**

Arthroscopy **350+**

Narayana Health provides comprehensive and world-class orthopaedic services. This department offers specialized care in the field of complex trauma, poly-trauma and related sub-specialities. Orthopaedic department at our hospitals deliver personalised care utilising latest research and evidence-based medicine. The department provides management related to disorders of bone, joint and a variety of musculoskeletal disorders.

The demand for knee and hip replacement surgeries are 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.

Trauma and Orthopaedics Cases

- Our doctors in Shimoga performed a complex procedure on a 11-year-old boy with crushed injury left leg. Doctors excised a significant area of Tibia and harvest vascularized fibula from opposite limb to fix the issue.
- Scoliosis correction surgery performed in a 6-year-old patient by our doctors in Bengaluru. Deformity was more than 100 degree and it was reduced to less than 25 degree.
- Road Traffic Accident Poly-trauma case with extensive compound fractures of left humerus, shaft, both bones with bone loss of humeral epicondyles with complete degloving of left forearm and left thigh, in a female patient managed by over 40 units of blood transfusion. The patient was discharged with no evidence of infection and is independently walking now.
- Poly-trauma case of 14-year-old patient due to alleged history of fall from 35 ft height suffered with

Growth numbers are for last 3 years.

head injury, pneumothorax with bilateral compound fractures of distal femur, patella, right humerus and olecranon. She has been discharged in a stable condition 2 weeks after the surgery with no evidence of disto-neuro vascular deficits.

- Total Elbow Replacement: The orthopaedic department at NH Ahmedabad carried out a rare and complicated total elbow replacement surgery on a patient suffering from polyarticular rheumatoid arthritis. The surgery was technically demanding due to the distorted anatomy secondary to rheumatoid arthritis. Surgery was successful and recovery period was uneventful. Mobilization of elbow was started after 2 weeks. At 6 weeks post operation, the patient was able to do all daily activities and was almost pain free.

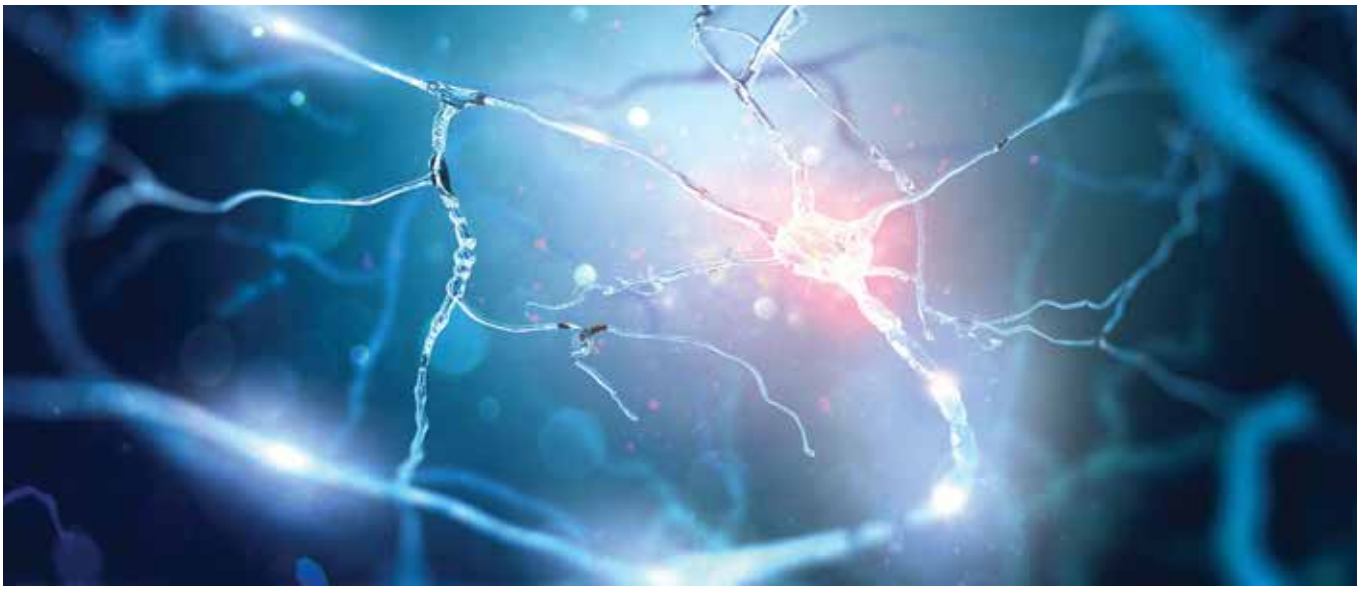
Dynamic spine surgery

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.

In our endeavour to provide best and latest in world technology and provide pain-free mobility which is a must for any spine pathology surgical procedure, department of orthopaedics and spine surgery at Narayana Superspeciality Hospital, Gurugram successfully conducted 13 such procedures.

These included 2 Kyphoplasty (percutaneous vertebral cement augmentation) under local anaesthesia for fracture spine in really sick patients on dialysis with pain scores of 10/10, 2 cases of percutaneous endoscopic discectomy in cervical and lumbar spine using just needles and 5 mm incision, joimax endoscopic technique, 3 cases each of interlaminar spacer, pedicle screw based dynamic spine implants using flexible silicone spacers instead of solid titanium rods and microendoscopic discectomy using tubular retractors thereby providing mobility and avoided spine fusion surgery which still is considered a gold standard in 95 percent of centres worldwide.

Our hospital at Gurugram is one of early adopters of these and various other latest techniques like 3D computer navigation, ultrasonic scalpel and neuro monitor to achieve precision, pain free mobility and safety in spine surgery.



Neuro Sciences

Pediatric Procedures
250+

Adult Procedures
1000+

MRI Stroke Study
4000+

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, amongst 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. The neuro-sciences department (neurology and neurosurgery) was commissioned in 2004 and is now present in entire NH network. This department has evolved into the largest training ground in Bengaluru, along with being the biggest provider of neurological healthcare services.

The department today covers Neurosurgery, Neurology, Interventional Neurology and Neuro-Rehabilitation, consisting senior consultants with expertise in various dimensions and state-of-the-art equipment.



Neuro Cases

- Giant brain tumour removal: In a first, our neurosurgical team in Jamshedpur removed a giant tumour. The tumour, a parieto-occipital meningioma extended up to the lateral ventricle. After successful surgery, patient recovered well and was discharged.
- Neuronavigation is the set of computer-assisted technologies used by neurosurgeons to guide or "navigate" within the confines of the skull or vertebral column during surgery. Three intracranial tumours adherent to internal carotid artery/ cavernous sinus, were treated successfully using neuronavigation to prevent injury to these vital structures. The Neuronavigation also incorporated barrier technique to guide the surgeon intraoperatively by a warning bleep the moment the instruments or dissection was close to these structures.
- Trigeminal Neuralgia is a chronic pain condition that affects the trigeminal nerve, which carries sensation from your face to your brain. Usual treatment of such condition is medical management. However, our hospital encountered two cases of micro vascular decompression for Trigeminal Neuralgia, resistant to medical treatment. Patients were treated successfully by our neurosurgeons with complete resolution of Trigeminal Neuralgia.
- Awake Brain Surgery: The Neuro-surgery team successfully removed a brain tumour of a 30-year-old patient suffering from repeated epilepsy seizures, while he was awake and alert. He was continuously asked to read and sing throughout the procedure.
- Multiple Brain Aneurysm surgery: A patient with 3 aneurysms in the brain – with one of them already ruptured was successfully treated by the Neuro-sciences team. All the 3 aneurysms were treated in one sitting via a single incision.



Critical Care

Critical Care Beds **1500+**

Patients Admitted to Critical Care
35,000+ (1.07x↑)

LOS Critical Care **180K+**
LOS Days **1.2x↑**

The most seriously ill or injured patients are cared for by the critical care intensivists in all our hospitals. These experts provide specialized care for people who have experienced major surgery or trauma, as well as those with other critical medical needs. With more than 1500 critical care beds in multiple areas, Narayana Health is one of the biggest care providers in this area.

Narayana Health's critical care doctors treat people who need advanced monitoring and care. The full spectrum of critical care services is provided by doctors and other medical professionals specially trained in critical care (intensivists) who are present in our hospitals 24 hours a day, 365 days a year.

Narayana Health Department of Critical Care and Multidisciplinary Program emphasizes a team-based approach to care. Critical care doctors lead a team of experienced professionals, which includes resident physicians, physician assistants, nurse practitioners, respiratory therapists, vascular access specialists, physical and occupational therapists and nurses. Narayana Health critical care doctors also work closely with doctors from many specialities, including anaesthesiology, internal medicine, pulmonary medicine, cardiovascular medicine, cardiovascular surgery, neurosurgery, neurology, nephrology, paediatrics, surgery and transplant medicine. Together, the team provides high-quality and safe critical care in operating rooms, ICUs and other hospital settings.

Critical Care Cases

- A young gentleman presented with viral pneumonia and subsequently went in for ARDS and myocarditis with MODS. He was put on ECMO as a last resort. After sustained efforts, the patient improved quite significantly and over the course of his stay, showed a complete recovery to walk back home.
- A high-risk patient with post myocardial infarction with very low ejection fraction of 15% & Renal Impairment got admitted in our hospital. Patient went through continuous renal replacement therapy (CRRT) in critical care with multidisciplinary team of Cardiologists, Nephrologists and Intensivists. Patient showed a remarkable recovery and achieved normal renal function.

Growth numbers are for last 3 years.

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 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 Medical 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.

Board of **Directors**



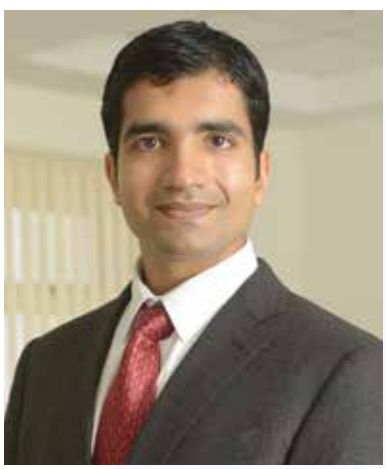
Dr. Emmanuel Rupert

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 and Credentialing, as well as Clinician engagement, Research and Training, and Clinical Data Analytics, across Narayana Health Group.

Dr. Emmanuel Rupert joined Narayana Health 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 Narayana Health.



Mr. Viren Shetty

Mr. Viren 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 hospital engineering department of Narayana Health in 2004 and was responsible for designing and commissioning Mazumdar Shaw Cancer centre and the multispeciality hospitals in Jaipur and Ahmedabad. He has also worked in unit operations, supply chain management, business development, strategy and investor relations.

Board of **Directors**



Ms. Kiran Mazumdar Shaw

Ms. Kiran Mazumdar Shaw is a Non-Executive Director of our Company. She is the Chairperson and Managing Director of Biocon Limited, an innovation led Biopharmaceutical Company, which is India's largest publicly listed biotech enterprise.

A first-generation entrepreneur with more than 44 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 the highest French distinction - Chevalier de l'Ordre National de la Légion d'Honneur (Knight of the Legion of Honour) in 2016. She has been named among the most influential people by reputed international magazines.

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.

She has been elected as a member of the prestigious US-based National Academy of Engineering (NAE) for her contribution to the development of affordable biopharmaceuticals and the biotechnology industry in India. She also serves as the lead Independent Member of the Board of Infosys and Member of the Board of Governors of IIT Bombay.



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.

Board of **Directors**



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. 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, Samtel Avionics Limited and Intex Technologies Limited. 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 listed company like Jubilant Life Sciences Limited. He is currently Chair of Nasscom Foundation and Pahle India Foundation and The Nudge Foundation.

Board of **Directors**



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. He has around 31 years of experience. He began his career with Varsons Chemicals Private Limited wherein he worked as the General Manager, Finance for a period of four years. He is a Fellow Member at ICAI since April 13, 1994. 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 and QS-Era India Private Limited.



Mr. Manohar D. Chatlani

Mr. Manohar D. Chatlani is an Independent Director of our Company. He is the Founder and Chairman of Bangalore-based MD Retail India Private Limited, which owns and operates the Men's Favourite Shop and SOCH fashion and lifestyle retail chains. With immense passion for retail and experience of more than 45 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 Queencity Developers Private Limited and the Bangalore Commercial Association.

Board of **Directors**



Ms. Nivruti Rai

Ms. Nivruti Rai is an Independent Director of our Company. Ms. Nivruti Rai is Vice-President in the Data Center Group (DCG) and Country Head Intel India 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 DCG India site engineering and execution, with a focus on delivering platforms aligned with the India team's charter. In addition, she supports DCG 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 organization 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 most recent 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 and Analysis

Indian Healthcare Landscape

Sector Outlook

- Indian healthcare market is expected to grow at a CAGR of 23% over FY15-20E and reach US$280 bn by 2020
- Hospital segment constitutes ~71% of the market
- Medical tourism to contribute 15-20% to hospital revenue by FY20 from 5-10% currently

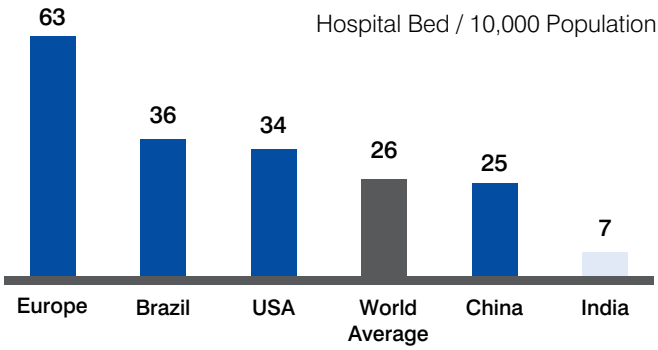
Inadequate Infrastructure

- Out-of-pocket expenditure on healthcare is ~61% - the highest in the world
- 7 beds per 10,000 population vs global average of 26 beds
- 3% specialist physicians cater to rural areas which comprises >70% of population

Growth Prospects

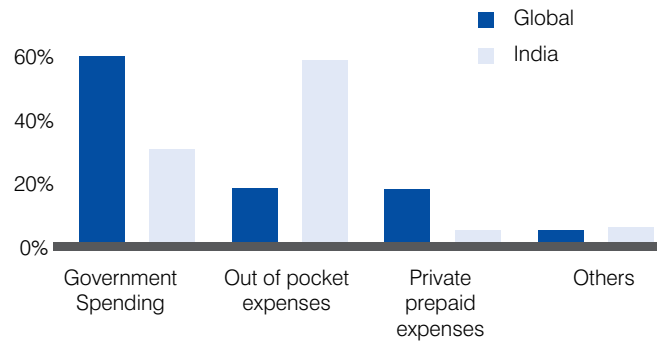
- India's per capita income is expected to register a growth of 11% over FY16-21
- Deaths due to NCDs are expected to be 74% of total deaths in 2030 compared with 60% in 2012
- <20% population has health insurance, ₹ 20/day premiums for coverage of ₹ 0.5mn are available

Inadequate bed infrastructure in India



Source: CLSA, Ambit, Edelweiss research reports

India's out-of-pocket expenditure at 61% is the highest globally

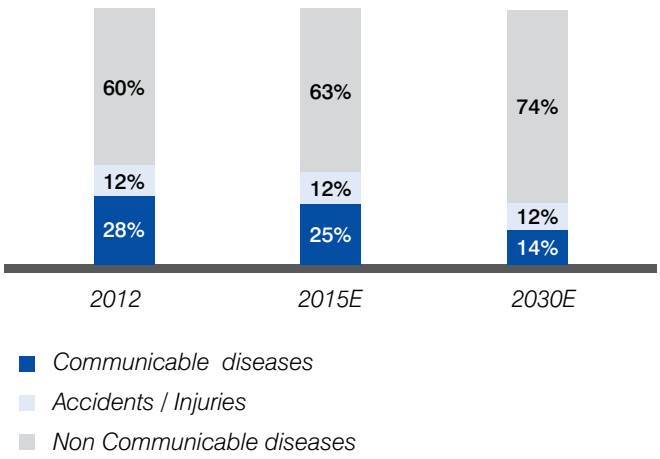


Source: CLSA, Ambit, Edelweiss research reports

Increased Prevalence of Non-Communicable Diseases

- India's disease profile has shifted towards chronic diseases (cardiovascular, diabetes and cancer)
- Deaths due to Non-Communicable Diseases (NCD) is over 60% now and are expected to increase
- Cardiovascular diseases dominate causes of death with 26% share

Changing patients' profiles – Rising prevalence of NCDs



Opportunities and Threats

Opportunities:

Booming Medical Tourism Market

- Indian medical tourism industry is US$3 bn having posted ~20% CAGR in 2009-15 and is expected to clock ~30% CAGR over the next 5 years
- Indian hospitals treated 350K international patients in 2015 and the volume is expected to increase at 15-20% each year going forward
- Cost arbitrage (30-70% cheaper) to play a major role in attracting international patients

Indian Healthcare on Investors' Radar

- Strategic and financial investors are betting big on the under-penetrated Indian healthcare market
- As per PWC report, hospital industry will require an investment of around $245 billion over the next 20 years to add 3.6 mn beds
- Recent strategic & financial transactions imply increased investors' interest.

National Health Policy 2017 has set Ambitious Targets

- Universal healthcare coverage - Increase health expenditure as a percentage of GDP from the existing 1.15 % to 2.50 % by 2025
- The Ayushman Bharat - Pradhan Mantri Jan Arogya Yojana (PMJAY), the largest government funded healthcare program is targeting more than 500 million beneficiaries

Threats:

Increased Regulatory Activism

- Recent regulatory steps taken by the government such as price capping on cardiac stents and knee implants, demonetization created ripples in the industry
- Any further regulatory move by the government such as regulating diagnostics pricing or consumables pricing could dent the profitability

Dearth of Medical Infrastructure & Professionals

- 75% of hospital beds in India are concentrated in tier 1 cities which could increase further going ahead impacting the healthcare delivery system in rural areas



- India has 0.7 doctors per 1,000 patients as compared to China's 1.9 doctors
- India has only one oncologist per 1,600 cancer patients in India, as against one per 100 cancer patients in the US.

Capital Intensive Nature of the Sector Limits Expansion

- High costs of land, building associated with rapidly evolving medical technology put burden on the operator
- Scarcity of qualified medical talent is adding to the pressure making the projects economically unviable
- Limited support from the government and patients' financial inability restricts the delivery of healthcare services to tier 1 cities

Source: Edelweiss, CLSA, Ambit research reports, NH analysis



Operating Performance

FY 2018-19 was another satisfying year for your company both on financial and operational front. With India business well complemented by consolidation of Cayman business, we reported an impressive consolidated revenue growth of 25.4% YoY. Our India business continue to move up the operational trajectory in a healthy manner and registered a growth of 12.5% YoY. This growth was led strongly by our Health City, Bangalore operations which grew by 8.7% with other units (excluding 3 flagship units and newer centres viz. Delhi NCR and Mumbai) growing at 11.5%. Our newer centres at Mumbai and Delhi NCR continue to gain traction and are witnessing a healthy patients' footfall. Our SRCC Children's Hospital, Mumbai now runs the 2nd largest paediatric cardiac surgery program in Maharashtra state. Our superspeciality hospital at Gurugram performed over 900 surgeries with 1 liver and 1 kidney transplant in its first full year of operations and Dharamshila Hospital performed 22 BMTs and 21 renal transplants in the FY 2018-19. The ramp-up across these new facilities will set the stage for your company's growth trajectory in years to come.

Foray into Delhi NCR strengthened our international patients' base which today contributes 10.5% to overall India business, this coupled with improved case-mix i.e. undertaking complex procedures such as organ transplants helped us to register a robust uptick in Average Revenue Per Occupied Bed (ARPOB). On the international business front, Cayman operations reported a strong revenue growth at 22.3% YoY which resulted into adjusted EBITDA growth of 58.3% translating into a margin of 17.4% for FY 2018-19, reflecting the operating leverage in our business. India business, adjusted for losses associated with newer centres, reported an EBITDA margin of 13.4% in FY 2018-19 as compared to 12.4% last year. Centres such as Westbank, Raipur, Mysore, Barasat, etc are contributing significantly to the profitability profile. Our centres at Ahmedabad, Jamshedpur and Guwahati are showing signs of revival with the facilities having turned around from being in the red to green and have put together registered a cumulative absolute movement of ₹ 8.4 cr in EBITDAR in FY 2018-19 over FY 2017-18.

On the operational front, patients' discharges went up by 9.4% YoY to 2.6 lacs across the Indian network during FY 2018-19 while the average length of stay (ALOS) came down from 4.2 days last year to 3.9 days in FY 2018-19. Our focus on delivering high-end quaternary care, evolving case-mix along with increased share of international patients has resulted in 12.5% annual increase in the ARPOB for the Indian operations.

We believe that in times to come, our two emerging clusters i.e. north and west would witness strong traction of patients due to quaternary clinical care they provide coupled with high-end paying population they serve in their respective regions and thus are expected to contribute meaningfully to group's overall revenues.

NH Consol P&L Review

Operating Income

NH India

The company's revenue from operations increased from ₹ 22,040 mn in 2017-18 to ₹ 24,798 mn in 2018-19. This increase of 12.5% is attributable to sustained performance of existing centres (older set-up) which grew by 9.3% with Health City, Bengaluru growing at 8.7% year-on-year. This growth was well aided by healthy performance of other centres (excluding 3 flagship facilities and recently commissioned units) which grew by 11.5%.

Our recently commissioned hospitals in Delhi NCR and Mumbai also contributed meaningfully to the overall India business revenues, these newer centres together grew by 92.1% year-on-year.

International patients' contribution to the revenues increased from 9.7% in FY 2018-19 to 10.5% this fiscal also led to this growth.

HCCI, Cayman Islands

Revenues from operations increased from US$ 44.6 mn in 2017-18 to US$ 54.5 mn in 2018-19. This increase of 22.3% is attributable to strong pick up in patients' footfall leading to higher growth in the business. In terms of contribution to overall business, specialties such as Neuro Sciences, Pulmonology, General Medicine reported a strong YoY growth in revenues.

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 ₹ 6,140 mn in 2018-19 from ₹ 5,407 mn last year.

However, the consumables as a % of revenues have increased marginally to 24.8% in FY 2018-19 vis-à-vis 24.5% last year. This increase is attributable to increase in number of high-end procedures such as Valve Replacements, PTCA and Cochlear Implants performed during the year over the last year leading to increase in consumables as a percentage of operating revenues.

HCCI, Cayman Islands

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 US$ 10.7 mn in 2018-19 from US$ 8.4 mn last year i.e. consumables as a % of revenues have increased to 19.7% in FY 2018-19 vis-à-vis 18.8% last year. This increase is majorly attributable towards creation of provision for slow and non-moving consumables done in the fourth quarter.



Manpower Expenses
(Employees Benefits + Prof. Fees paid to doctors)

NH India
The manpower expenses including professional fees paid to doctors have increased from ₹ 9,127 mn in 2017-18 to ₹10,634 mn in 2018-19. This absolute increase is majorly due to hiring of clinical talent across our recently commissioned facilities, majorly at our Gurugram facility and Mumbai unit.

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

HCCI, Cayman Islands
The manpower expenses including professional fees paid to doctors have increased from US$ 18.9 mn in 2017-18 to US$ 21.5 mn in 2018-19. But manpower expenses as a % of revenues has come down from 42.5% to 39.5% due to a strong growth in revenues despite a marginal increase in headcount at the facility.

Other Expenses (Overheads)
NH India
The other expenses (excluding professional fees to doctors) of the Company at the India business level have increased to ₹ 5,812 mn from ₹ 5,492 mn in the previous fiscal. Some of the key heads and the movement of expenses across each is explained below:

Operating Rent
The operating rent increased from ₹ 582 mn in 2017-18 (2.6% of total operational revenue) to ₹ 642 mn (2.6% of total operational revenue) in 2018-19. The absolute increase in operating rent is due to increase in rentals/revenue share across some of our units and also due to increase in rental cost associated with certain medical equipment operating on PPU rental model as we performed more procedures across our network. However, operating rent as a % of revenues remains unchanged due to strong increase in revenues over the last year.

Repair and Maintenance
The repair and maintenance expenses have decreased from ₹ 950 mn in 2017-18 to ₹ 863 mn this year. This decrease is majorly due to an extensive repair and maintenance exercise taken up last year across the network which also included MEP infrastructure related work in newer facilities at Delhi NCR and Mumbai and clinics at Langford town, Bengaluru leading to lesser requirements for maintenance work during this year.

Power and Fuel
The overall power and fuel cost increased from ₹ 629 mn in 2017-18 to ₹ 657 mn in 2018-19. This increase is in line with increase in operating income. Another reason for the increase is hike in power tariffs across the states we operate in.

Business Promotion and Advertisements
These expenses were at ₹ 716 mn for 2018-19 as compared to ₹ 765 mn in 2017-18.

Advertisements and publicity cost decreased from ₹ 469 mn in 2017-18 to ₹ 427 mn this year and Business Promotion slightly decreased from ₹ 296 mn in 2017-18 to ₹ 289 mn in 2018-19 as we reduced our marketing exercise across our new units at Delhi NCR and Mumbai after having launched an elaborate marketing program last year. Shift from conventional methods of marketing to digital initiatives also led to the decrease.

HCCI, Cayman Islands
The other expenses (excluding professional fees to doctors) of the entity have nominally increased to US$ 12.8 mn from US$ 12.1 mn in the previous financial year despite a strong growth in revenues underlining the operating leverage in the business.

EBITDA
NH India
The company registered an EBITDA of ₹ 2,370 mn in FY 2018-19 for its India business reflecting an EBITDA margin of 9.6% vis-à-vis 10.0% during the previous fiscal. The dip in profitability is majorly on account of first full year of operational losses associated with our Gurugram facility along with losses on account of SRCC, Mumbai and Dharamshila, Delhi. These facilities in Delhi NCR and Mumbai together contributed to losses worth ₹ 703 mn. Adjusted for these losses, our EBITDA margin is 13.4% for FY 2018-19 compared to 12.4% in FY 2017-18.

HCCI, Cayman Islands
EBITDA increased from US$ 6.0 mn (adjusted for US$0.96 mn paid as one-time transaction fee) in FY 2017-18 to US$ 9.5 mn in FY 2018-19 reflecting a YOY growth of 58.3%.

Finance Cost
NH India
Finance cost increased from ₹ 443 mn last year to ₹ 604 mn this financial year.

Increase in Finance cost is mainly attributed to acquisition of partner's entire stake in Health City Cayman Islands Ltd., HCCI.

FY 2018-19 takes into account the impact of the full year of finance cost for the debt availed in January 2018 to finance the transaction.

Particulars	FY 2017-18			FY 2018-19		
	NH India (₹ mn)	NCHL Consol (US$ mn)	NH Consol (₹ mn)	NH India (₹ mn)	NCHL Consol (US$ mn)	NH Consol (₹ mn)
Borrowings	5,934	32.0	8,016	5,984	31.1	8,135
Trade Payables	2,692	5.4	2,962	3,041	4.3	3,335
Gross Tangible Assets	18,538	57.0	22,244	19,297	59.5	23,412
Trade Receivables	2,219	8.8	2,790	2,078	8.5	2,665
Inventories	588	3.8	836	563	3.9	832

On 12th January 2018 HCCI became 100% subsidiary of NCHL, pursuant to HCCI buying back shareholdings of Ascension Health Ventures, LLC in HCCI.

Borrowings

NH India

Total Borrowings remained at almost similar level at ₹ 5,984 mn as on 31st March 2019 as compared to ₹ 5,934 mn as on 31st March 2018.

Our borrowings increased significantly last year as compared to FY 2016-17 due to an extensive expansion exercise we undertook which encompassed acquisition of a hospital in Gurugram and Cayman Islands' transaction in which we acquired the entire partner's stake in HCCI. Now, we are in consolidation phase and the plan is to ramp up these new facilities along with the ones at Mumbai and Delhi.

These transactions were a part of a well thought through exercise aimed at expanding into crucial market of Delhi NCR which is termed as India's medical tourism hub and Cayman transaction is a part of global ambition to project NH as an international brand.

NCHL Consol

Total Borrowings came down slightly from US$ 32.0 mn as on 31st March 2018 to US$ 31.1 mn as on 31st March 2019. 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 ₹ 2,692 mn as on 31st March 2018 to ₹ 3,041 mn as on 31st March 2019 due to increase in the volume of business done during the year as we witnessed a healthy growth in revenues in 2018-19 over the last year.

NCHL Consol

The trade payables have decreased from US$ 5.4 mn as on 31st March 2018 to US$ 4.3 mn as on 31st March 2019 due to better cash flows management. Additionally, there was an one-off impact in trade payables towards the transaction cost of US$ 0.96 mn in the last financial year.

Assets

Gross Block

NH India

Gross Block (tangible assets) increased from ₹ 18,538 mn as on 31st March 2018 to ₹ 19,297 mn as on 31st March 2019. 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.

It is important to note that the Gross Block figures include cash and non-cash Government Grant of ₹ 1,500 mn as per IND AS which was not a part of Gross Block as per the previous IGAAP. As per IND AS, a government grant may take the form of transfer of a non-monetary asset such as land and other resources, for the use of the entity. In these circumstances, the fair value of non-monetary assets is assessed, and both the grant and asset are accounted at that fair value. The impact of this grant is on account of land in Narayana Multispeciality Hospital, Jaipur, Narayana Multispeciality Hospital, Ahmedabad and building in Narayana Superspeciality Hospital, Guwahati.

Also, as per IND AS accounting, our engagement for the operations of Dharamshila Cancer Care Hospital has led to creation of non-cash lease provision of ₹ 972 mn which has further contributed to the increase in Gross Block.

NCHL Consol

Gross Block (tangible assets) increased from US$ 57.0 mn as on 31st March 2018 to US$ 59.5 mn as on 31st March 2019. This increase is attributed towards investment towards area/ premises development, warehouse development and medical equipment.

Trade Receivables

NH India

The trade receivables (net of provision for doubtful receivables) decreased from ₹ 2,219 mn as on 31st March 2018 to ₹ 2,078 mn as on 31st March 2019. This decrease in the receivables is primarily on account of better reimbursements and collections from various government schemes.

NCHL Consol

The trade receivables (net of provision for doubtful receivables) decreased from US$ 8.8 mn as on 31st March 2018 to US$ 8.5 mn as on 31st March 2019 on account of better reimbursements and collections from various corporate insurers and foundations.

Inventories

NH India

The inventory has decreased from ₹ 588 mn as on 31st March 2018 to ₹ 563 mn as on 31st March 2019. This decrease in inventory despite an increase of 12.5% in revenues due to rationalisation of non-moving item (not consumed for atleast 180 days) in inventory, improved negotiation with vendors and cross utilisation of consumables within the network has led to better inventory management.

NCHL Consol

The inventory has marginally increased from US$ 3.8 mn as on 31st March 2018 to US$ 3.9 mn as on 31st March 2019 due to better inventory management.

Ratios

There were no significant variances with regard to Financial ratios for FY 2018-19 as compared to FY 2017-18 viz Debtors Turnover Ratio, Inventory Turnover, Current Ratio, Debt Equity ratio and Operating Margin. However a couple of ratios and their values calls for attention.

Interest Coverage ratio (EBIT/Finance Costs)

Lower interest coverage ratio of 3.22 for FY 2018-19 as compared to 6.47 for FY 2017-18 is due to

a) the interest payable on the borrowing of USD 32 mn for acquiring the other shareholders interest in HCCI in January 2018 was applicable for only Q4 in FY 2017-18 as compared to the complete 12 months in FY 2018-19.

b) Borrowings to the extent of ₹ 500 mn availed in Q4 for the purchase of medical equipments at Gurugram. FY 2017-18 had a one quarter impact whereas the FY 2018-19 had a full year impact with respect to interest on borrowings.

c) Borrowings to the extent of ₹ 480 mn through the year in FY 2018-19 to finance the capital expenditure for upgrading the medical equipments at our existing units.



Net Margin (Net Profit/Total Income)

Lower Net Margin of 2.4% for FY 2018-19 as against 3.2% for FY 2017-18 is due to the following

a) Interest expenses as a % of Total Income has increased in FY 2018-19 as compared to FY 2017-18. Interest expenses were higher due to higher borrowings in FY 2018-19 for i) Cayman stake acquisition ii) New project capital expenditure and iii) Replacement expenditure with regard to medical equipment during the year.

b) Marginal increase in Depreciation as a proportion to Total Income due to capital expenditure spent at new locations where there is no adequate traction for Revenues due to the initial stages in the maturity cycle.

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 organization.

Internal Control Systems and their adequacy

Strong internal controls are a prerequisite, to ensure that an organisation functions in an ethical manner, complies with the legal and regulatory requirements of the jurisdiction in which it operates, and observes the generally accepted principles of good corporate governance. Adherence to Internal controls enhances the accounting and financial reporting process to the stakeholders.

Company's internal control systems are commensurate with the nature of its business and the size and complexity of its operations. The control mechanism provides for well-documented policies/guidelines, authorisations and approval procedures to ensure the orderly and efficient conduct of its business. This includes adherence to Company policies, safeguarding of its assets, the prevention and detection of frauds and errors, ensuring the accuracy and completeness of the accounting records, and the timely preparation and presentation of reliable financial information.



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

Our HR practices and organizational environment are designed to engage and motivate employees to help them deliver superior performance at all times. The NH brand carries a respectable goodwill in the field of Healthcare delivery and is one of the sought-out workplaces for good talent. Spread across geographical locations have helped us to leverage our specialized expertise within the group.

The Company recognizes 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 were undertaken. The Company acknowledges the value every employee brings with him/her and continuously strives to nurture their competence and potentials. Trainings were held for both Clinical and Non-Clinical areas which has helped us raise the quality of performance.

As an organization, we believe in being compliant with all statues and Labour Related Acts, we also ensure that our partners and vendor organizations who work as an integrated part of NH are also following the same standards of compliance.

Training and Development

Considerable higher focus on service excellence programmes for customer facing associates were undertaken which were aimed to further enhance patient satisfaction score.

Nurses at NH were able to leave their mark in a significant way by enhancing patient safety, raising care quality and improving patient satisfaction.

Recruitment

The year 2018-19 saw a lot of best available talent among doctors coming on board at our units at Gurugram, Mumbai and Delhi.

Among other channels, Campus recruitment for nursing played a key role in on boarding fresh talents into NH group to cater to our patient healthcare.

Compensation

Our Compensation is aligned competitively against the market standards and our variable compensation program is designed to keep associates focused on company and individual performance.

Board's Report

Dear Members,

Your Directors have immense pleasure in presenting their 19th Annual Report on the business and operations of the Company along with the audited financial statements for the financial year ended 31st March 2019.

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

(₹ in mn, except per share data)

Particulars	Consolidated		Standalone	
	2018-19	2017-18	2018-19	2017-18
Income				
Revenue from Operations	28,609.20	22,809.07	20,771.57	18,475.75
Other Income	166.72	189.00	176.62	186.38
Total Income	**28,775.92**	**22,998.07**	**20,948.19**	**18,662.13**
Total Expenditure*	**25,731.09**	**20,686.42**	**18,883.70**	**16,719.17**
Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional Items	**3,044.83**	**2,311.65**	**2,064.49**	**1,942.96**
Less: Interest & Depreciation	2,087.54	1,467.05	1,266.04	977.24
Less: Exceptional Items	-	5.41	4.49	11.58
Profit Before Tax	957.29	850.01	793.96	954.14
Less: Income Tax	341.18	289.64	293.12	369.92
Profit/(Loss) After Tax	**616.11**	**560.37**	**500.84**	**584.22**
Add: Share of Profit/ (Loss) in Associate (Net)	(23.34)	(46.35)		
Profit for the Year	**592.77**	**514.02**	**500.84**	**584.22**
Add: Other Comprehensive Income	(4.14)	34.79	(22.94)	(4.61)
Net Profit/(Loss)	**588.63**	**548.81**	**477.90**	**579.61**
Earnings Per Share (Basic)	2.92	2.53	2.47	2.88
Earnings Per Share (Diluted)	2.92	2.53	2.47	2.88

*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 ₹ 18,662.13 mn in FY 2017-18 to ₹ 20,948.19 mn in FY 2018-19.
- Earnings before Interest, Tax, Depreciation and Amortization and Exceptional items increased from ₹ 1,942.96 mn in FY 2017-18 to ₹ 2,064.49 mn in FY 2018-19.
- Profit for the year decreased from ₹ 584.22 mn in FY 2017-18 to ₹ 500.84 mn in FY 2018-19.

Consolidated Operations

- During the year under review, the total income of the Company increased from ₹ 22,998.07 mn in FY 2017-18 to ₹ 28,775.92 mn in FY 2018-19.
- Earnings before Interest, Tax, Depreciation and Amortization and Exceptional items increased from ₹ 2,311.65 mn in FY 2017-18 to ₹ 3,044.83 mn in FY 2018-19.
- Profit for the year increased from ₹ 514.02 mn in FY 2017-18 to ₹ 592.77 mn in FY 2018-19.

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 are pleased to recommend for approval of the members a final dividend of ₹ 1.00 per share for the financial year ended 31st March 2019. The final dividend on equity shares, if approved by the members, would involve a cash outflow of ₹ 246.37 mn, including dividend tax.

The Directors have decided to retain an amount of ₹ 492.04 mn in the retained earnings.

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 2019, the Company has 10 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 (URL:https://www.narayanahealth.org/stakeholder-relations)

ii. The audited financial statements of Subsidiary Companies are available on the website of the Company (URL:https://www.narayanahealth.org/stakeholder-relations)

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 centres, nursing homes and other related activities. This subsidiary operates a multi-specialty 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 Super-specialty 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 centres, nursing homes and other related activities. This subsidiary operates two hospitals in Howrah offering multi-specialty and super-specialty healthcare services like oncology, cardiology, cardiac surgery, 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 centres, diagnostic centres 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, with 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 centres, 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 centres, 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 centres, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

viii. Narayana Cayman Holdings Ltd (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 Ltd (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.

Associate Companies

i. Cura Technologies Inc (Cura)

Cura is an Associate Company incorporated in the State of Delaware, USA, in which the Company holds 43.33% 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 20% 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 2019, the Authorised Share Capital of the Company is ₹ 3,800.00 mn 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 mn 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 judgements 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 2018-19.

7. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board of Directors and changes thereof

As on 31st March 2019, the composition of your Company's Board has a right mix 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.

Resignations

During the year under review, Dr. Ashutosh Raghuvanshi had resigned as Vice-Chairman, Managing Director and Group CEO of the Company effective 11th February 2019.

Appointments

Dr. Emmanuel Rupert, who was appointed as an Additional Director on the Board of the Company on 3rd February 2019, was appointed as Managing Director and Group CEO effective 11th February 2019 for a term of three years subject to confirmation of members of the Company at the ensuing Annual General Meeting of the Company.

Ms. Nivruti Rai was appointed as an Additional Director, and Independent Director effective 27th March 2019 for a term of three years subject to confirmation of members of the Company at the Annual General Meeting of the Company.

Mr. Viren Shetty, Whole-time Director was also appointed as Group Chief Operating Officer on 3rd February 2019.

Retirements

Dr. Devi Prasad Shetty, Whole-time Director is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

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

Sl.No.	Name of the KMPs	Position held in the Company
1.	Dr. Ashutosh Raghuvanshi	Vice-Chairman, Group CEO & Managing Director till 11th February 2019
2.	Dr. Emmanuel Rupert	Managing Director & Group CEO from 11th February 2019
3.	Mr. Venugopalan Kesavan	Group Chief Financial Officer
4.	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 seven (07) 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 2018-19 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 URL:https://www.narayanahealth.org/stakeholder-relations/Company-policies.

Details of the various initiatives taken by the Company towards the well-being 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 2019 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 FY 2019-20, at a remuneration of ₹ 3,00,000 (Rupees Three Lakh) only, exclusive of tax and all 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 FY 2019-20 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 FY 2018-19. 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, Bengaluru – 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

There are no material changes affecting the financial position of the Company between the end of the financial year to which these financial statements relate and the date of the Report.

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 URL: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.

No. of Cases Reported	No. of Cases Disposed	Nature of Action Taken	No. of Cases Pending	No. of Workshops Conducted (Induction & Refresher)	No. of Participants
11	11	Out of 11 cases, in 5 cases the services of the respondents were terminated. One case was not proved to be sexual harassment and subsequently action has been initiated as per the disciplinary policy. 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 URL: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 FY 2018-19 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. Emmanuel Rupert
Managing Director &
Group CEO
DIN: 07010883

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Place: Bengaluru
Date: 24th May 2019

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 2019.

For **Narayana Hrudayalaya Limited**

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

Place: Bengaluru
Date: 24th May 2019

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 stakeholders including the small shareholders of the Company, who generally expects 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.

FORM AOC - 1

(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

(amounts in ₹)

Sl. No.	1	2	3	4	5	6	7	8	9	10
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
Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	INR	INR	INR	INR	INR	USD	INR	USD	BDT	USD
Share capital	1,03,83,870	1,10,40,400	53,26,14,420	21,46,54,000	1,00,00,000	510	29,02,13,000	484	2,00,00,000	10,00,000
Reserves & surplus	4,62,56,763	(1,16,22,623)	13,49,80,800	(9,08,72,108)	(1,38,91,228)	5,19,40,676	16,83,02,961	4,54,14,025	(24,10,166)	(1,47,420)
Total assets	5,68,93,633	6,43,130	2,14,06,31,780	2,04,11,08,000	14,52,01,000	5,19,44,056	1,33,32,99,628	8,22,92,344	1,99,09,993	8,56,478
Total Liabilities	2,53,000	12,25,353	1,47,30,36,560	1,91,73,26,108	14,90,94,000	2,870	87,47,83,667	3,68,77,833	23,20,159	3,898
Investments				-		5,19,34,806	-			7,94,543
Turnover	-	12,430	3,03,08,790	1,80,76,61,000	75,92,95,000	1,11,252	1,65,83,70,000	5,45,40,242	-	78
Profit before taxation	(1,52,000)	(1,96,150)	1,67,43,300	(34,60,36,000)	(28,95,000)	58,920	9,25,31,961	47,34,979	(24,10,166)	(1,21,589)
Provision for taxation				-			4,79,07,726			
Profit after taxation	(1,52,000)	(1,96,150)	1,67,43,300	(34,60,36,000)	(28,95,000)	58,920	4,46,24,235	47,34,979	(24,10,166)	(1,21,589)
Proposed Dividend							-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.12%	100.00%	100.00%	100.00%

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
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)
	US$	US$
Latest audited Balance Sheet Date	31st March 2019	31st March 2019
The date on which the Associate or Joint Venture was associated or acquired		
Shares of Associate/Joint Ventures held by the Company on the year end		
No.	39,000,000	1,287
Amount of Investment in Associates	1,36,833	6,62,000
Extent of Holding %	44.70%	20.02%
Description of how there is significant influence		
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	(16,21,175)	12,30,154
Profit / (Loss) for the year		
i. Considered in Consolidation	(2,90,897)	(43,413)
ii. Not Considered in Consolidation	(9,685)	(1,73,452)

Notes:-

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

Place: Bengaluru
Date: 24th May 2019

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

FORM 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 / arrangements / 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 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 ₹ 1,89,549.	26th March 2018	NIL
2.	Amaryllis Healthcare Private Limited, Mr. Viren 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 ₹ 11,12,08,723.	26th March 2018	NIL
3.	Charmakki Infrastructures, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren 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 ₹ 60,57,570.	26th March 2018	NIL
4.	Biocon Limited, Dr. Kiran Mazumdar Shaw (Non-Executive Director) is the Chairman and Managing Director of Biocon Limited	Purchase of goods or materials	Ongoing	Purchase of Medicines. Value of transactions during the year was ₹ 9,77,77,043.	26th March 2018	NIL
5.	Mazumdar Shaw Medical Foundation (MSMF), Section 8 Company under the Companies Act, 2013. Dr. Devi Prasad Shetty (Chairman and Whole-time Director) and Dr. 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 ₹ 2,50,00,000.	26th March 2018	NIL
		Availing Services	Ongoing	Availing of Diagnostic Services. Value of transactions during the year was ₹ 42,10,700.	26th March 2018	NIL
6.	TriMedx India Private Limited, the Company owns 10% of the equity share capital of that company	Availing or rendering of services	Ongoing	Servicing of Bio-Medical Equipments. Value of transactions during the year was ₹ 79,76,656.	26th March 2018	NIL
7.	Health City Cayman Islands, subsidiary company in Cayman Islands. Dr. Devi Prasad Shetty (Chairman & Whole-time Director), and Mr. Viren 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 ₹ 16,67,92,027.	26th March 2018	NIL
		Rendering of service	Ongoing	For providing cloud managed services. Value of transactions during the year was US$ 1,20, 000.	26th March 2018	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 / arrangements / transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
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 COO) and Mr. Viren 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 ₹ 55,75,432.	26th March 2018	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.	26th March 2018	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 ₹ 98,560.	26th March 2018	NIL
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 Shetty (Whole-time Director and Group Chief Operating Officer), Mr. K. Dinesh (Independent Director), 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 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 ₹ 69,27,146.	26th March 2018	NIL
		Reimbursement of expenses	Ongoing	Reimbursement of expenses towards corporate management services excluding IT services. Value of transactions during the year was ₹ 9,57,615.	26th March 2018	NIL
		Purchase of medical stores and consumables.	Ongoing	Purchase of medical stores and consumables. Value of transactions during the year was ₹ 6,27,792	26th March 2018	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 / arrangements / transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
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 ₹ 90,00,000.	26th March 2018	NIL
		Manpower Service	Ongoing	For receipt and providing manpower and services. The value of the transaction during the year was ₹ 61,74,379.	26th March 2018	NIL
12.	Narayana Health Institutions Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Mr. Viren Shetty (Whole-time Director and Group COO) are Directors	Reimbursement of expenses	Ongoing	Payment towards professional fees. Value of transactions during the year was ₹ 1,52,358.	26th March 2018	NIL
13.	Narayana Institute for Advanced Research Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Mr. Viren 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 ₹ 1,20,200.	26th March 2018	NIL
14.	Dr. Varun Shetty, relative (son) of Dr. Devi Prasad Shetty and relative (brother) of Mr. Viren 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 ₹ 52,32,000.	29th May 2018	NIL
15.	Dr. Anesh Shetty, relative (son) of Dr. Devi Prasad Shetty (Chairman) and relative (brother) of Mr. Viren 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 ₹ 29,67,729.	29th May 2018	NIL
16.	Dr. Vivek Shetty, relative (son in law) of Dr Devi Prasad Shetty (Chairman)	Appointment to office or place of profit	Ongoing	Payment of professional fees -Junior Consultant. Value of transactions during the year was ₹ 32,62,600.	26th March 2018	NIL
17.	Narayana Hrudayalaya Foundation (NHF). Dr. Devi Prasad Shetty (Chairman), Mr. Viren 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 ₹ 31,60,836.	24th May 2019	Nil
		Reimbursement of expenses	Ongoing	Amount received for Group Staff Insurance paid by NHL. Value of transactions during the year was ₹ 9,13,736.	24th May 2019	Nil
		Reimbursement of expenses	Ongoing	Medical fees received from NHF for treatment of patients . Value of transactions during the year was ₹ 10,58,201.	24th May 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.	Thrombosis Research Institute (TRI). Dr. Devi Prasad Shetty (Chairman) is a Trustee	Donations	Ongoing	Donation paid to the institute. Value of transactions during the year was ₹ 6,89,863.	24th May 2019	NIL
19.	Asia Heart Foundation (AHF). Dr. Devi Prasad Shetty (Chairman), Mr. Viren 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 ₹ 60,00,000.	24th May 2019	Nil
		Amortization of prepaid premium including the discount entitlement premium paid	Ongoing	Value of transactions during the year was ₹ 1,68,64,302.	24th May 2019	NIL
		TDS remitted in the name of the Trust, Recovery of student expenses etc.	Ongoing	Value of transactions during the year was ₹ 22,70,000.	24th May 2019	NIL
		Repayment of receivable payable account by AHF to NHL	Ongoing	Value of transactions during the year was ₹ 1,00,00,000.	24th May 2019	NIL
		Rental expense for Robotic CT ingenuity and Dental bus	Ongoing	Value of transactions during the year was ₹ 81,73,348.	24th May 2019	NIL
		Discount entitlement income -Robotic Machine	Ongoing	Value of transactions during the year was ₹ 36,28,536.	24th May 2019	NIL

Place: Bengaluru
Date: 24th May 2019

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

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 CSR Focus Areas

- Healthcare
- Education

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

- Rajiv Gandhi Arogya Yojana (RAY)
- Railway Clinics
- Mobile Mammography Screening
- Care Companion Programme
- E-Health Centers
- Udaan
- Shorapur Maternal Obstetric Monitoring (MOM) Programme
- Suposhan programme
- Community Radio Station Initiative
- Non-communicable Diseases (NCD) Programme

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 & approved by 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 FY 2018-19:

Rajiv Gandhi Arogya Yojana (RAY)

This programme was initiated in November 2005, with a vision to develop a model of rural primary health care system in Amethi. The Project currently includes 4 Primary Healthcare Clinics spread across four blocks of Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 60,000 people.

Non-communicable Diseases (NCD) screening was introduced last year to increase the scope of services under the programme. The portable kit enables baseline screening for a wide range of conditions including obesity, diabetes, hypertension, anemia, vision disorders, as well as cardiac function. Data captured from the devices syncs with a dashboard, which allows for objective data to be gathered, relayed and analysed. The NCD screening was done at community level which has helped in improving traction on the programme and captured early insights on disease prevalence in the area. Since its inception, the RAY programme has served more than 20,74,000 patients from marginalised communities. In the FY 2018-19, more than 9000 patients availed primary healthcare services at these clinics.

Railway Clinics

This programme was initiated in July 2011 in the State of Karnataka in collaboration with Southern Railways. The objective was to provide timely care to the patients or accident victims in railway stations, and thereby curb the increasing number of deaths due to railway accidents. These centres provided basic medical assistance and emergency needs before the patient reaches the hospital. Since inception, these clinics have helped treat more than 14,000 patients. Since the footfalls to the clinic had been decreasing over a period of time, with the concurrence of all stakeholders concerned, the Railway Clinic programme has been discontinued from July 2018.

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 (Murthy, Chaudhry, Nadayil, Agarwal, & Saxena, 2009). Pervasive realities such as lack of organised screening programmes, paucity of diagnostic aids, and lack of awareness have resulted in majority of women being diagnosed at a locally advanced stage (Agarwal, Pradeep, Aggarwal, Yip, & Cheung, 2007). The effort therefore, of the mammography screening programme, has been to educate, screen, identify and refer patients for further treatment. Since February 2014, the programme has screened approximately 26,000 women through 651 camps organised across several districts in Karnataka. In the FY 2018-19, 6967 women were screened across 156 camps and 1173 mammograms were conducted. Till date, 43 women have been diagnosed with breast cancer and treated successfully at various hospitals.

Care Companion Programme

The Care Companion 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.The programme focuses on creating a therapeutic alliance with the patient and thereby a platform for shared power and responsibility. 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. Since its inception in 2013, more than 1,33,000 caregivers have been educated, with 53,665 caregivers being trained in the FY 2018-19. FY 2018-19 also saw the TEACH (Teaching Empowering Activating Caregivers at Home) summit being organised by NH CSR in collaboration with 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.

E-Health Centre Programme

The e-health centre programme was initiated in 2015 with focus on delivering accessible, quality and affordable primary healthcare 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. A total of 9 e-Health Centres have been established in states of Karnataka, West Bengal, Rajasthan and Gujarat. Around 81,000 tele-consultations have been witnessed since inception. In the last financial year, 17,223 patients were provided tele-consultations and approximately 14,000 people availed speciality consultation. As per the findings from

a socio-economic impact study conducted across three centres in Rajasthan, the direct out of pocket expenses on healthcare have reduced to 0-10% for 80% of respondents while indirect expenses on wage loss and travel expense have reduced to 0-20% for 97% of respondents after inception of the e-Health centre.

Udaan

India has a large shortfall of doctors. According to the World Health Organization, 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 programme can be motivated to use their medical education in improving healthcare 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 programme 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 programme 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.

Shorapur Maternal Obstetric Monitoring programme

Though India has recorded an impressive 70% reduction in maternal deaths (World Health Organization, 2013), the progress has been uneven (Rai & Tulchinsky, 2012). While maternal mortality rates have improved in several states, intra-state disparities in mortality rates in better performing states has been marked. For instance, though Karnataka has an MMR of 108 per 100,000 live births, as per the most recent figures from the Niti Aayog 2014-16; the MMR for various districts in Karnataka vary from 50 in Udupi to 236 in Koppal. Against this background, it was decided to pilot a maternal health intervention in Yadagir, a High Priority District in Karnataka. Shorapur Taluk was chosen for the implementation of focused maternal health care interventions in collaboration with Philips India Limited and Karnataka National Health Mission. The programme leveraged on workflow improvements and technology innovations to address early detection and referral of high-risk pregnancies. NH CSR team stationed in Shorapur coordinated free drives for ultrasonography (USG), high-risk pregnancy detection (HRP), as well as blood transfusion for severely anaemic pregnant women. Since November 2016, NH radiologists have regularly travelled to Shorapur Government General Hospital and have conducted more than 5200 free ultrasound studies for pregnant women. Almost 17.5% of pregnancies were classified as high-risk, with 53.3% of the high-risk cases being referred to the nearest District hospital. Over the past year, our team has also coordinated the blood transfusion for 268 severely anaemic women at the Government General Hospital. Regular communitisation activities were conducted by field staff to improve awareness towards anemia and signs and symptoms of high-risk pregnancies. Baseline surveys had found 52% of pregnant women being aware of one warning symptom/sign of pregnancy, while our end line surveys found 72% of pregnant women surveyed being aware of two or three signs / symptoms of high-risk pregnancy. The programme was concluded with capacity building workshops being conducted for both medical officers and frontline healthcare workers and sharing details of best practices which had worked on ground.

Namma Naadi- Community Radio programme

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 Naadi” with focus on health, education, environment, culture and civic issues within the primary and secondary zones of health city. Various programmes were aired on Namma Naadi with participation from multiple communities of interest. In the FY 2018-19, 250 programmes were aired on various themes including

health, education, music, theatre, environment, voter awareness and other civic issues.

Non-Communicable Diseases (NCD) Programme

This new programme 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 programme has been initiated at six locations – Mysore, Jamshedpur, Delhi, Howrah, Delhi and Bengaluru. In collaboration with various local institutions, government healthcare bodies and non-governmental organisations. The programme has been able to screen more than 31,000 people since inception. In the FY 2018-19, approximately 13,000 people were screened for oral cancer, with four oral cancer patients being detected. 28,000 people were screened for a spectrum of non-communicable diseases including diabetes, hypertension and anaemia. 3140 diabetics, 5800 hypertensives and 1900 severely anaemic patients were detected through the programme and referred to the nearest facilities.

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, Parita Gajjar, 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) programmes 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 programme which is modelled as an action research study, aims at introducing iron fortification in a palatable manner which would be an adjunct to the existing WIFS programme. In addition, the programme would be supplemented by efforts to engage students on need for iron fortification and supplementation, nutritional and hygiene guidelines. The first phase of the programme is on-going with baseline surveys, distribution of iron-fortified choco-glucose biscuits among adolescent population in the intervention block as well as awareness building activities among students and the larger community.

1. **Composition of CSR Committee:**

Mr. Dinesh Krishnaswamy	Chairman
Mr. B.N. Subramanya	Member
Mr. Viren Shetty	Member

2. **Average Net Profit (before tax) for last three financial years is ₹ 1,14,82,16,294.**

3. **Prescribed CSR expenditure (i.e. 2% of the amount mentioned in point 2 above) is ₹ 2,29,64,326.**

4. DETAILS OF CSR SPENT DURING FINANCIAL YEAR

(₹ in mn)

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programmes 1) Local area or other 2) Specify the State and district where the projects or programmes was undertaken	Amount outlay (budget)- project or programmes wise	Amount spent on projects or programmes Sub-heads:		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Direct Expenditure on projects or programmes	Overheads		
1	Rajiv Gandhi Arogya Yojana (RAY)	Healthcare and Enhancing livelihood	Amethi, Uttar Pradesh	2.20	1.79	-	1.79	Direct
2	Railway Clinics	Healthcare	Karnataka	0.31	0.08	-	0.08	Direct
3	Mobile Mammography Screening	Healthcare	Karnataka	2.66	2.84	-	2.84	Direct
4	Care Companion Programme	Healthcare and Enhancing livelihood	PAN India	1.29	0.53	-	0.53	Direct
5	E - Health Centre Programme	Healthcare and Enhancing livelihood	PAN India	9.63	9.96	-	9.96	Direct
6	Udaan – A Scholarship Programme	Promoting education	Karnataka	1.66	1.61	-	1.61	Direct
7	Community Radio programme	Promoting education	Karnataka	1.41	0.85	-	0.85	Direct
8	Non-Communicable Diseases (NCD) Programme	Healthcare	PAN India	9.49	5.32	-	5.32	Direct
9	Yadagir Project	Healthcare	Karnataka	0.37	0.21	-	0.21	Direct
10	SUPOSHAN programme	Healthcare and Promoting education	Rajasthan	1.16	1.88	-	1.88	Direct
		Total		**30.17**	**25.07**		**25.07**	

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.

Place: Bengaluru
Date: 24th May 2019

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

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	5.57
Mr. Dinesh Krishnaswamy	5.57
Mr. Manohar D. Chatlani	5.57
Mr. Arun Seth	5.57
Dr. Kiran Mazumdar Shaw	5.57
Mr. B.N. Subramanya	5.57
*Ms. Nivruti Rai	N A

*Ms. Nivruti Rai was appointed w.e.f 27th March 2019

Executive Directors	Ratio to median remuneration
Dr. Devi Prasad Shetty	226.31
Mr. Viren Shetty	47.36
*Dr. Ashutosh Raghuvanshi up to 11th February 2019	554.30
*Dr. Emmanuel Rupert from 11th February 2019	19.63

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 Shetty	8%
*Dr. Ashutosh Raghuvanshi	8%
*Dr. Emmanuel Rupert	0%
Mr. Venugopalan Kesavan	8%
Mr. Sridhar S.	10%

*Dr. Ashutosh Raghuvanshi resigned on 11th February 2019 and in his place Dr. Emmanuel Rupert was appointed with effect from 11th February 2019, as Managing Director & Group CEO.

c. The percentage increase in the median remuneration of employees in the financial year: 7%

d. The number of permanent employees on the rolls of Company: 10,877

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 per 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 2018-19 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 2018-19 are summarised below:

a. Completed two (2) comprehensive energy audits at hospitals located in Delhi and Ahmedabad, in association with a renowned Industry Expert.

b. Internal energy audits were conducted through in-house Energy Manager/Auditor at 2 hospitals located across India.

c. Following improvement measures are in the process of implementation and are expected to be commissioned in FY 2019-20:

- Chiller and Pump replacement at RTIICS, Kolkata estimated to conserve ₹ 9.1 mn per annum worth of energy.
- Installation of Variable Frequency Drives (VFD)/ Electronically Controlled (EC) motors for Air Handling Units, at 4 facilities, estimated to conserve ₹ 1 mn per annum worth of energy.
- 100% replacement of low efficacy lights with high efficacy lights at 4 facilities, estimated to conserve ₹ 8.2 mn per annum worth of energy.
- Energy Monitoring System to monitor energy consumption at 7 facilities.
- Optimisation of contract demand in the facility located in Guwahati.
- Replacement of diesel fired hot water generated with energy efficient heat pumps in Health City Campus, Bengaluru, is being planned.

d. More than 80% total energy consumption at Health City Campus, Bengaluru are sourced from Renewable energy sources.

e. Successfully commissioned an energy efficient VFD driven chiller worth ₹ 6.5 mn, at Health City Campus located in Bengaluru resulting in an estimated savings of ₹ 3 mn/annum.

f. Successfully commissioned an energy efficient VFD driven chiller worth ₹ 4.7 mn, at Company' s Hospital at Jaipur, resulting in an estimated savings of ₹ 2.5 mn/annum.

g. Reasonable power factor improvement and/or contract demand optimization has been achieved at facilities located in Barasat and Guwahati.

h. Gradual replacement of conventional lighting system with LEDs are carried out across the NH group and procurement of other conventional lights has been minimised wherever possible.

i. In addition to the savings achieved through various initiatives in the last financial year, following table summarizes savings achieved in FY 2018-19, with specific efforts on energy conservation and energy cost savings:

(₹ in mn)

Activity	Benefits (Approximate)
Chiller installation at Bengaluru and Jaipur	3.4
Installation of high efficacy lights	1.9
Sourcing Renewable Energy through Open Access (Total 117 Lac kWh was sourced in FY 2018-19)	16.00
Power Factor Improvement and Contract demand optimisation	0.4
Total	**21.7**

Note: The numbers presented above are those calculated for the time from which various activities were commissioned which were mostly in the middle of the financial year. Hence, they do not represent the annual benefit, and represent only the approximate values of actual benefits in the FY 2018-19.

(B) TECHNOLOGY ABSORPTION

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

1. Customer Relationship Management (CRM) was rolled out to improve the enquiries / leads tracking, conversion rates and follow ups with the patients. The CRM is integrated with the HIS applications to enable appointment booking across the group through the central contact centre.
2. Self-service and approval automation have been enabled for Oracle ERP user access requests. This system ensures minimal manual intervention and complete logging of access provisions, and revisions from the point of request, through the approvals and finally the execution of the request. This makes the process transparent and clearly auditable.
3. Revamped OP pharmacy application has been rolled out across the group to aid in speed and efficiency of the over the counter pharmacy operations. The new platform would be expanded to other areas of the hospital.
4. CAPEX procurement has been enabled through the Oracle ERP application which allows the purchase team to digitally release all purchase orders to the vendors. This will be integrated with the budgeting process in the upcoming financial year.
5. Pilot rollout of claims tracking application has been completed in Shimoga and would be taken forward for larger rollout across the group. This application digitises the manual process of claims submission and follow up. This application is also integrated with the TPA portals and with the email accounts to assist the claims tracking team to work more efficiently and avoid any lapses or delays.
6. Multiple mobile based initiatives have been rolled out including Inpatient Electronic Health Record, diabetes management for chronic patients in addition to multiple other ongoing patient and employee facing apps which are under development.
7. Travel and expense management application has been implemented across the group to enable online ticket booking, approvals and expense claims submissions. This will help in streamlining and tracking of various requests, approval and claims submission.
8. Application to manage bio-medical equipment across the group has been implemented to track the issues raised on bio-medical equipment, health of the devices and the maintenance windows.
9. 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
- 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:

(₹ in mn)

Particulars	2018-19	2017-18
Foreign Exchange Earnings	1,813.24	1045.35
Foreign Exchange Expenditure	98.14	31.98
Value of Imports on CIF Basis	96.03	128.46

ANNEXURE VII

REPORT ON CORPORATE GOVERNANCE FOR THE YEAR ENDED 31ST MARCH 2019

1. CORPORATE GOVERNANCE PHILOSOPHY

Your Company is committed to the principles of 'Accountability', 'Transparency' and 'Trusteeship' in its dealing with stakeholders. Accordingly, in the endeavour 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 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.

Composition of the Board and Committee composition as on 31st March 2019 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 Shetty	Executive Director & Group COO	ED	√	-	√	-	√
4.	Dr. Kiran Mazumdar Shaw	Director	NE Woman Director	√	-	-	√	-
5.	Mr. Manohar Dayaram Chatlani	Director	INED	√	-	-	-	-
6.	Mr. Dinesh Krishnaswamy	Director	INED	√	√	√√	√	-

Sl. No.	Name of Director	Designation	Category	Board	Audit, Risk and Compliance Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholder Relationship Committee
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 Woman Director	√	-	-	-	-

√√-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, the Board of Directors appointed Dr. Emmanuel Rupert as the Managing Director and Group CEO of the Company with effect from 11th February 2019 and appointed Ms. Nivruti Rai as an Independent Director of the Company with effect from 27th March 2019.
- The Company in its Annual General Meeting held on 3rd August 2018 re-appointed Dr. Devi Prasad Shetty as Whole-time Director, Dr. Ashutosh Raghuvanshi as Managing Director and Mr. Viren Shetty as Whole-time Director for a period of 5 years with effect from 29th August 2018.
- Further, the Company re-appointed the following Independent Directors for a second term of five consecutive years:

Name of the Director	Effective date of appointment
Mr. Dinesh Krishnaswamy	8th August 2018
Mr. Muthuraman Balasubramanian	8th August 2018
Mr. Arun Seth	8th August 2018
Mr. B.N. Subramanya	8th August 2018
Mr. Manohar Dayaram Chatlani	11th September 2018

Resignations or removal of the Directors, if any

- During the year under review, Dr. Ashutosh Raghuvanshi resigned from the position of Managing Director of the Company with effect from 11th February 2019 and consequently he also ceased to be the Vice Chairman and Group CEO effective the same date.

(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 3rd August 2018
	Held	Attended	
Dr. Devi Prasad Shetty	07	06	Yes
[1]Dr. Ashutosh Raghuvanshi	07	05	Yes
[2]Dr. Emmanuel Rupert	07	1	NA
[3]Ms. Nivruti Rai	07	NA	NA
Dr. Kiran Mazumdar Shaw	07	03	No
Mr. Muthuraman Balasubramanian	07	06	Yes
Mr. B.N. Subramanya	07	06	Yes
Mr. Manohar Dayaram Chatlani	07	02	No
Mr. Viren Shetty	07	07	Yes
Mr. Dinesh Krishnaswamy	07	07	Yes
Mr. Arun Seth	07	07	Yes

1. Resigned from the Board w.e.f 11th February 2019.
2. Appointed as a Board Member with effect from 3rd February 2019 and as a Managing Director & Group CEO w.e.f 11th February 2019.
3. Appointed on Board w.e.f 27th March 2019.

(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 2019 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 posts of Chairman in Audit and Stakeholder Relationship Committee held in public entities including this entity
1.	Dr. Devi Prasad Shetty	Nil	2	0	0
2	Dr. Emmanuel Rupert	Nil	2	1 – Audit Committee	0
3.	Mr. Viren Shetty	Nil	2	1 – Stakeholder Relationship Committee	0
4.	Dr. Kiran Mazumdar Shaw	Infosys Limited – Independent Director Biocon Limited – Chairperson & MD United Breweries Ltd. – Independent Director Syngene International Ltd. – MD	8	0	2
5.	Mr. Manohar Dayaram Chatlani	Nil	1	0	0
6.	Mr. Dinesh Krishnaswamy	Nil	1	1 – Audit Committee	0
7.	Mr. Muthuraman Balasubramanian	Sundaram Fasteners Ltd. – Independent Director	3	2 – Audit Committee	1 – Stakeholder Relationship Committee
8.	Mr. Arun Seth	Jubilant Life Sciences Ltd. – Independent Director	5	0	0
9.	Mr. B.N. Subramanya	Nil	2	1 – Stakeholder Relationship Committee	2 – Audit Committee
10	Ms. Nivruti Rai	Nil	1	0	0

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

During the financial year under review 07 (Seven) Board Meetings were held on 29th May 2018, 2nd August 2018, 31st October 2018, 16th January 2019, 31st January 2019, 3rd February 2019 and 25th March 2019. 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. During the Financial Year under review, the Independent Directors met on 25th March 2019 and majority of the Independent Directors attended the Meeting.

(g) Pecuniary Relationship

There were no pecuniary relation 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 2019.

(h) Familiarisation Programmes 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 Programmes 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
Governance and Board Service	The Board shall collectively comprise of Directors who demonstrate competence and experience in application of Corporate Governance principles.
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.
Risk/Legal/Regulatory Compliance	Ability to identify key risks to the organization in a wide range of areas including legal and regulatory compliance and monitor risk and compliance management frameworks and systems.
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.
Accounting/Financial Experience	Experience with, or can demonstrate knowledge or expertise in, accounting or financial management including analyzing and interpreting financial statements, evaluating organizational budgets and use of resources, critically analyze performance and financial viability, oversee funding arrangements and understanding financial reporting.
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.
Strategy Development and Implementation	Ability to think strategically and contribute to effective strategy formulation in the light of the strategic objectives of the company.
Human Resource management	Experience in the Human Resource Management with understanding of employment law.

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 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 and the same has been adopted by the Board.

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

- The ability to contribute to and monitor our corporate governance practises.
- 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 2019, 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 Krishnaswamy	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	29th May 2018	5	5
	02nd Aug 2018		
Mr. Dinesh Krishnaswamy	31st Oct 2018	5	5
	31st Jan 2019		
Mr. Muthuraman Balasubramanian	25th Mar 2019	5	5

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 Krishnaswamy	Independent Director	Member
3.	Dr. Kiran Mazumdar Shaw	Non-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. Arun Seth	29th May 2018	5	5
	31st Oct 2018		
Dr. Kiran Mazumdar Shaw	31st Jan 2019	5	2
	03rd Feb 2019		
Mr. Dinesh Krishnaswamy	25th Mar 2019	5	5

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.	[1]Dr. Ashutosh Raghuvanshi	Vice Chairman, Managing Director and Group CEO	Member
3.	Mr. B.N. Subramanya	Independent Director	Member
4.	Mr. Viren Shetty	Whole-time Director and Group COO	Member

Meetings and attendance during the year:

Name of the Members attended the Meeting	Date of Committee Meeting	No. of Meetings held	No. of Meetings attended
Mr. Muthuraman Balasubramanian	29th May 2018 02nd Aug 2018 25th Mar 2019	3	3
[1]Dr. Ashutosh Raghuvanshi		3	2
Mr. B.N. Subramanya		3	3
Mr. Viren Shetty		3	3

1 Ceased to be a member of the Committee with effect from 11th February 2019.

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 2019 are:

Sl. No.	Nature of Directorship	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 2019	9
4.	No. of complaints not solved to the satisfaction of shareholders as on 31st March 2019	0
5.	No. of pending complaints as on 31st March 2019	0

8. OTHER COMMITTEES

a. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

	Director	Nature of Directorship	Designation
1.	Mr. Dinesh Krishnaswamy	Independent Director	Chairman
2.	[1]Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO and Managing Director	Member
3.	Mr. B.N. Subramanya	Independent Director	Member
4.	Mr. Viren Shetty	Whole-time Director and Group COO	Member

1 Ceased to be a member of the Committee with effect from 11th February 2019.

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 Krishnaswamy	31st Oct 2018 31st Jan 2019 25th Mar 2019	3	3
[1]Dr. Ashutosh Raghuvanshi		3	2
Mr. B.N. Subramanya		3	3
[2]Mr. Viren Shetty		3	1

1 Ceased to be a Committee member with effect from 11th February 2019.

2 Appointed as a Member with effect from 6th March 2019.

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 existing 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 31st March 2019

(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	4,48,40,400	-	39,600	1,49,60,000	5,98,40,000
[1]Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO and Managing Director	4,31,12,246	12,27,656	6,41,49,300	81,76,002	11,66,65,204
Mr. Viren Shetty, Executive Director & Group COO	92,34,000	-	-	30,78,000	1,23,12,000
[2]Dr. Emmanuel Rupert Managing Director and Group CEO	42,26,961	-	-	13,74,520	56,01,481

1. *Remuneration to Dr. Ashutosh Raghuvanshi for the period 1st April 2018 to 11th February 2019. Perquisite contains exercise of ESOP. vested in FY 2017-18 and FY 2018-19.*
2. *Remuneration to Dr. Emmanuel Rupert paid for the period 11th February 2019 to 31st March 2019.*

b. Remuneration to Non-Executive, Independent Directors paid as on 31st March 2019

(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	3,50,000	1,25,000	12,00,000	-	16,75,000
Dr. Kiran Mazumdar Shaw	1,50,000	50,000	12,00,000	-	14,00,000
Mr. B.N. Subramanya	3,00,000	2,75,000	12,00,000	-	17,75,000
Mr. Manohar D. Chatlani	1,00,000	---	12,00,000	-	13,00,000
Mr. Muthuraman Balasubramanian	3,00,000	2,00,000	12,00,000	-	17,00,000
Mr. Dinesh Krishnaswamy	3,50,000	3,25,000	12,00,000	-	18,75,000

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 2019, the Board comprised of 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 Shetty, Executive Director and Group COO 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 and Mr. Muthuraman Balasubramanian holds 120 equity shares of ₹ 10 each as on 31st March 2019. 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 2018	Friday, the 3rd August 2018 at 11.30 AM	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029
31st March 2017	Thursday, the 3rd August 2017 at 11.30 AM	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru - 560029
31st March 2016	Friday, 29th July 2016 at 10.30 AM	"White Feather", No. 40/41-1, Hobli-Begur, Opposite to Metro Whole-sale and PES College, NICE Tollgate, Electronic City, Phase- I, Hosur Main Road, Bengaluru-560100.

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

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 Shetty (DIN:02144586), as Whole-time Director of the Company for a term of five years
	Re-appointment of Mr. Dinesh Krishnaswamy (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.
Annual General Meeting held on 29th July 2016	Increase in the limits for borrowings under section 180(1)(c) of the Companies Act, 2013 upto ₹ 1,000 Crore
	Appointment of Dr. Anesh Shetty for office or place of profit in an Associate Company
	Amendment in the Liability Clause of the Memorandum of Association of the Company
	Alteration of Articles of Association of the Company

11. DETAILS OF POSTAL BALLOTS

The Company did not pass any special resolution by means of postal ballot during the FY 2018-19 as the Company provided the facility of voting by electronic means under section 108 pursuant to the Companies (Amendment) Act, 2017.

12. DETAILS OF SPECIAL RESOLUTION PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT AT THE ENSUING ANNUAL GENERAL MEETING

Pursuant to the Companies (Amendment) Act, 2017, any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to members to vote by electronic means under section 108, in the manner provided in that section. The Company therefore, shall be transacting the business in the ensuing Annual General Meeting by electronic means.

13. Remote e-voting and insta-poll voting at the Annual General Meeting

To allow the Members to vote on the resolutions proposed at the Annual General Meeting, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Fintech Pvt. Ltd. to provide e-voting facility to all the Members. Members whose names appear on the register of Members as on 3rd August 2019 shall be eligible to participate in the e-voting. The facility for voting through insta poll will also be made available at the Annual General Meeting, and the Members who have not already cast their vote by remote e-voting can exercise their vote at the Annual General Meeting.

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 URL: www.narayanahealth.org.

15. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

Venue: "Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru – 560029.

Day, date and time

Saturday, the 10th August 2019 at 11.30 A.M.

b. Financial Year

Financial Year covers the period from 1st April 2018 to 31st March 2019.

c. Dividend

The final dividend proposed for approval of members at the ensuing AGM, will be paid within 30 days from the date of AGM.

d. Listing on Stock Exchanges

Equity Shares of the Company are listed on the 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.

e. Stock Exchange Codes

NSE: NH; BSE: 539551

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

ISIN: INE410P01011

g. Suspension of Trading

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

h. Registrar and Share Transfer Agents

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

i. Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of 30 days from the date of receipt of documents, provided the documents are complete and valid in all respects.

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 dematerialized form with a depository.

i. Distribution of Shareholdings as on 31st March 2019

NARAYANA HRUDAYALAYA LIMITED

Distribution Schedule as on 31/03/2019

Sl. No.	Category	No. of Cases	% of Cases	Amount	% of Amount
1.	1-5000	29,437	93.35	2,51,13,620	1.22
2.	5001- 10000	1265	4.01	88,97,210	0.43
3.	10001- 20000	442	1.40	61,91,960	0.30
4.	20001- 30000	115	0.36	28,06,510	0.13
5.	30001- 40000	69	0.21	24,42,840	0.11
6.	40001- 50000	37	0.11	17,35,480	0.08
7.	50001- 100000	63	0.19	46,26,340	0.22
8.	100001 & Above	103	0.32	1,99,17,94,080	97.46
	Total:	31,531	100.00	2,04,36,08,040	100.00

j. Category of Equity Shareholders as on 31st March 2019

Consolidated Shareholding Pattern As on 31-03-2019

Category	No. of Holders	Total Shares	% To Equity
PROMOTER INDIVIDUALS	2	12,67,83,666	62.04
MUTUAL FUNDS	8	81,92,123	4.01
FOREIGN PORTFOLIO INVESTORS	45	2,14,75,328	10.51
TRUSTS	1	15,56,674	0.76
RESIDENT INDIVIDUALS	29316	1,24,83,904	6.11
FOREIGN VENTURE CAPITAL	2	1,06,21,978	5.20
NON-RESIDENT INDIANS	627	3,18,714	0.16
PROMOTERS BODIES CORPORATE	1	37,02,064	1.81
CLEARING MEMBERS	31	38,304	0.02
FOREIGN BODIES CORPORATES	1	1,17,65,046	5.76
INDIAN FINANCIAL INSTITUTIONS	1	7,927	0.00
BANKS	3	24,928	0.01
NON-RESIDENT INDIAN NON REPATRIABLE	254	2,74,438	0.13
BODIES CORPORATES	306	68,70,563	3.36
NBFC	3	5,489	0.00
H U F	928	2,38,640	0.12
FOREIGN NATIONALS	2	1,018	0.00
Total	**31531**	**20,43,60,804**	**100**

k. Dematerialisation of Shares & Liquidity

As on 31st March 2019, 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.

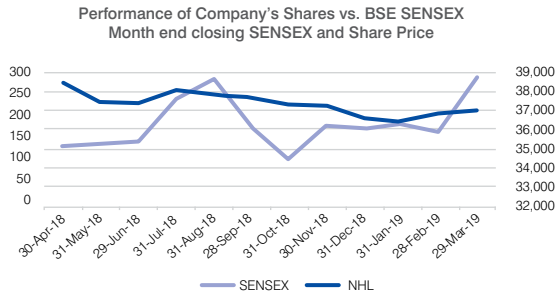
m. Address for correspondence

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

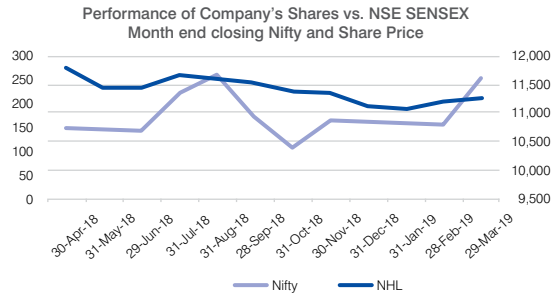
Narayana Hrudayalaya Limited, Corporate Office, 2nd Floor, 261/A, Bommasandra Industrial Area, Anekal Taluk, Hosur Road, Bengaluru – 560099.

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 23 hospitals, 7 heart centres and 19 primary care facilities across India and 1 hospital overseas.

p. Market price data (Monthly High/Low and Volumes):

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Total Traded Quantity	High (₹)	Low (₹)	Total Traded Quantity
April 2018	294.40	269.00	9,34,198	305.00	261.00	73,337
May 2018	277.80	215.30	38,96,967	289.00	225.05	10,71,993
June 2018	240.85	220.35	8,58,396	240.00	212.00	7,71,464
July 2018	261.00	228.95	7,38,668	262.00	227.20	19,159
August 2018	264.90	240.60	10,25,104	264.00	232.00	24,756
September 2018	258.55	237.10	10,39,379	260.00	234.55	71,179
October 2018	248.30	206.00	9,08,500	245.00	206.00	58,982
November 2018	263.45	218.50	3,14,458	254.90	217.10	95,980
December 2018	233.70	193.00	16,83,052	225.00	191.00	6,44,150
January 2019	210.95	182.80	5,81,277	212.00	182.00	30,173
February 2019	211.45	189.00	16,27,005	210.00	187.50	42,479
March 2019	232.00	207.15	12,58,396	233.25	206.30	63,812

16. DISCLOSURES

a. Related Party transactions

During FY 2018-19, 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 accounts of the Annual Report and a policy about same is available on the Company's website URL: www.narayanahealth.org

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 mandatory requirements

The Company has complied with all mandatory 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 www.narayanahealth.org

f. Disclosure of commodity price risk and commodity hedging activities

Disclosure pertaining to commodity price risk and commodity hedging activities are not applicable to the Company.

g. Disclosures regarding appointment or re-appointment of Directors

As per 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. Devi Prasad Shetty, Chairman and Executive Director of the Company, being the longest in the office, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself 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.

Further, the Board of Directors have appointed Dr. Emmanuel Rupert as the Managing Director and Group CEO of the Company with effect from 11th February 2019 and appointed Ms. Nivruti Rai as an Independent Director of the Company with effect from 27th March 2019 and their appointment as Directors on Board of the Company has been recommended to Shareholders for approval in the Annual General Meeting to be held on 10th August 2019.

.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 2019 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 in particular 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 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 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, Bengaluru – 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)

Modified opinion in Audit Report: 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.

The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer.

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 publishing on our website www.narayanahealth.org

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 31st March 2019.

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, Bengaluru – 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 and Group CEO
DIN: 07010883

Place: Bengaluru
Date: 24th May 2019

ANNEXURE VIII

REPORT ON CORPORATE GOVERNANCE BY COMPANY SECRETARY IN PRACTICE

To
The Members,
M/s. NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal Taluk, Bengaluru - 560099

We have examined the compliance of conditions of Corporate Governance by Narayana Hrudayalaya Limited ('the Company') for the year ended 31st March, 2019 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)

Place: Bengaluru
Date : 24th May 2019

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-mailid:investorrelations@narayanahealth.org
6. Financial Year reported: 2018-19.
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.
   b. Number of National Locations-
      The Company and its group has 21 owned/operated hospitals, 3 managed hospitals, 7 heart centers and 19 clinics.
10. Markets served by the Company –Local/State/National/ International.

National Presence

The Company has its hospitals and clinics in Ahmedabad, Bengaluru, Mysore, Davangere, Dharwad, Guwahati, Jaipur, Jamshedpur, Katra, Kolar, Kolkata, Raipur, Shimoga, Bellary, Palanpur, Durgapur, Delhi, Gurugram, etc.

International

Cayman Islands

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (₹): 2,043.61 mn
2. Total Turnover (₹): 20,948.19 mn
3. Total Profit After Taxes (₹): 500.84 m
4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%):

   ₹ 25.07 mn spent on CSR which is 2.18% of the average net profit for the previous 3 years. 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 (FY 2015-16 to FY 2017-18) which amounts to ₹ 2,29,64,326.

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

(₹ In mn)

Sl. No.	CSR project or activity identified	Cumulative expenditure upto the reporting period
1.	Rajiv Gandhi Arogya Yojana (RAY)	1.79
2.	Railway Clinics	0.08
3.	Mobile Mammography Screening	2.84
4.	Care Companion Programme	0.53
5.	E-Health Centre Programme	9.96
6.	Udaan – A Scholarship Programme	1.61
7.	Community Radio programme	0.85
8.	Non-Communicable Diseases (NCD) Programme	5.32
9.	Yadagir Project	0.21
10.	Suposhan programme	1.88
	Total	**25.07**

SECTION C: OTHER DETAILS

1. Does the Company have any Subsidiary Company/ Companies?
   Yes, the Company has totally Ten 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)

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, well being of employees is being implemented by three 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)

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. Ashutosh Raghuvanshi	02775637	Vice Chairman, Group CEO & Managing Director
**Dr. Emmanuel Rupert	07010883	Managing Director and Group CEO

*Resigned w.e.f. 11th February 2019

**Appointed as Managing Director w.e.f 11th February 2019

(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 being 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	✓	✓	✓

Sl. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
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?	✓	✓	✓	✓	✓	✓	✓	✓	✓
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

Note 1: 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).

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 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 third year of publishing this report. The Report for first FY 2016-17 is hosted on our website as a part of Annual Report 2016-17 and for second FY 2017-18 is also hosted on our website as a part of Annual Report 2017-18. 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 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.

   Details with regard to Stakeholders' Complaints are: 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.

   Programme 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. Care Companion program has focused on creating a therapeutic alliance with patients, diminishing the power imbalance in wards and empowering caregivers as additional in-hospital attendants apart from increasing their confidence in the post-discharge scenario. The Suposhan programme has led to introduction of iron fortification through a palatable and acceptable means – a choco-glucose biscuit, thereby meaning to address anemia, a chronic nutritional deficiency concern in the adolescent population, a segment which receives little attention compared to 1-5 years / reproductive age group.

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 reduce Nursing Man Days 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 facility started adopting life cycle cost analysis to identify a sustainable product with lesser energy foot print. 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 waste water from hospitals are treated in on-site waste water 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 waste water 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 authorized 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: 10,877

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 3,676

3. Please indicate the number of permanent women employees: 6,666

4. Please indicate the number of permanent employees with disabilities: 10

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	No. of complaints pending as on end of the financial year
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: 63.1% (6,863 of 10,877)

(b) Permanent Women Employees: 66.9% (4,460 of 6,666)

(c) Casual/Temporary/Contractual Employees: 100% (3,676 of 3,676) – As per the contract between NH & Vendor, this is to be managed by the vendor.

(d) Employees with Disabilities: 60.00% (6 of 10)

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 programmes, 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 recognize 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 Organization, 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 realizing 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. In collaboration with Mindtree, 56 high-school students had been identified for the programme of which 26 students progressed to join Jain University. With additional support from Jain University, the students have been coached, mentored and would be appearing for medical selection test in current year. 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 Udaan students are regularly motivated and mentored by NH panel of doctors.

E - Health Centre Programme

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?

   NIL

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, Global Warming, etc.

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.

   Community engagement has been a central tenet in most of our programmes and taking the narrative to the field has been a critical programme deliverable. Whether the non-communicable diseases screening programme, soon to be initiated safe school and CHAMPS programme, the central theme would be raising awareness levels among stakeholders. Inclusivity in CSR programmes has also meant structuring larger awareness sessions through innovative means such as street plays, school-based resource teams, community radio and various other media.

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.

   The Company had one show cause notice from SPCB for the Gurugram unit. The same has been resolved.

Principle 7

1. Is your Company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   Yes, Narayana Hrudayalaya Limited is a Member of Association of Healthcare Providers (India) -("AHPI")

2. 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).

   Narayana Hrudayalaya Limited has lobbied through AHPI for the following initiatives:

(i) Medical Education Reforms

a. Continued lobbying for recognition of Diplomas from College of Physicians and Surgeons (CPS) by State Governments to convert existing MBBS doctors in government hospitals to intermediate specialists to address shortage of specialists in government hospitals.

b. Continued lobbying for Nurse Intensivist and Nurse Anesthetist courses to provide career progression for nurses.

c. Progressed in gathering international support for 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 minimizing 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 Global Committee to advice Japanese Government on healthcare initiatives to be taken up in developing and underdeveloped nations by Japan, which will head the G20 Summit for 2019-20.

b. Part of High Level Group on Health Sector constituted by 15th Finance Commission, Government of India.

c. Chaired Committee for Karnataka Public Health Policy as member of Karnataka Knowledge Commission.

d. As Chairman of Academics Committee of Health Sector Skills Council, have initiated work on creating skilling courses to fill the gaps in healthcare delivery.

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 programme was initiated in November 2005, with a vision to develop a model of rural primary health care system in Amethi. The Project currently includes 4 Primary Healthcare Clinics spread across four blocks of Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 60,000 people. Non-communicable diseases (NCD) screening was introduced last year 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. Data captured from the devices syncs with a dashboard, which allows for objective data to be gathered, relayed and analysed. The NCD screening was done at community level which has helped in improving traction on the programme and captured early insights on disease prevalence in the area. Since its inception, the RAY programme has served more than 20,74,000 patients from marginalised communities. In the FY 2018-19, more than 9000 patients availed primary healthcare services at these clinics.

Railway Clinics

This programme was initiated in July 2011 in the State of Karnataka in collaboration with Southern Railways. The objective was to provide timely care to the patients or accident victims in railway stations, and thereby curb the increasing number of deaths due to railway accidents. These centres provided basic medical assistance and emergency needs before the patient reaches the hospital. Since inception, these clinics have helped treat more than 14,000 patients. Since the footfalls to the clinic had been decreasing over a period of time, with the concurrence of all stakeholders concerned, the Railway Clinic programme has been discontinued from July 2018.

Mobile Mammography Screening

Since February 2014, the Mobile Mammography screening programme has screened approximately 26,000 women through 651 camps organised across several districts in Karnataka. In the FY 2018-19, 6967 women were screened across 156 camps and 1173 mammograms were conducted. Till date, 43 women have been diagnosed with breast cancer and treated successfully at various hospitals.

Care Companion Programme

The Care Companion 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. The programme focuses on creating a therapeutic alliance with the patient and thereby a platform for shared power and responsibility. The programme 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 programme has been implemented across 24 facilities of NH. Since its inception in 2013, more than 1,33,000 caregivers have been educated, with 53,665 caregivers being trained in the FY 2018-19. FY 2018-19 also saw the TEACH (Teaching Empowering Activating Caregivers at Home) summit being organised by NH CSR in collaboration with 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.

E - Health Centre Programme

NH is the healthcare partner to implement, operate and manage eHealth 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. A Total of 9 eHealth Centres have been established in states of Karnataka, West Bengal, Rajasthan and Gujarat. Around 81,000 tele-consultations have been witnessed since inception. In the last financial year, 17,223 patients were

provided teleconsultations and approximately 14,000 people availed speciality consultation. As per the findings from a socio-economic impact study conducted across three centres in Rajasthan, the direct out of pocket expenses on healthcare have reduced to 0-10% for 80% of respondents while indirect expenses on wage loss and travel expense have reduced to 0-20% for 97% of respondents after inception of the eHealth centre.

Udaan

India has a large shortfall of doctors. According to the World Health Organization, 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 realizing 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.

Shorapur Maternal Obstetric Monitoring programme

Shorapur Taluk was chosen for the implementation of focused maternal health care interventions in collaboration with Philips India Limited and Karnataka National Health Mission. The programme leveraged on workflow improvements and technology innovations to address early detection & referral of high-risk pregnancies. NH CSR team stationed in Shorapur coordinated free drives for ultrasonography (USG), high-risk pregnancy detection (HRP), as well as blood transfusion for severely anemic pregnant women. Since November 2016, NH radiologists have regularly travelled to Shorapur Government General Hospital and have conducted more than 5200 free ultrasound studies for pregnant women. Almost 17.5% of pregnancies were classified as high-risk, with 53.3% of the high-risk cases being referred to the nearest District hospital. Over the past year, our team has also coordinated the blood transfusion for 268 severely anemic women at the Government General Hospital. Regular communitisation activities were conducted by field staff to improve awareness towards anemia and signs and symptoms of high-risk pregnancies. Baseline surveys had found 52% of pregnant women being aware of one warning symptom/sign of pregnancy, while our end line surveys found 72% of pregnant women surveyed being aware of two or three signs / symptoms of high-risk pregnancy. The program was concluded with capacity building workshops being conducted for both medical officers and frontline healthcare workers and sharing details of best practices which had worked on ground.

Namma Naadi- Community Radio programme

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 community radio was named “Namma Naadi” with focus on health, education, environment, culture and civic issues within the primary and secondary zones of health city. Various programmes were aired on Namma Naadi with participation from multiple communities of interest. In the FY 2018-19, 250 programmes were aired on various themes including health, education, music, theatre, environment, voter awareness and other civic issues.

Non-Communicable Diseases (NCD) Programme

This new programme 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 programme has been initiated at six locations – Mysore, Jamshedpur, Delhi, Howrah, Delhi and Bengaluru. In collaboration with various local institutions, government healthcare bodies and non-governmental organizations. The programme has been able to screen

more than 31,000 people since inception. In the FY 2018-19, approximately 13,000 people were screened for oral cancer, with four oral cancer patients being detected. 28,000 people were screened for a spectrum of non-communicable diseases including diabetes, hypertension and anemia. 3,140 diabetics, 5,800 hypertensives and 1900 severely anemic patients were detected through the program and referred to the nearest facilities.

SUPOSHAN Programme

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 programme, which is modelled as an action research study, aims at introducing iron fortification in a palatable manner which would be an adjunct to the existing WIFS program. In addition, the programme would be supplemented by efforts to engage students on need for iron fortification and supplementation, nutritional and hygiene guidelines. The first phase of the programme is on-going with baseline surveys, distribution of iron-fortified choco-glucose biscuits among adolescent population in the intervention block as well as awareness building activities among students and the larger community.

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 Shorapur Maternal health programme, Non-communicable diseases 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, meetings have also been held with Anganwadi staff to apprise them about the programme. 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 programme has gained traction and most frontline healthcare workers in the regional areas are aware of our programmes. Whether the non-communicable diseases screening programme, soon to be initiated safe school and CHAMPS programme, the central theme would be raising awareness levels among stakeholders. Inclusivity in CSR programmes has also meant structuring larger awareness sessions through innovative means such as street plays, school-based resource teams, community radio and various other media.

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 2019

[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,

M/s. NARAYANA HRUDAYALAYA LIMITED

CIN: L85110KA2000PLC027497

No. 258/A, Bommasandra Industrial Area,

Anekal Taluk, 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 Taluk, 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 2019, 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, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2019 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, 1999
   vii. Payment of Bonus Act, 1965
   viii. Payment of Gratuity Act, 1972 and such other applicable labour laws
   ix. Clinical Establishments (Registration & Regulations) Act, 2010
   x. Karnataka Private Medical Establishments Act, 2007
   xi. Drugs and Cosmetics Act, 1940 and Rules 1945
   xii. Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (Ethics Regulations)
   xiii. Atomic Energy Act, 1962 and Rules thereunder
   xiv. Narcotic Drugs and Psychotropic Substance Act, 1985
   xv. Medical Termination of Pregnancy Act, 1971
   xvi. Pre-Natal Diagnostic Techniques (Regulations & Preventions of Misuse) Act, 1994
   xvii. Transplantation of Human Organs Act, 1994
   xviii. Registration of Births and Deaths Act, 1969
   xix. Water (Prevention and Control of Pollution) Act, 1974
   xx. Air (Prevention and Control of Pollution) Act, 1981
   xxi. Environment Protection Act, 1986
   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. During the year, Mr. Ashutosh Raghuvanshi, Managing Director of the Company has resigned from the Board w.e.f. 11th February 2019 and Mr. Emmanuel Rupert was appointed as Managing Director & Group CEO with effect from 11th February 2019 subject to approval of Shareholders at the ensuing Annual General Meeting.

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 3rd August 2018 for;

(a) Re-appointment of Dr. Devi Prasad Shetty (DIN:00252187) as Whole-time Director of the Company for a term of 5 years by way of Special Resolution.

(b) Re-appointment of Dr. Ashutosh Raghuvanshi (DIN:02775637) as Managing Director of the Company for a term of 5 years by way of Special Resolution.

(c) Re-appointment of Mr. Viren Shetty (DIN: 02144586) as Whole-Time Director of the Company for a term of 5 years by way of Special Resolution.

(d) Re-appointment of Mr. Dinesh Krishnaswamy (DIN: 00041553) as an Independent Director of the Company for a second term of 5 consecutive years by way of Special Resolution.

(e) Re-appointment of Mr. Muthuraman Balasubramanian (DIN: 00004757) as an Independent Director of the Company for a second term of 5 consecutive years by way of Special Resolution.

(f) Re-appointment of Mr. Arun Seth (DIN: 00204434) as an Independent Director of the Company for a second term of 5 consecutive years by way of Special Resolution.

(g) Re-appointment of Mr. Bengaluru Nagappa Subramanya (DIN: 00483654) as an Independent Director of the Company for a second term of 5 consecutive years by way of Special Resolution.

(h) Re-appointment of Mr. Manohar Dayaram Chatlani (DIN: 00101591) as an Independent Director of the Company for a second term of 5 consecutive years by way of Special Resolution.

(i) Increase in borrowing powers of Board of Directors to the extent of ₹ 1500 crore under Section 180(1)(c) of the Companies Act, 2013 by way of Special Resolution.

(j) Providing security in connection with the borrowings under Section 180(1)(a) of the Companies Act, 2013 by way of Special Resolution.

(k) Appointment of Dr. Anesh Shetty as Senior Manager Operation, relative of Dr. Devi Prasad Shetty, Chairman & Whole-time Director and Mr. Viren Shetty, Whole-time Director for providing services and payment of remuneration effective from 1st April 2018 as more fully described in the said resolution by way of Special Resolution.

(l) Appointment of Dr. Varun Shetty as Consultant Surgeon, relative of Dr. Devi Prasad Shetty, Chairman & Whole-time Director and Mr. Viren Shetty, Whole-time Director for providing services and payment of remuneration effective from 1st April 2018 as more fully described in the said resolution by way of Special Resolution.

(m) Appointment of Dr. Vivek Shetty as Consultant Surgeon, relative of Dr. Devi Prasad Shetty, Chairman & Whole-time Director and Mr. Viren Shetty, Whole-time Director for providing services and payment of remuneration effective from 1st April 2018 as more fully described in the said resolution by way of Special Resolution.

ii. Dr. Emmanuel Rupert was appointed as an Additional Director of the Company with effect from 3rd February 2019 and Managing Director and Group CEO with effect from 11th February 2019.

iii. Ms. Nivruti Rai was appointed as an Additional Director, Women - Independent Director as per Schedule IV of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 through circular resolution with effect from 27th March 2019.

iv. The Board of Directors at their meeting held on 25th March 2019 has approved setting up a Limited Liability Company in USA as subsidiary company for operational consultancy project.

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)

Place: Bengaluru
Date : 24th May 2019

Annexure - A

To

The Members,

M/s. NARAYANA HRUDAYALAYA LIMITED

CIN: L85110KA2000PLC027497

No. 258/A, Bommasandra Industrial Area,

Anekal Taluk, 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 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 : 24th May 2019

ANNEXURE XI

SECRETARIAL COMPLIANCE REPORT OF NARAYANA HRUDAYALAYA LIMITED (CIN: L85110KA2000PLC027497) FOR THE YEAR ENDED 31ST MARCH 2019

(Pursuant to Rule 3(b) of SEBI Circular CIR/CFD/CMD1/27/2019 dated 8th February, 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 2019("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.

(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)

Place: Bengaluru
Date : 24th May 2019

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 41 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	7,26,273
Number of options granted during the year	1,83,117
Number of options forfeited / lapsed during the year	2,16,094
Number of options vested during the year	2,42,361
Number of options exercised during the year	3,96,859
Number of shares arising as a result of exercise of options	3,96,859
Money realised by exercise of options (₹), if scheme is implemented directly by the company	39,68,590
Loan repaid by the Trust during the year from exercise price received	NA
Number of options outstanding at the end of the year	2,96,437
Number of options exercisable at the end of the year	5,496

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. Mr. Sunil Kumar C.N., Regional Director • Options vested during the year –3,297 • Options exercised during the year – NIL • Exercise price – ₹ 10/- 2. Mr. R. Venkatesh, Regional Director • Options vested during the year – 3,297 • Options exercised during the year – 3,297 • Exercise price – ₹ 10/- 3. Mr. Shajan Joseph – Head – (Non-medical purchase) • Options vested during the year – 1,098 • Options exercised during the year – 1,098 • Exercise price – ₹ 10/-
(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	Dr. Emmanuel Rupert–Managing Director & Group CEO (Grant of 1,83,117 options on 25th March 2019)
(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.41 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.41 of consolidated financial statements.
(d)	Whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	None.

E. Disclosures in respect of grants made in three years prior to IPO under each ESOP: NIL

F. Disclosures in respect of transactions made by Trust under ESOP Scheme

(i) General information on the scheme

Sl. No.	Particulars	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;	19,53,533
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;	3,96,859
4.	Number of shares held at the end of the year.	15,56,674

(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 2019

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.	Karvy Fintech 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.	8,610	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)

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
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	99.12	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.	**NH Health Bangladesh Private Limited, High Tower (9th Floor), 9 Mohakhali C/A, Dhaka- 1212	C-146130/2018	STEP DOWN SUBSIDIARY	100	2(87)
11.	***ISO Healthcare, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	136656-C2/GBL	ASSOCIATE	20	2(6)
12.	****Cura Technologies INC, 1013 Centre Road Suite, 403B Street, Wilmington, New Castel, 19805	5618975	ASSOCIATE	43.33	2(6)

* Narayana Hrudayalaya Limited holds 100% in these companies via its wholly owned subsidiary Narayana Cayman Holdings Limited.

**Narayana Hrudayalaya Limited Holds 100% in this Company via its step down subsidiary Narayana Holdings Private Limited.(Mauritius)

***Narayana Hrudayalaya Limited holds 20% in this company via its step down subsidiary Narayana Holdings Private Limited.(Mauritius)

****Narayana Hrudayalaya Limited holds 43.33% in this company via its wholly owned subsidiary Narayana Cayman Holdings Limited.

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 2018]				No. of Shares held at the end of the year [As on 31st March 2019]				% 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	12,67,83,666	-	12,67,83,666	62.04	12,67,83,666	-	12,67,83,666	62.04	-
(b)	Central Government / State Government(s)	-	-	-	-	-	-	-	-	-
(c)	Bodies Corporate	37,02,064	-	37,02,064	1.81	37,02,064	-	37,02,064	1.81	-
(d)	Financial Institutions/ Banks	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub Total (A) (1)	**13,04,85,730**	**-**	**13,04,85,730**	**63.85**	**13,04,85,730**	**-**	**13,04,85,730**	**63.85**	**-**
(2)	**Foreign**									
(a)	Individuals (NRIs/Foreign Individuals)	-	-	-	-	-	-	-	-	-
(b)	Bodies Corporate	-	-	-	-	-	-	-	-	-
(c)	Institutions	-	-	-	-	-	-	-	-	-
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(e)	Others	-	-	-	-	-	-	-	-	-
	Sub Total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total A=A(1)+A(2)	**13,04,85,730**	**-**	**13,04,85,730**	**63.85**	**13,04,85,730**	**-**	**13,04,85,730**	**63.85**	**-**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds/UTI	87,95,349	-	87,95,349	4.30	81,92,123	-	81,92,123	4.00	(0.29)
(b)	Financial Institutions/Banks	2,39,856	-	2,39,856	0.12	32,855	-	32,855	0.02	(0.10)
(c)	Central Government/State Government(s)	-	-	-	-	-	-	-	-	-
(d)	Venture Capital Funds	-	-	-	-	-	-	-	-	-

Category Code	Category of Shareholder	No. of Shares held at the beginning of the year [As on 1st April 2018]				No. of Shares held at the end of the year [As on 31st March 2019]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(e)	Insurance Companies	-	-	-	-	-	-	-	-	-
(f)	Foreign Institutional Investors	1,95,29,234	-	1,95,29,234	9.56	2,14,75,328	-	2,14,75,328	10.51	0.95
(g)	Foreign Venture Capital Funds	1,06,21,978	-	1,06,21,978	5.20	1,06,21,978	-	1,06,21,978	5.20	-
(h)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
(i)	Others	1,17,65,046	-	1,17,65,046	5.76	1,17,65,046	-	1,17,65,046	5.76	-
	Sub-Total (B)(1):-	**5,09,51,463**	**-**	**5,09,51,463**	**24.93**	**5,20,87,330**	**-**	**5,20,87,330**	**25.48**	**0.56**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	77,90,583	-	77,90,583	3.81	68,70,563	-	68,70,563	3.36	(0.45)
(b)	Individuals									
	i) Individual shareholders holding nominal share capital upto Rs. 1 lakhs	49,52,961	1	49,52,962	2.42	45,29,564	1	45,29,565	2.22	(0.21)
	ii) Individual shareholders holding nominal share capital in excess of Rs 1 lakhs	76,42,347	-	76,42,347	3.74	81,93,997	-	81,93,997	4.01	0.27
(c)	Others									
	Clearing Members	53,421	-	53,421	0.03	38,304	-	38,304	0.02	(0.01)
	NBFC	5,969	-	5,969	0	5,489	-	5,489	0	(0)
	Non Resident Indians	2,93,303	-	2,93,303	0.14	3,18,714	-	3,18,714	0.16	0.01
	NRI Non-Repatriation	2,31,493	-	2,31,493	0.11	2,74,438	-	2,74,438	0.13	0.02
	Trusts	19,53,533	-	19,53,533	0.96	15,56,674	-	15,56,674	0.76	(0.19)
(d)	Qualified Foreign Investor	-	-	-	-	-	-	-	-	-
	Sub-total (B)(2)	**2,29,23,610**	**1**	**2,29,23,611**	**11.22**	**2,17,87,743**	**1**	**2,17,87,744**	**10.66**	**(0.56)**
	Total (B)=B(1)+B(2)	**7,38,75,073**	**1**	**7,38,75,074**	**36.15**	**7,38,75,073**	**1**	**7,38,75,074**	**36.15**	**-**
	Total (A+B)	20,43,60,803	1	20,43,60,804	100	20,43,60,803	1	20,43,60,804	100	-
(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)	**20,43,60,803**	**1**	**20,43,60,804**	**100**	**20,43,60,803**	**1**	**20,43,60,804**	**100**	**0**

(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	6,47,00,571	31.66	-	6,47,00,571	31.66	-	-
2.	Mrs. Shakuntala Shetty	6,20,83,095	30.38	-	6,20,83,095	30.38	-	-
3.	Narayana Health Academy Private Limited	37,02,064	1.81	-	37,02,064	1.81	-	-

(iii) Change in Promoters' Shareholding (please specify, if there is no change)- 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.	At the beginning of the year		-	13,04,85,730	63.85	13,04,85,730	63.85
	Changes during the year		-	-	-	-	-
	At the end of the year			**13,04,85,730**	**63.85**	**13,04,85,730**	**63.85**

(iv) Shareholding Pattern of top ten Shareholders as on 31st March 2019

(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		-	1,17,65,046	5.76	1,17,65,046	5.76
	Changes during the year		-	-	-	-	-
	At the end of the year		-	1,17,65,046	5.76	1,17,65,046	5.76
2.	**Name-Ashoka Investment Holdings Limited**						
	At the beginning of the year		-	81,70,807	4.00	81,70,807	4.00
	Changes during the year		-	-	-	-	-
	At the end of the year		-	81,70,807	4.00	81,70,807	4.00
3.	**Name-ICICI Prudential Value Fund Series 8**						
	At the beginning of the year			65,82,528	3.22	65,82,528	3.22
	Changes during the year	06/04/2018	Decrease/Sold	-4,117		65,78,411	3.22
		13/04/2018	Decrease/Sold	-36,721		65,41,690	3.20
		20/04/2018	Decrease/Sold	-48,897		64,92,793	3.18
		27/04/2018	Decrease/Sold	-30,291		64,62,502	3.16
		04/05/2018	Decrease/Sold	-25,716		64,36,786	3.15
		11/05/2018	Increase/Bought	86		64,36,872	3.15
		11/05/2018	Decrease/Sold	-8,418		64,28,454	3.15
		25/05/2018	Decrease/Sold	-26		64,28,428	3.15
		01/06/2018	Decrease/Sold	-1,16,890		63,11,538	3.09
		08/06/2018	Increase/Bought	29,174		63,40,712	3.10
		08/06/2018	Decrease/Sold	-94,045		62,46,667	3.06
		15/06/2018	Decrease/Sold	-4,09,227		58,37,440	2.86
		22/06/2018	Decrease/Sold	-2,27,941		56,09,499	2.74
		13/07/2018	Increase/Bought	12,225		56,21,724	2.75
		20/07/2018	Increase/Bought	1,876		56,23,600	2.75
		20/07/2018	Decrease/Sold	-72,283		55,51,317	2.72
		27/07/2018	Increase/Bought	15,765		55,67,082	2.72
		27/07/2018	Decrease/Sold	-26		55,67,056	2.72
		03/08/2018	Increase/Bought	24,879		55,91,935	2.74
		10/08/2018	Increase/Bought	2,17,387		58,09,322	2.84
		17/08/2018	Increase/Bought	2,68,287		60,77,609	2.97
		24/08/2018	Increase/Bought	8,830		60,86,439	2.98
		31/08/2018	Increase/Bought	16,127		61,02,566	2.99

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
		07/09/2018	Increase/Bought	265		61,02,831	2.99
		14/09/2018	Increase/Bought	44,306		61,47,137	3.01
		21/09/2018	Increase/Bought	26,960		61,74,097	3.02
		28/09/2018	Increase/Bought	2,10,207		63,84,304	3.12
		28/09/2018	Decrease/Sold	-1		63,84,303	3.12
		05/10/2018	Increase/Bought	2,04,514		65,88,817	3.22
		12/10/2018	Increase/Bought	35,602		66,24,419	3.24
		19/10/2018	Increase/Bought	1,89,986		68,14,405	3.33
		30/11/2018	Decrease/Sold	-40,203		67,74,202	3.31
		07/12/2018	Decrease/Sold	-30,696		67,43,506	3.30
		14/12/2018	Decrease/Sold	-2,38,552		65,04,954	3.18
		25/01/2019	Increase/Bought	1,09,856		66,14,810	3.24
		01/02/2019	Increase/Bought	3,851		66,18,661	3.24
		08/02/2019	Increase/Bought	4,155		66,22,816	3.24
	At the end of the year			**66,22,816**	**3.24**	**66,22,816**	**3.24**
4.	**Franklin Templeton Investment Funds**						
	At the beginning of the year			45,14,103	2.21	45,14,103	2.21
	Changes during the year		-	-	-	-	-
	At the end of the year			**45,14,103**	**2.21**	**45,14,103**	**2.21**
5.	**CDC India Opportunities Limited**						
	At the beginning of the year			4360804	2.13	43,60,804	2.13
	Changes during the year		-	-	-	-	-
	At the end of the year			**43,60,804**	**2.13**	**43,60,804**	**2.13**
6.	**Credit Suisse (Singapore) Limited**						
	At the beginning of the year	18/05/2018	Increase/Bought	21,12,093		21,12,093	1.03
	Changes during the year	14/12/2018	Increase/Bought	12,00,000		33,12,093	1.62
	At the end of the year			**33,12,093**	**1.62**	**33,12,093**	**1.62**
7.	**First State Investments ICVC- Stewart Investors AS**						
	At the beginning of the year			30,48,015	1.49	30,48,015	1.49
	Changes during the year	01/06/2018	Increase/Bought	7,56,421		38,04,436	1.86
		07/12/2018	Decrease/Sold	-9,145		37,95,291	1.86

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
		14/12/2018	Decrease/Sold	-2,583		37,92,708	1.86
		11/01/2019	Decrease/Sold	-10,013		37,82,695	1.85
		01/03/2019	Decrease/Sold	-6,88,062		30,94,633	1.51
		15/03/2019	Decrease/Sold	-2,38,818		28,55,815	1.40
		29/03/2019	Decrease/Sold	-3,71,591		24,84,224	1.22
	At the end of the year			**24,84,224**	**1.22**	**24,84,224**	**1.22**
8.	**Ambadevi Mauritius Holding Limited**						
	At the beginning of the year			24,51,171	1.20	24,51,171	1.20
	Changes during the year			-	-	-	-
	At the end of the year			**24,51,171**	**1.20**	**24,51,171**	**1.20**
9.	**Valuequest India Moat Fund Limited**						
	At the beginning of the year			24,19,013	1.18	24,19,013	1.18
	Changes during the year	08/06/2018	Increase/Bought	1,08,000		25,27,013	1.24
	At the end of the year			**25,27,013**	**1.24**	**25,27,013**	**1.24**
10.	**Rathnakar Shetty**						
	At the beginning of the year			20,43,608	1.00	20,43,608	1.00
	Changes during the year			-	-	-	-
	At the end of the year			**20,43,608**	**1.00**	**20,43,608**	**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			6,47,00,571	31.66	6,47,00,571	31.66
	Changes during the year		-	-	-	-	-
	At the end of the year			**6,47,00,571**	**31.66**	**6,47,00,571**	**31.66**
2.	**Dr. Kiran Mazumdar Shaw**						
	At the beginning of the year			47,05,671	2.30	47,05,671	2.30
	Changes during the year		-	-	-	-	-
	At the end of the year			**47,05,671**	**2.30**	**47,05,671**	**2.30**
3.	**Mr. Muthuraman Balasubramanian**						
	At the beginning of the year			120	0.00	120	0.00
	Changes during the year		-	-	-	-	-
	At the end of the year			**120**	**0.00**	**120**	**0.00**

V. INDEBTEDNESS AS ON 31st MARCH 2019

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4,914.24	-	-	4,914.24
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.21	-	-	0.21
Total (i+ii+iii)	4,914.45	-	-	4,914.45
Change in Indebtedness during the financial year				
* Addition	481.38	140.88	-	622.27
* Reduction	511.43	36.62	-	548.05
Net Change	(30.05)	104.26	-	74.21
Indebtedness at the end of the financial year				
i) Principal Amount	4,883.99	104.26	-	4,988.25
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	0.41	-	-	0.41
Total (i+ii+iii)	**4,884.40**	**104.26**	**-**	**4,988.66**

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 of MD/WTD/ Manager				Total Amount
	Name	**Dr. Devi Prasad Shetty**	**Dr. Ashutosh Raghuvanshi**	**Mr. Viren Shetty**	**Dr. Emmanuel Rupert**	**(₹)**
	Designation	Chairman & Whole-time Director	Vice Chairman, Group CEO & Managing Director	Whole-time Director & Group COO	Managing Director & Group CEO	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,48,40,400	4,31,12,246	92,34,000	42,26,961	10,14,13,607
	(b) Value of perquisites u/s 17(2) Income-tax Act,1961	39,600	39,06,000			39,45,600
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option		6,02,43,300			
3.	Sweat Equity					
4.	Commission					
	- as % of profit					
	- others, specify					
5.	Others, please specify (NPS contribution)		12,27,656			
	Others, please specify (performance related pay)	1,49,60,000	81,76,002	30,78,000	13,74,520	2,75,88,522
	Total	5,98,40,000	11,66,65,204	1,23,12,000	56,01,481	19,44,18,685

Ceiling as per the Act (10% of profits calculated under section 198 of the Companies Act 2013)

1. Remuneration to Dr. Ashutosh Raghuvanshi paid for the period 1st April 2018 to 11th February 2019.
2. Remuneration to Dr. Emmanuel Rupert paid for the period 11th February 2019 to 31st March 2019

The remuneration paid to the Directors is pursuant to the special resolution passed in the 18th AGM held on 3rd August 2018

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 Krishna Swamy	Ms. Nivruti Rai	Dr. Kiran Mazumdar Shaw	(₹)
1. Independent Directors									
	Fee for attending board and committee meetings	1,00,000	5,75,000	4,75,000	5,00,000	6,75,000	-		23,25,000
	Commission	12,00,000	12,00,000	12,00,000	12,00,000	12,00,000	-		60,00,000
	Others, please specify	-	-	-	-	-	-		-
	Total (1)	**13,00,000**	**17,75,000**	**16,75,000**	**17,00,000**	**18,75,000**	**-**		**83,25,000**
2. Other Non-Executive Directors									
	Fee for attending board & committee meetings	-	-	-	-	-	-	2,00,000	2,00,000
	Commission	-	-	-	-	-	-	12,00,000	12,00,000
	Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**14,00,000**	**14,00,000**
	Total (B)=(1+2)	**13,00,000**	**17,75,000**	**16,75,000**	**17,00,000**	**18,75,000**	**-**	**14,00,000**	**97,25,000**
	Overall Ceiling as per the Act (1% of the profits calculated under section 198 of the Companies Act, 2013)				**1,19,01,008**				

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	15,965,940	40,05,465	19,971,405
	(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	-	-	-

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel & Designation		Total Amount
		Mr. Venugopalan Kesavan	Mr. Sridhar S.	(₹)
2.	Stock Option	-	-	-
3.	Sweat Equity	-	-	-
4.	Commission			
	- as % of profit	-	-	-
	- others, specify	-	-	-
5.	Others, please specify (NPS Contribution)	5,51,292	1,10,529	6,61,821
	Others, please specify (Employer PF)	-	-	-
	Others, please specify (Performance related pay)	48,20,400	8,00,371	56,20,771
	Others, please specify (Retention bonus)	-	-	-
	Total	**2,13,37,632**	**49,16,365**	**2,62,53,997**

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	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
B. DIRECTORS	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT	NIL	NIL	NIL	NIL	NIL
Penalty					
Punishment					
Compounding					

Place: Bengaluru
Date: 24th May 2019

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

FINANCIAL STATEMENTS
STANDALONE
CONSOLIDATED

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 2019, 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 2019, 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 matters described below to be the key audit matters to be communicated in our report.

Sr. No.	Key Audit Matter	Auditor's Response
1.	**Impairment of investment** 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.1,020.92 million of Investment 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	Principal audit procedures performed: a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which inter-alia includes the reasonableness of the input data considered, assumptions made in determining the future projections and the discount rate applied in estimating 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.

Sr. No.	Key Audit Matter	Auditor's Response
	• The assessment of the carrying value of the Investments involves exercising significant judgements about future cash flow forecasts and the discount rates applied.	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 projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, etc. considering the historical accuracy of the Company's estimates in the prior period, 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. vi. Performed sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would be required for the investment to be impaired.

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, Director's 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 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31 2019 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

Place: Bengaluru
Date: 24 May 2019
VB/MP/EKP/NM/2019

V. Balaji
Partner
Membership No. 203685

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 2019 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 Board of Directors 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 2019, based on the internal financial control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Place: Bengaluru
Date: 24 May 2019
VB/MP/EKP/NM/2019

V. Balaji
Partner
Membership No. 203685

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. However, in respect of loans granted:

(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 31st March 2019 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 2019 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 mn)	Amount Unpaid (₹ In mn)
Income tax Act, 1961	Income Tax	High Court of Karnataka	FY 2008-09	17.24	2.77
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
KVAT Act, 2003	Value Added Tax	Joint Commissioner of Commercial Taxes, Appeals	FY 2011-12 and FY 2012-13	32.28	22.60
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

Place: Bengaluru
Date: 24 May 2019
VB/MP/EKP/NM/2019

V. Balaji
Partner
Membership No. 203685

Balance sheet

(₹ in mn)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,440.24	9,654.61
Capital work-in-progress	4	358.12	221.88
Intangible assets	4	50.69	74.24
Intangible assets under development	4	199.12	81.73
Financial assets			
Investments	5	5,965.39	5,609.51
Loans receivables	6	508.46	454.34
Other financial assets	7	3.12	33.19
Income tax assets (net)	8	495.41	215.15
Other non-current assets	9	633.31	547.47
Total non-current assets		**17,653.86**	**16,892.12**
Current assets			
Inventories	10	493.58	504.80
Financial assets			
Trade receivables	11	1,570.65	1,850.66
Cash and cash equivalents	12	528.95	200.58
Bank balances other than above	12	40.10	13.80
Loans receivables	6	30.82	72.91
Other financial assets	7	164.78	165.88
Other current assets	9	261.34	237.74
Total current assets		**3,090.22**	**3,046.37**
TOTAL ASSETS		**20,744.08**	**19,938.49**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	2,043.61	2,043.61
Other equity	14	9,634.90	9,163.27
Total equity		**11,678.51**	**11,206.88**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15	4,619.89	4,470.75
Other financial liabilities	16	168.42	168.28
Provisions	17	148.38	129.80
Deferred tax liabilities (net)		460.36	377.35
Other non-current liabilities	18	284.36	217.16
Total non-current liabilities		**5,681.41**	**5,363.34**
Current liabilities			
Financial liabilities			
Borrowings	15	-	277.79
Trade payables	19		
Total outstanding dues of micro enterprises and small enterprises		27.45	18.16
Total outstanding dues of creditors other than micro enterprises and small enterprises		2,337.54	2,224.63
Other financial liabilities	16	533.19	384.03
Provisions	17	218.90	202.88
Other current liabilities	18	267.08	260.78
Total current liabilities		**3,384.16**	**3,368.27**
TOTAL EQUITY AND LIABILITIES		**20,744.08**	**19,938.49**

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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: 24th May 2019

Viren Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Statement of profit and loss

(₹ in mn)

Particulars	Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
INCOME			
Revenue from operations	20	20,771.57	18,475.75
Other income	21	176.62	186.38
Total income (A)		**20,948.19**	**18,662.13**
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		5,235.17	4,634.54
Changes in inventories of medical consumables, drugs and surgical instruments - (Increase)/ Decrease	22	11.22	(70.42)
Employee benefits expense	23	3,990.22	3,688.60
Professional fees to doctors		4,764.48	3,917.11
Other expenses	24	4,882.61	4,549.34
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**18,883.70**	**16,719.17**
"Earnings before finance costs,depreciation and amortisation,exceptional items and tax (A- B)"		**2,064.49**	**1,942.96**
Finance costs (C)	25	358.97	196.75
Depreciation and amortisation expense (D)	26	907.07	780.49
Total expenses (E) = (B+C+D)		**20,149.74**	**17,696.41**
Profit before exceptional items and tax (F) = (A-E)		**798.45**	**965.72**
Exceptional items (G)		4.49	11.58
Profit before tax (H) = (F-G)		**793.96**	**954.14**
Tax expense:			
Current tax		197.79	219.78
Add : MAT credit entitlement		(197.79)	(219.78)
Deferred tax charge / (credit)		293.12	369.92
Total tax expense (I)		**293.12**	**369.92**
Profit for the year (J) = (H-I)		**500.84**	**584.22**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(13.53)	4.35
Income tax effect		4.73	(1.51)
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/ (losses) in cash flow hedge		(21.73)	(11.39)
Income tax effect		7.59	3.94
Other comprehensive income/(loss) for the year, net of income tax (K)		(22.94)	(4.61)
Total comprehensive income for the year (J+K)		**477.90**	**579.61**
Earnings per share	36		
Basic (₹)		2.47	2.88
Diluted (₹)		2.47	2.88

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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Place: Bengaluru
Date: 24th May 2019

Statement of Cash flows

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Cash flow from operating activities		
Profit before tax	793.96	954.14
Adjustments :		
Depreciation and amortisation	907.07	780.49
Provision for loss allowance	111.91	72.50
Bad debts written off	51.29	4.30
Provision of inventories for write-down to net realisable value	12.00	3.21
Interest income	(10.96)	(22.95)
Interest income from financial asset at amortised cost	(31.87)	(28.49)
Finance costs	358.97	196.75
Share based payment expenses/(reversed)	(12.05)	42.01
Guarantee commission income/(reversed)	(6.83)	(3.52)
Government grant income	(18.37)	(13.97)
Loss on sale of fixed assets	4.73	14.55
CWIP/Assets written off	24.82	19.40
Profit on sale of investment	(2.73)	(3.10)
Exceptional items	4.49	11.58
Unrealised foreign exchange gain (net)	103.83	(4.55)
Operating cash flow before working capital changes	**2,290.26**	**2,022.35**
Changes in trade receivables	116.44	(550.00)
Changes in inventories	(0.78)	(73.63)
Changes in loans, other financial assets and other assets	9.60	167.37
Changes in trade payables, other financial liabilities and other liabilities	125.02	609.14
Changes in provision	21.07	89.80
Cash generated from operations	**2,561.61**	**2,265.03**
Income taxes paid (net of refund)	(478.05)	(305.28)
Net cash generated from operating activities (A)	**2,083.56**	**1,959.75**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(1,031.36)	(1,902.19)
Proceeds from sale of property, plant and equipment	0.36	11.40
Investment in equity shares of subsidiaries (including share application money)	(368.29)	(2,065.38)
Proceeds from sale of investment in subsidiaries [refer note 38 & 40(A)]	45.92	14.87
Payment towards acquisition of business (refer note 41)	-	(756.40)
Proceeds from repayment of loan by a related party	-	150.28
Purchase of mutual fund	(2,645.00)	(2,465.00)
Proceeds from sale of mutual fund	2,647.73	2,468.10
Investment in bank deposits	(37.57)	(2.53)
Realisation of bank deposits	8.89	63.36
Interest received	8.13	22.43
Net cash (used in) investing activities (B)	**(1,371.19)**	**(4,461.06)**

Statement of Cash flows (contd.)

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Cash flow from financing activities		
Proceeds from long-term borrowings	516.30	2,781.33
Repayment of long-term borrowings	(268.19)	(280.89)
Repayment of commercial papers	-	(500.00)
Proceeds from commercial papers	-	500.00
Proceeds from exercise of share options	3.97	0.54
Interest and other borrowing costs	(358.29)	(241.93)
Net cash (used in)/ generated from financing activities (C)	**(106.21)**	**2,259.05**

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Net increase in cash and cash equivalents (A+B+C)	**606.16**	**(242.26)**
Cash and cash equivalents at the beginning of the year (refer note 12)*	(77.21)	162.11
Add: Cash and cash equivalents at the beginning of the year pertaining to entities acquired during the year	-	2.94
Cash and cash equivalents at the end of the year (refer note 12)	**528.95**	**(77.21)**

'* 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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: 24th May 2019

Viren Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Statement of changes in equity for the year ended 31st March 2019

(a) Equity share capital

(₹ in mn except no. of shares)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at 1st April 2017	20,43,60,804	2,043.61
Changes in equity share capital during FY 2017-18 (refer note 13)	-	-
Balance as at 31st March 2018	20,43,60,804	2,043.61
Changes in equity share capital during FY 2018-19 (refer note 13)	-	-
Balance as at 31st March 2019	**20,43,60,804**	**2,043.61**

(b) Other equity

(₹ In mn)

Particulars	Reserves and Surplus						Items of OCI		Total other equity
	Capital Reserve	Securities Premium Reserve	Treasury Shares	Share options outstanding (refer note 39)	General Reserve	Retained earnings	Effective portion of Cash flow hedge reserve	Re-measurement of defined benefit plans	
Balance at 1st April 2017	**1.54**	**4,901.24**	**(20.08)**	**92.34**	**250.00**	**3,317.98**	**-**	**(1.91)**	**8,541.11**
Profit for the year	-	-	-	-	-	584.22	-	-	584.22
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	(7.45)	2.84	(4.61)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**584.22**	**(7.45)**	**2.84**	**579.61**
Transaction recorded directly in equity									
Exercise of share options	-	-	0.54	-	-	-	-	-	0.54
Share-based payments	-	-	-	42.01	-	-	-	-	42.01
Balance as at 31st March 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**

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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: 24th May 2019

Viren Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Notes

to the financial statements for the year ended 31st March 2019

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.

During the year ended 31st March 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale by existing shareholders to the extent of 24,523,297 equity shares of face value of ₹ 10 each for a cash price of ₹ 250 per equity share including a premium of ₹ 240 per equity share, of 6,287,978 equity shares by Ashoka Investment Holding Limited, 1,886,455 equity shares by Ambadevi Mauritius Holdings Limited, 12,261,648 equity shares by JP Morgan Mauritius Holding IV Limited, 2,043,608 equity shares by Dr. Devi Prasad Shetty and 2,043,608 equity shares by Shakuntala Shetty aggregating to ₹ 6,130.82 mn and equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on 6th January 2016.

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 of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 24th May 2019.

Details of the accounting policies are included in Note 3.

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 mn, 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 35 - Leases and lease classification

Note 27 – Assessment of contingent liabilities and commitments

Note 44 - Financial instruments

Note 39 - 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 2019 is included in the following notes:

Note 37- recognition of deferred tax assets

Note 32 - measurement of defined benefit obligation; key actuarial assumptions

Note 27- recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of outflow of resources.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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

Note 5 to 7, 11, 12 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 39 – share based payment arrangement;

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.

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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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.

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.

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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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

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 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.

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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

Defined benefit plans

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

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

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

Compensated absences

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

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

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.

The Company has entered into management agreements with certain trusts, under which, the Company has a

right over the management, operation and utilisation of hospital facilities owned by the trusts. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trusts at free of cost/ concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue with a corresponding charge to rent expense.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

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to the financial statements for the year ended 31st March 2019 (Continued)

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

Minimum Alternative tax

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

3.16. 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

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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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.

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 The Company declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are treated as an appropriation of profits.

3.23. New Standards and interpretation not yet adopted

(i) Ind AS 116 Leases: -

On 30th March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The Standard sets out the principles for the 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 recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after 1st April 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently assessing the impact on adoption of this standard on the Company's financial statements.

(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax treatments

On 30th March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

a) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

b) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after 1st April 2019.

(iii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On 30th March 2019, Ministry of Corporate Affairs issued 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 recognize 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 recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1st April 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

(iv) Amendment to Ind AS 12 Income Taxes

On 30th March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise 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. Effective date for application of this amendment is annual period beginning on or after 1st April 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

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

(₹ in mn)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April 2018	Additions/ adjustments	Deletion	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)	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 (viii)	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 (viii)	28.90	-	-	28.90	19.24	3.45	-	22.69	6.21	9.66
(ii) Leasehold										
Leasehold land (viii)	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 (iii)	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 on 4(ii) to be referred here.

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

(₹ in mn)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April 2017	Additions/ adjustments	Deletions	As at 31st March 2018	As at 1st April 2017	Depreciation/ Amortisation	Deletions	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
Tangible assets										
(i) Owned										
Freehold land (i) (ii)	352.85	-	-	352.85	-	-	-	-	352.85	352.85
Building (ii)	396.83	-	-	396.83	135.50	6.63	-	142.13	254.70	261.33
Building	1,030.34	1,280.97	-	2,311.31	94.09	18.30	-	112.39	2,198.92	936.25
Electrical installation	686.58	90.33	0.39	776.52	374.84	66.37	0.19	441.02	335.50	311.74
Medical equipments	4,499.00	1,441.45	48.46	5,891.99	1,739.73	405.56	23.29	2,122.00	3,769.99	2,759.27
Office equipments	152.69	40.22	0.40	192.51	95.69	25.87	0.39	121.17	71.34	57.00
Other equipment including air conditioners	1,100.64	238.83	0.65	1,338.82	427.90	73.63	0.30	501.23	837.59	672.74
Furniture and fixtures (viii)	716.16	141.93	0.39	857.70	360.63	74.22	0.17	434.68	423.02	355.53
Computers	192.60	66.30	0.44	258.46	162.41	28.09	0.44	190.06	68.40	30.19
Vehicles (viii)	25.23	3.67	-	28.90	15.29	3.95	-	19.24	9.66	9.94
(ii) Leasehold										
Leasehold land (viii)	-	180.88	-	180.88	-	1.97	-	1.97	178.91	-
Leasehold improvements	250.01	47.71	-	297.72	76.03	17.25	-	93.28	204.44	173.98
Building (iii)	1,076.67	111.84	-	1,188.51	198.80	40.42	-	239.22	949.29	877.87
Total tangible assets (A)	**10,479.60**	**3,644.13**	**50.73**	**14,073.00**	**3,680.91**	**762.26**	**24.78**	**4,418.39**	**9,654.61**	**6,798.69**
Capital work-in-progress (B)	**515.74**	**1,849.57**	**2,143.43**	**221.88**	**-**	**-**	**-**	**-**	**221.88**	**515.74**
Intangible assets										
Computer software	194.51	66.57	-	261.08	168.61	18.23	-	186.84	74.24	25.90
Total intangible assets (C)	**194.51**	**66.57**	**-**	**261.08**	**168.61**	**18.23**	**-**	**186.84**	**74.24**	**25.90**
Intangible assets under development (D)	**-**	**81.73**	**-**	**81.73**	**-**	**-**	**-**	**-**	**81.73**	**-**
Grand total (A+B+C+D)	**11,189.85**	**5,642.00**	**2,194.16**	**14,637.69**	**3,849.52**	**780.49**	**24.78**	**4,605.23**	**10,032.46**	**7,340.33**

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 31st March 2019.

(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) represents the cost of construction of building at the leasehold premises at Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(iv) 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 mn.

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Cost or deemed cost	19.12	23.05
Accumulated depreciation	13.28	13.73
Net carrying amount	5.84	9.32

(v) During the financial year 2018-19, project salary cost amounting to ₹ 95.37 mn (previous year : ₹ 51.35 mn) has been capitalised through capital work-in progress and intangible assets under development.

(vi) As at 31 March 2019, property, plant and equipments with a carrying amount of ₹ 5,362.80 mn (previous year: ₹ 3,684.35 mn) are subject to first charge to secure bank loans.

(vii) During the year the company has capitalised interest cost amounting to ₹ nil (previous year: ₹ 59.47 mn).

(viii) The Company as part of the amalgamation with NewRise Healthcare Private Limited in the year ended 31st March 2018, acquired property, plant and equipments which is as below:

(₹ in mn)

Particulars	Amount
Leasehold land	180.88
Furniture and fixtures	0.07
Vehicles	0.09
Total	**181.04**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

5. Non-current investments

Unquoted equity instruments

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Investment in equity shares		
In subsidiary companies:		
Narayana Institute for Advanced Research Private Limited	57.60	57.60
[10,38,382 (previous year : 10,38,382) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 45.47 per equity share]		
Narayana Hrudayalaya Surgical Hospital Private Limited	1,020.92	721.08
[2,14,65,400 (previous year : 1,91,34,500) equity shares of ₹ 10 each fully paid up along with a premium. Premium of ₹ 420.56 per equity share on 7,02,704 equity shares, ₹ 116.99 on 11,82,296 equity shares, ₹ 95.94 on 999,500 equity shares, ₹ 101.79 on 17,05,900 equity shares, ₹ 164.62 on 6,25,000 shares and 16,250,000 shares at par]		
Narayana Hospitals Private Limited	532.61	532.61
[5,32,61,437 (previous year : 5,32,61,437) equity shares of ₹ 10 each fully paid up]		
Narayana Health Institutions Private Limited		
[11,04,035 (previous year : 11,04,035) equity shares of ₹ 10 each fully paid up] {Net of provision for other than temporary diminution ₹ 11.04 mn (previous year : ₹ 11.04 mn)}	-	-
Narayana Cayman Holdings Ltd	3,193.18	3,092.21
[50,996.084 (previous year: 49,496.08) equity shares of USD 0.01 each fully paid up with a premium of USD 999.99 per share]*		
Meridian Medical Research & Hospital Limited	1,112.50	1,112.50
[2,87,66,947 (previous year 2,87,66,947) equity shares of ₹ 10 each fully paid up with a premium. Premium of ₹ 28.75 per share on 1,67,17,070 equity shares, ₹ 28 per shares on 91,88,577 equity shares, ₹ 28.51 per share on 18,35,000 shares and ₹ 34.19 per share on 10,26,300 equity shares)]		
Narayana Vaishno Devi Specialty Hospitals Private Limited	10.00	10.00
[9,99,795 (previous year : 9,99,795) equity shares of ₹ 10 each fully paid up]		
Narayana Holdings Private Limited	-	50.41
[Nil (previous year:75,000) equity shares of USD 10 each fully paid up]		
Others		
Deemed investment on account of employee stock options issued to employees of subsidiaries		
-Health City Cayman Islands Ltd	0.44	-
-Meridian Medical Research & Hospital Limited	1.37	-
In associate:		
TriMedx India Private Limited	-	-
[91,947 (previous year : 91,947) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4,770 equity shares] {Net of impairment of ₹ 11.58 mn (previous year : ₹ 11.58 mn)}		
Fair Value of guarantee in subsidiaries (refer note 31)	36.77	33.10
	5,965.39	**5,609.51**
Aggregate value of unquoted investments	5,988.01	5,632.13
Aggregate amount of impairment in value of investments	22.62	22.62
Net investments	5,965.39	5,609.51

* 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 2019 (Continued)

6. Loans receivables

(Unsecured, considered good unless otherwise stated)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
To parties other than related parties		
Security deposits	178.96	147.16
Unsecured loan	9.00	13.00
To related parties (refer note 29)		
Unsecured loan	20.00	20.00
Security deposits	300.50	274.18
	508.46	**454.34**
(b) Current		
To parties other than related parties		
Security deposits	26.82	68.91
Unsecured loan	4.00	4.00
	30.82	**72.91**

7. Other financial assets

(Unsecured, considered good unless otherwise stated)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
To parties other than related parties		
Bank deposits (due to mature after 12 months from the reporting date)	2.88	0.50
Interest accrued on fixed deposits	0.24	0.17
To related parties (refer note 29)		
Share application money pending allotment	-	32.52
	3.12	**33.19**
(b) Current		
To parties other than related parties		
Interest accrued on fixed deposits	2.73	1.88
Interest accrued on security deposit	3.91	3.91
Unbilled revenue	113.98	112.13
To related parties (refer note 29)		
Interest accrued on unsecured loan	7.66	5.75
Due for reimbursement of expenses	36.50	42.21
	164.78	**165.88**

8. Income tax assets (net)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Advance income tax and tax deducted at source (net of provisions)	485.11	205.15
Income-tax paid under protest	10.30	10.00
	495.41	**215.15**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

9. Other Assets

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Other assets		
(a) Non-current		
To parties other than related parties		
(Unsecured, considered good unless otherwise stated)		
Security deposits	85.66	40.60
Capital advances	40.83	35.12
Prepaid rent	161.29	99.96
Prepaid expenses	76.43	61.16
(Unsecured, considered doubtful)		
Prepaid rent	19.24	19.24
Less: provision for prepaid rent	(19.24)	(19.24)
Prepaid rent (net)	-	-
To related parties (refer note 29)		
Prepaid rent	66.32	92.30
Prepaid expenses (refer note 34)	202.78	218.33
	633.31	**547.47**
(b) Current		
To parties other than related parties		
(Unsecured, considered good unless otherwise stated)		
Security deposits	10.09	3.91
Balances with statutory/ government authorities	-	4.91
Advance to vendors	37.47	51.67
Other loans and advances	26.64	13.62
Prepaid rent	24.66	8.99
Assets held for sale	5.10	-
Prepaid expenses	115.70	107.19
Other assets	0.02	0.20
(Unsecured, considered doubtful)		
Prepaid rent	0.24	0.24
Less: provision for prepaid rent	(0.24)	(0.24)
Prepaid rent (net)	-	-
To related parties (refer note 29)		
Prepaid rent	26.00	25.91
Prepaid expenses	15.66	15.78
Due for reimbursement of expenses	-	5.56
	261.34	**237.74**

10. Inventories

(Valued at lower of cost and net realisable value)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Medical consumables, drugs and surgical instruments	515.63	514.85
Less: Provision for write-down to net realisable value	(22.05)	(10.05)
	493.58	**504.80**

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

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

11. Trade receivables

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Unsecured, considered good	1,570.65	1,850.66
Unsecured, considered doubtful	300.22	188.31
	1,870.87	**2,038.97**
Loss allowance		
Unsecured, considered doubtful	(300.22)	(188.31)
Net trade receivables	**1,570.65**	**1,850.66**
Of the above, trade receivables from related parties are as below:		
Trade receivable (refer note 29)	42.00	88.28
Expected credit loss allowance	(1.43)	(2.26)
Net trade receivables from related parties	**40.57**	**86.02**

The Company uses a provision matrix to determine expected credit loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At 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 from due date
ESI/CGHS/SCHEMES	2.10%	11.05%	59.87%
Others	0.90%	9.80%	54.53%

Note 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.

12. Cash and bank balances

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Cash and cash equivalents		
Cash on hand	34.25	29.29
DDs/Cheques on hand	8.34	-
Balance with banks		
-In current accounts	486.36	171.29
	528.95	**200.58**
(b) Bank balances other than above		
-In deposit accounts (due to mature within 12 months of the reporting date) *	40.10	13.80
	40.10	**13.80**

* The above deposits are restrictive as it relates to deposits against the guarantees.
For the purpose of the statement of cash flows, cash and cash equivalent comprise the following:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Cash on hand	34.25	29.29
DDs/Cheques on hand	8.34	-
Balance with banks		
-In current accounts	486.36	171.29
	528.95	200.58
Less: Bank overdraft used for cash management purposes	-	277.79
Cash and cash equivalents in the statement of cash flows	**528.95**	**(77.21)**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

13. Equity Share Capital

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
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 mn, except no of shares)

Particulars	As at 31st March 2019		As at 31st March 2018	
	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 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:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares	Amount	Number of shares	Amount
Dr Devi Prasad Shetty	6,47,00,571	31.66%	6,47,00,571	31.66%
Shakuntala Shetty	6,20,83,095	30.38%	6,20,83,095	30.38%
CDC Group PLC	1,17,65,046	5.76%	1,17,65,046	5.76%
	13,85,48,712	67.80%	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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

14. Other equity

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(i) Reserves and Surplus		
Securities premium		
At the commencement of the year	4,901.24	4,901.24
Movement during the year	100.89	-
At the end of the year	**5,002.13**	**4,901.24**
Capital reserve	**1.54**	**1.54**
Treasury Shares		
At the commencement of the year	(19.54)	(20.08)
Movement during the year	3.97	0.54
At the end of the year	(15.57)	(19.54)
General reserve	**250.00**	**250.00**
Share options outstanding		
At the commencement of the year	134.35	92.34
Add: Amounts recorded on grants during the year	27.75	42.01
Less: Shares forfeited during the year	(37.99)	-
Less: Exercised during the year	(100.89)	-
At the end of the year	**23.22**	**134.35**
Retained earnings		
At the commencement of the year	3,902.20	3,317.98
Add: Net profit after tax transferred from statement of profit and loss	500.84	584.22
At the end of the year	**4,403.04**	**3,902.20**
(ii) Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	(7.45)	-
Movement during the year	(14.14)	(7.45)
At the end of the year	**(21.59)**	**(7.45)**
Re-measurement of defined benefit plans		
At the commencement of the year	0.93	(1.91)
Movement during the year	(8.80)	2.84
At the end of the year	**(7.87)**	**0.93**
	9,634.90	9,163.27

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.

Proposed Dividend
The Board of Directors have also recommended a dividend of 10% (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended 31st March 2019 which is subject to the approval of shareholders.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

15. Borrowings

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
(i) Secured		
Term loans		
From banks (refer note I)	4,883.89	4,636.45
(ii) Unsecured		
From others (refer note II)	104.26	-
Less: Current maturity of long term debt [refer note 16 (b)]	(368.26)	(165.70)
Total non-current borrowings	**4,619.89**	**4,470.75**
(b) Current		
(i) Secured		
Loans repayable on demand		
Bank overdrafts (refer note III)	-	277.79
Total current borrowings	**-**	**277.79**

I Term loans from banks :

Sl. No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ nil (previous year : ₹ 33.00 mn). Fully repaid during the year (previous year 2 quarterly instalments). Interest is charged at 8.30% p.a.(previous year 8.10%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(ii)	Term loan from HSBC Bank : ₹ nil (previous year : ₹ 37.50 mn). Fully repaid during the year (previous year 3 quarterly instalments). Interest is charged at 8.30% p.a.(previous year 8.10%)	
(iii)	Term loan from HSBC Bank : ₹ nil (previous year : ₹ 19.00 mn). Fully repaid during the year (previous year 4 quarterly instalments). Interest is charged at 8.30 % p.a (previous year: 8.10% p.a)	
(iv)	Term loan from HSBC Bank : ₹ 270.00 mn (previous year : ₹ 270.00 mn). It is repayable in 20 (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 9.05% p.a. (previous year: 8.30% p.a)	Movable Fixed Assets acquired out of the loan and equitable mortgage over land and building of the jaipur hospital.
(v)	Term loan from ICICI Bank: ₹ 883.13 mn (previous year : ₹ 900.00 mn). Repayable in 93 monthly instalments from the reporting date (previous year 96 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.
(vi)	Foreign currency loan taken from EXIM Bank : ₹ 1,605.68 mn (US $ 23.21 mn) (previous year: ₹ 1,626.10 mn ($ 25 mn)). Repayable in 26 quarterly instalments from the reporting date (previous year: 28 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, Bengaluru, Karnataka.
(vii)	*Term loan from SBI: ₹ 578.75 mn (previous year: ₹ 580.00 mn). Repayable in 95 monthly instalments from the reporting date (previous year 96 monthly instalments from 31st March 2019) Interest is charged at 8.70% p.a. (previous year: 8.15% 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, Harayana.
(viii)	*Term loan from SBI: ₹ 350.00 mn (previous year: ₹ nil). Repayable in 96 monthly instalments from the reporting date (previous year : nil) Interest is charged at 8.70% p.a.(previous year: nil.)	
(ix)	*Term loan from SBI: ₹ 1,196.33 mn (previous year: ₹ 1,170.85 mn). Repayable in 31 quarterly instalments from December 2019 after 2 years Moratorium from date October 2017. Interest is charged at 8.70% p.a.(previous year: 8.15% p.a).	

* Promotors % of holding should not be reduced below 51% during the tenure of loan.

Notes

to the financial statements for the year ended 31st March 2019 (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 for a value of ₹ 109.86 mn. Based on the applicable effective interest rate, the present value of loan as at 31st March 2019 amounting to ₹ 68.16 mn has been recognised in the books of accounts.

(ii) Term loan from CDC group PLC : ₹ 36.10 mn (previous year : nil) 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

(i) Overdraft facilities from HSBC bank ₹ nil (previous year: ₹ 277.79 mn) carry interest ranging between ₹ nil (previous year: 7.90% - 9.25%) computed on a monthly basis on the actual amount utilised and are repayable on demand.

16. Other financial liabilities

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Payable towards share purchased for ESOP Trust	15.57	20.40
Liability towards assets replacement cost	69.93	67.98
Liability for financial guarantee	19.64	22.99
Creditors for capital goods	29.64	45.52
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swap	33.64	11.39
	168.42	**168.28**
(b) Current		
To parties other than related parties		
Current maturities of long-term borrowings with banks (refer note 15(a))*	368.26	165.70
Interest accrued but not due on borrowings	1.06	0.38
Creditors for capital goods	77.72	134.80
Other financial liabilities	21.35	18.53
Liability for financial guarantee	6.77	6.59
To related parties (refer note 29)		
Creditors for capital goods	58.03	58.03
	533.19	**384.03**

*The Company's exposure to liquidity risk and currency risk are disclosed in note 44

17. Provisions (refer note 32)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Provision for employee benefits		
Gratuity	148.38	129.80
	148.38	**129.80**
(b) Current		
Provision for employee benefits		
Gratuity	69.17	60.28
Compensated absences	149.73	142.60
	218.90	**202.88**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

18. Other Liabilities

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Unearned revenue	16.45	17.63
Deferred government grant*	123.49	137.41
Deferred government liability for EPCG Licence **	73.73	6.10
Rent equalisation reserve	68.18	53.51
Others	2.51	2.51
	284.36	**217.16**
(b) Current		
To parties other than related parties		
Advance from patients	104.45	110.02
Unearned revenue	1.25	1.24
Deferred government grant*	13.93	14.27
Deferred government liability for EPCG Licence **	17.92	-
Balances due to statutory/ government authorities	104.33	118.06
Others	5.05	6.76
To related parties (refer note 29)		
Other payables	20.15	10.43
	267.08	**260.78**
Summary of the government grant received by the Company :-		
Opening Balance	157.78	165.65
Add: Grants during the year	89.66	6.10
Less: Released to profit and loss	18.37	13.97
Closing Balance	**229.07**	**157.78**
Non Current	197.22	143.51
Current	31.85	14.27

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 mn 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 ₹ 89.66 mn (previous year: ₹ 6.10 mn) for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government liability for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per Ind AS.

19. Trade payables

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Total outstanding dues of micro enterprises and small enterprises (refer note 33)	27.45	18.16
Total outstanding dues of creditors other than micro and small enterprises*	2,337.54	2,224.63
	2,364.99	**2,242.79**
*Payables to related parties (refer note 29 (c))	50.07	57.50
The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 44.		

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

20. Revenue from operations

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Income from medical and healthcare services	19,859.72	17,639.54
Sale of medical consumables and drugs	791.87	696.18
Other operating revenue:		
Teleradiology income	25.29	17.08
Income from patient amenities	65.68	67.34
Revenue share income	9.37	34.09
Other healthcare services	19.64	21.52
	20,771.57	**18,475.75**

21. Other income

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest income on		
- Bank deposits	3.60	3.64
- Unsecured loan	7.33	5.64
- Others	0.03	13.67
Interest income from financial asset at amortised cost	31.87	28.49
Government grant	18.37	13.97
Guarantee commission	6.83	12.36
Profit on sale of investment	2.73	3.10
Miscellaneous income	105.86	105.51
	176.62	**186.38**

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

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Inventory at the beginning of the year	504.80	434.38
Inventory at the end of the year	493.58	504.80
	11.22	**(70.42)**

23. Employee benefits expense

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Salaries, wages and bonus	3,615.97	3,277.17
Contribution to provident and other funds (refer note 32)	294.81	270.78
Share based payment to employees (refer note 39)	(12.05)	42.01
Staff welfare expenses	91.49	98.64
	3,990.22	**3,688.60**

During the FY 2018-19, project salary cost amounting to ₹ 95.37 mn (previous year : ₹ 51.35 mn) has been capitalised through capital work-in progress and intangible assets under development.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

24. Other expenses

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Hospital operating expenses		
Rent	596.44	538.86
Patient welfare expenses	278.61	269.91
Power and fuel	508.91	493.90
Hospital general expenses	231.99	199.85
House keeping expenses	578.62	509.32
Medical gas charges	77.23	69.10
Biomedical wastage expenses	13.07	10.78
Repairs and maintenance		
- Hospital equipments	330.89	447.80
- Buildings	63.64	51.75
- Others	326.38	286.57
Total (A)	**3,005.78**	**2,877.84**
Administrative expenses		
Travel and conveyance	180.76	158.31
Security charges	178.68	165.84
Printing and stationery	125.25	106.71
Rent	113.15	89.51
Advertisement and publicity	254.64	303.79
Legal and professional fees (refer note (i) below)	190.92	163.63
Business promotion	278.04	284.40
Telephone and communication	47.08	58.09
Bank charges	70.27	65.75
Insurance	57.44	50.15
Corporate social responsibility (refer note (ii) below)	25.07	22.82
Rates and taxes	30.00	44.83
Books and periodicals	20.80	19.60
Provision for loss allowance	111.91	72.50
Bad receivables written off	51.29	4.30
Donations paid	3.02	6.23
Loss on sale of fixed assets	4.73	14.55
Foreign exchange loss, (net)	80.46	15.39
Miscellaneous expenses	53.32	25.10
Total (B)	**1,876.83**	**1,671.50**
Total (A+B)	**4,882.61**	**4,549.34**

(i) Payment to auditors*

(₹ In mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
As an auditor		
(i) Audit fee	4.50	4.50
(ii) Limited review	1.20	1.40
(iii) Other services (Refer Note below)	3.31	-
(iv) Reimbursement of expenses	1.53	-
	10.54	**5.90**

*excluding service tax/GST

Note: The above includes Rs.1.66 mn (Previous Year: Nil) paid to a firm affiliated to the statutory auditors firm through a networking arrangement as registered with the Institute of Chartered Accountants of India.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

(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 ₹ 22.96 mn (previous year: ₹ 19.36 mn)
b) Amount spent during the year ended 31st March 2019 on corporate social responsibility activities:

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Construction/acquisition of any asset	-	-
On purposes other than above	25.07	22.82

25. Finance costs

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	342.07	154.87
- bank overdraft	11.97	9.79
- commercial papers	-	4.37
- others	2.99	1.41
Other borrowing costs	-	0.30
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	-	20.13
Unwinding of asset replacement cost	1.94	5.88
	358.97	**196.75**

Interest capitalised during the period : ₹ nil (previous year: ₹ 59.47 mn)

26. Depreciation and amortisation expense

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Depreciation of property, plant and equipment (refer note 4)	873.80	762.26
Amortisation of intangible assets (refer note 4)	33.27	18.23
	907.07	**780.49**

27. Contingent liabilities

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Claims against the Company not acknowledged as debts in respect of:-		
a) Sales tax (refer note A below)	31.83	31.83
b) Customs Duty (refer note B below)	1.74	-
c) Entry tax (refer note C below)	10.00	-
d) Income tax (refer note D below)	26.75	12.17
Guarantees:		
(a) Bank guarantee	25.00	25.00

(b) The Company has issued corporate guarantee to its subsidiaries amounting to ₹ 3,694.11 mn (previous year ₹ 3,554.63 mn) and total loan outstanding as on 31st March 2019 is ₹ 3,146.52 mn (previous year : ₹ 3,101.40 mn)

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

Note:

A. Sales Tax

a) For financial year 2011-12, the Company has 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 has issued an order with a demand of ₹ 10.31 mn by levying tax on sale of food to patients. Against this demand, the Company has deposited ₹ 3.1 mn with the department and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

b) For financial year 2012-13, the Company has 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 has issued an order with a demand of ₹ 21.52 mn by levying tax on sale of food to patients. Against this demand the Company has deposited ₹ 6.45 mn and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

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 mn , the Company has deposited ₹ 1.33 mn 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 mn along with interest. Against this demand, the Company has deposited ₹ 1.55 mn 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 mn. Against this demand, the Company had paid ₹ 10.00 mn 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 has filed an appeal with High Court of Karnataka challenging the order of ITAT, which is pending as at 31st March 2019. The Company may have an additional liability of ₹ 7.47 mn on account of differential tax provision.

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 mn 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 mn 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)).

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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 mn. Against this demand, the Company had paid ₹ 0.3 mn under protest on 11th February 2019 and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)).

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 2019 will not have any material adverse effect on its financial statements for the year ended 31st March 2019

F. The Company has given letter of support to its subsidiary companies, namely Narayana Hrudayalaya Surgical Hospital Private Limited, Narayana Hospitals Private Limited, Meridian Medical Research & Hospital Limited, Narayana Health Institutions Private 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 2020).

28. Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for, amounts to ₹ 116.35 mn (previous year: ₹ 63.60 mn).

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

29. 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)
	NH Health Bangladesh private Limited (Subsidiary of NHDPL) (with effect from 22nd July 2018) (NHHBPL)
	Health City Cayman Islands Ltd (HCCI) (Subsidiary of NCHL) (with effect from 2nd January 2018)
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	Health City Cayman Islands Ltd (HCCI) (upto 1st January 2018)
	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)
	Asia Heart Foundation (AHF)
Enterprises where control of Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31st March 2019

(₹ in mn)

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
	(1,755.43)	(-)	(-)	(-)	(-)	(1,755.43)
Unsecured loan given						
NCHL	-	-	-	-	-	-
	(46.13)	(-)	(-)	(-)	(-)	(46.13)
NHSHPL	233.50	-	-	-	-	233.50
	(20.00)	(-)	(-)	(-)	(-)	(20.00)
TOTAL	**233.50**	**-**	**-**	**-**	**-**	**233.50**
	(66.13)	(-)	(-)	(-)	(-)	(66.13)
Repayment of unsecured loan given by NHL						
NHSHPL	233.50	-	-	-	-	233.50
	(170.28)	(-)	(-)	(-)	(-)	(170.28)
Sale of Investment in subsidiary						
NHDPL	50.41	-	-	-	-	50.41
	(-)	(-)	(-)	(-)	(-)	(-)
Interest income on security deposit						
NHPL	18.65	-	-	-	-	18.65
	(17.02)	(-)	(-)	(-)	(-)	(17.02)
Charmakki Infrastructures	-	-	-	-	7.67	7.67
	(-)	(-)	(-)	(-)	(7.00)	(7.00)
TOTAL	**18.65**	**-**	**-**	**-**	**7.67**	**26.32**
	(17.02)	(-)	(-)	(-)	(7.00)	(24.02)
Sale of medical consumables and drugs and Services						
HCCI	166.79	-	-	-	-	166.79
	(59.05)	(-)	(-)	(86.44)	(-)	(145.49)
MMRHL	0.02	-	-	-	-	0.02
	(0.22)	(-)	(-)	(-)	(-)	(0.22)
NHSHPL	12.82	-	-	-	-	12.82
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	0.06	-	-	-	-	0.06
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**179.69**	**-**	**-**	**-**	**-**	**179.69**
	(59.27)	(-)	(-)	(86.44)	(-)	(145.71)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31st March 2019

(₹ in mn)

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
Lab outsourcing expense						
MSMF	-	-	-	-	4.21	4.21
	(-)	(-)	(-)	(-)	(4.26)	(4.26)
Rent expenses						
NHPL	27.94	-	-	-	-	27.94
	(27.94)	(-)	(-)	(-)	(-)	(27.94)
Charmakki Infrastructures	-	-	-	-	13.03	13.03
	(-)	(-)	(-)	(-)	(12.72)	(12.72)
AHF	-	-	-	-	31.80	31.80
	(-)	(-)	(-)	(-)	(10.06)	(10.06)
MSMF	-	-	-	-	25.00	25.00
	(-)	(-)	(-)	(-)	(25.00)	(25.00)
NHF	-	-	-	-	3.16	3.16
	(-)	(-)	(-)	(-)	(3.14)	(3.14)
TOTAL	**27.94**	**-**	**-**	**-**	**72.99**	**100.93**
	(27.94)	(-)	(-)	(-)	(50.92)	(78.86)
Reimbursement of expenses						
NHPL	6.17	-	-	-	-	6.17
	(2.98)	(-)	(-)	(-)	(-)	(2.98)
NVDSHPL	7.88	-	-	-	-	7.88
	(8.92)	(-)	(-)	(-)	(-)	(8.92)
HCCI	16.86	-	-	-	-	16.86
	(2.44)	(-)	(-)	(7.71)	(-)	(10.15)
AHF	-	-	-	-	2.27	2.27
	(-)	(-)	(-)	(-)	(0.06)	(0.06)
NHHBPL	2.55	-	-	-	-	2.55
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	2.28	-	-	-	-	2.28
	(-)	(-)	(-)	(-)	(-)	(-)
NHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.16)	(0.16)
MMRHL	1.31	-	-	-	-	1.31
	(-)	(-)	(-)	(-)	(-)	(-)
Others	0.27	-	-	-	-	0.27
	(0.42)	(-)	(-)	(-)	(-)	(0.42)
TOTAL	**37.32**	**-**	**-**	**-**	**2.27**	**39.59**
	(14.76)	(-)	(-)	(7.71)	(0.22)	(22.69)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31st March 2019

(₹ in mn)

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
Revenue from healthcare services						
NHF	-	-	-	-	1.06	1.06
	(-)	(-)	(-)	(-)	(0.01)	(0.01)
AHF	-	-	-	-	3.63	3.63
	(-)	(-)	(-)	(-)	(3.63)	(3.63)
MMRHL	5.55	-	-	-	-	5.55
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**5.55**	**-**	**-**	**-**	**4.69**	**10.24**
	(-)	**(-)**	**(-)**	**(-)**	**(3.64)**	**(3.64)**
Advance given for payment to employees						
HCCI	1.62	-	-	-	-	1.62
	(0.23)	(-)	(-)	(0.69)	(-)	(0.92)
Rental income net of tax						
NHSHPL	4.54	-	-	-	-	4.54
	(4.50)	(-)	(-)	(-)	(-)	(4.50)
Interest income						
NCHL	-	-	-	-	-	-
	(1.72)	(-)	(-)	(-)	(-)	(1.72)
MMRHL	-	-	-	-	-	-
	(0.01)	(-)	(-)	(-)	(-)	(0.01)
NHPL	2.12	-	-	-	-	2.12
	(2.12)	(-)	(-)	(-)	(-)	(2.12)
NHSHPL	3.19	-	-	-	-	3.19
	(0.24)	(-)	(-)	(-)	(-)	(0.24)
TOTAL	**5.31**	**-**	**-**	**-**	**-**	**5.31**
	(4.09)	(-)	(-)	(-)	(-)	(4.09)
Investment in equity instruments						
MMRHL	-	-	-	-	-	-
	(45.35)	(-)	(-)	(-)	(-)	(45.35)
TriMedx -associate	-	-	-	-	-	-
	(-)	(-)	(-)	(8.58)	(-)	(8.58)
NHSHPL	299.84	-	-	-	-	299.84
	(256.02)	(-)	(-)	(-)	(-)	(256.02)
NCHL	100.97	-	-	-	-	100.97
	(1,752.18)	(-)	(-)	(-)	(-)	(1,752.18)
TOTAL	**400.81**	**-**	**-**	**-**	**-**	**400.81**
	(2,053.55)	(-)	(-)	(8.58)	(-)	(2,062.13)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31st March 2019

(₹ in mn)

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						
HCCI	-	-	-	-	-	-
	(26.14)	(-)	(-)	(-)	(-)	(26.14)
MMRHL	1.44	-	-	-	-	1.44
	(4.99)	(-)	(-)	(-)	(-)	(4.99)
NHSHPL	2.23	-	-	-	-	2.23
	(1.97)	(-)	(-)	(-)	(-)	(1.97)
TOTAL	**3.67**	**-**	**-**	**-**	**-**	**3.67**
	(33.10)	(-)	(-)	(-)	(-)	(33.10)
Sale of fixed assets						
MMRHL	-	-	-	-	-	-
	(0.12)	(-)	(-)	(-)	(-)	(0.12)
Guarantee commission						
HCCI	4.77	-	-	-	-	4.77
	(1.28)	(-)	(-)	(8.84)	(-)	(10.12)
MMRHL	1.31	-	-	-	-	1.31
	(1.35)	(-)	(-)	(-)	(-)	(1.35)
NHSHPL	0.75	-	-	-	-	0.75
	(0.89)	(-)	(-)	(-)	(-)	(0.89)
TOTAL	**6.83**	**-**	**-**	**-**	**-**	**6.83**
	(3.52)	(-)	(-)	(8.84)	(-)	(12.36)
Software license fees						
HCCI	8.40	-	-	-	-	8.40
	(1.95)	(-)	(-)	(5.82)	(-)	(7.77)
Purchase of medical stores and Consumables						
Hrudayalaya Pharmacy	-	-	-	-	0.19	0.19
	(-)	(-)	(-)	(-)	(0.21)	(0.21)
Amaryllis Healthcare Private Limited	-	-	-	-	111.21	111.21
	(-)	(-)	(-)	(-)	(94.31)	(94.31)
NHSHPL	0.10	-	-	-	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	0.63	-	-	-	-	0.63
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**0.73**	**-**	**-**	**-**	**111.40**	**112.13**
	(-)	(-)	(-)	(-)	(94.52)	(94.52)
Maintenance of medical equipment						
TriMedx -associate	-	-	-	7.98	-	7.98
	(-)	(-)	(-)	(244.91)	(-)	(244.91)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31st March 2019

(₹ in mn)

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
Guarantees given						
NCHL	55.34	-	-	-	-	55.34
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	350.00	-	-	-	-	350.00
	(327.36)	(-)	(-)	(-)	(-)	(327.36)
HCCI	134.13	-	-	-	-	134.13
	(2,113.93)	(-)	(-)	(-)	(-)	(2,113.93)
TOTAL	**539.47**	**-**	**-**	**-**	**-**	**539.47**
	(2,441.29)	(-)	(-)	(-)	(-)	(2,441.29)
Release of guarantee given						
NHSHPL	400.00	-	-	-	-	400.00
	(-)	(-)	(-)	(-)	(-)	(-)
Donation given						
Thrombosis Research Institute	-	-	-	-	0.69	0.69
	(-)	(-)	(-)	(-)	(6.12)	(6.12)
Short-term employee benefits*						
Dr. Devi Prasad Shetty	-	48.69	-	-	-	48.69
	(-)	(52.52)	(-)	(-)	(-)	(52.52)
Dr. Ashutosh Raghuvanshi	-	117.02	-	-	-	117.02
	(-)	(38.95)	(-)	(-)	(-)	(38.95)
Dr. Emmanuel Rupert	-	4.19	-	-	-	4.19
	(-)	(-)	(-)	(-)	(-)	(-)
Viren Shetty	-	10.16	-	-	-	10.16
	(-)	(10.55)	(-)	(-)	(-)	(10.55)
Kesavan Venugopalan	-	20.57	-	-	-	20.57
	(-)	(18.12)	(-)	(-)	(-)	(18.12)
Sridhar S	-	4.73	-	-	-	4.73
	(-)	(3.14)	(-)	(-)	(-)	(3.14)
Dr. Varun Shetty	-	-	5.23	-	-	5.23
	(-)	(-)	(4.80)	(-)	(-)	(4.80)
Dr. Anesh Shetty	-	-	2.97	-	-	2.97
	(-)	(-)	(2.54)	(-)	(-)	(2.54)
TOTAL	**-**	**205.36**	**8.20**	**-**	**-**	**213.56**
	(-)	(123.28)	(7.34)	(-)	(-)	(130.62)
Share based payments						
Dr. Ashutosh Raghuvanshi	-	-	-	-	-	-
	(-)	(27.13)	(-)	(-)	(-)	(27.13)
Dr. Emmanuel Rupert	-	0.82	-	-	-	0.82
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**-**	**0.82**	**-**	**-**	**-**	**0.82**
	(-)	(27.13)	(-)	(-)	(-)	(27.13)

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.

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in mn)

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
Other financial assets (Current)- Due for reimbursement of expense						
NHIPL	0.98	-	-	-	-	0.98
	(0.83)	(-)	(-)	(-)	(-)	(0.83)
NVDSHPL	7.28	-	-	-	-	7.28
	(-)	(-)	(-)	(-)	(-)	(-)
NIARPL	1.16	-	-	-	-	1.16
	(1.05)	(-)	(-)	(-)	(-)	(1.05)
HCCI	5.62	-	-	-	-	5.62
	(29.90)	(-)	(-)	(-)	(-)	(29.90)
NHF	-	-	-	-	0.90	0.90
	(-)	(-)	(-)	(-)	(0.91)	(0.91)
NHHBPL	2.55	-	-	-	-	2.55
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	16.70	-	-	-	-	16.70
	(9.52)	(-)	(-)	(-)	(-)	(9.52)
MMRHL	1.31	-	-	-	-	1.31
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**35.60**	**-**	**-**	**-**	**0.90**	**36.50**
	(41.30)	(-)	(-)	(-)	(0.91)	(42.21)
Other Current assets- Due for reimbursement of expense						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(5.56)	(5.56)
Financial assets- loans (Non current)- Unsecured Loan						
NHPL	20.00	-	-	-	-	20.00
	(20.00)	(-)	(-)	(-)	(-)	(20.00)
Other financial liabilities - (Current) Creditors for capital goods						
NIARPL	58.03	-	-	-	-	58.03
	(58.03)	(-)	(-)	(-)	(-)	(58.03)
Other financial assets(current) - Share application money pending allotment						
NCHL	-	-	-	-	-	-
	(32.52)	(-)	(-)	(-)	(-)	(32.52)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in mn)

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
Other non-current assets - Prepaid expense						
AHF	-	-	-	-	202.78	202.78
	(-)	(-)	(-)	(-)	(218.33)	(218.33)
Other current assets - Prepaid expense						
AHF	-	-	-	-	15.66	15.66
	(-)	(-)	(-)	(-)	(15.78)	(15.78)
Other non-current assets - Prepaid rent						
NHPL	37.57	-	-	-	-	37.57
	(56.56)	(-)	(-)	(-)	(-)	(56.56)
Charmakki Infrastructures	-	-	-	-	28.75	28.75
	(-)	(-)	(-)	(-)	(35.74)	(35.74)
TOTAL	**37.57**	**-**	**-**	**-**	**28.75**	**66.32**
	(56.56)	(-)	(-)	(-)	(35.74)	(92.30)
Other current assets - Prepaid rent						
NHPL	19.01	-	-	-	-	19.01
	(18.94)	(-)	(-)	(-)	(-)	(18.94)
Charmakki Infrastructures	-	-	-	-	6.99	6.99
	(-)	(-)	(-)	(-)	(6.97)	(6.97)
TOTAL	**19.01**	**-**	**-**	**-**	**6.99**	**26.00**
	(18.94)	(-)	(-)	(-)	(6.97)	(25.91)
Financial assets- loans (non current)- Security deposit						
NHPL	212.95	-	-	-	-	212.95
	(194.30)	(-)	(-)	(-)	(-)	(194.30)
Charmakki Infrastructures	-	-	-	-	87.55	87.55
	(-)	(-)	(-)	(-)	(79.88)	(79.88)
TOTAL	**212.95**	**-**	**-**	**-**	**87.55**	**300.50**
	(194.30)	(-)	(-)	(-)	(79.88)	(274.18)
Trade payables						
NHPL	29.35	-	-	-	-	29.35
	(25.77)	(-)	(-)	(-)	(-)	(25.77)
Amaryllis Healthcare Private Limited	-	-	-	-	4.73	4.73
	(-)	(-)	(-)	(-)	(11.31)	(11.31)
TriMedx -associate	-	-	-	-	-	-
	(-)	(-)	(-)	(6.45)	(-)	(6.45)
Charmakki Infrastructures	-	-	-	-	0.47	0.47
	(-)	(-)	(-)	(-)	(0.44)	(0.44)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in mn)

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
MSMF	-	-	-	-	13.70	13.70
	(-)	(-)	(-)	(-)	(13.50)	(13.50)
NHF	-	-	-	-	0.28	0.28
	(-)	(-)	(-)	(-)	(-)	(-)
AHF	-	-	-	-	0.80	0.80
	(-)	(-)	(-)	(-)	(-)	(-)
Hrudayalaya Pharmacy	-	-	-	-	0.01	0.01
	(-)	(-)	(-)	(-)	(0.03)	(0.03)
NHSHPL	0.10	-	-	-	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	0.63	-	-	-	-	0.63
	(-)	(-)	v(-)	(-)	(-)	(-)
TOTAL	**30.08**	**-**	**-**	**-**	**19.99**	**50.07**
	(25.77)	(-)	(-)	(6.45)	(25.28)	(57.50)
Trade receivables						
AHF	-	-	-	-	0.24	0.24
	(-)	(-)	(-)	(-)	(3.63)	(3.63)
HCCI	28.74	-	-	-	-	28.74
	(77.42)	(-)	(-)	(-)	(-)	(77.42)
NHF	-	-	-	-	0.14	0.14
	(-)	(-)	(-)	(-)	(0.38)	(0.38)
NHSHPL	12.82	-	-	-	-	12.82
	(-)	(-)	(-)	(-)	(-)	(-)
TriMedx -associate	-	-	-	-	-	-
	(-)	(-)	(-)	(6.85)	(-)	(6.85)
NVDSHPL	0.06	-	-	-	-	0.06
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**41.62**	**-**	**-**	**-**	**0.38**	**42.00**
	(77.42)	(-)	(-)	(6.85)	(4.01)	(88.28)
Other liabilities (current) - Other payables						
AHF	-	-	-	-	20.15	20.15
	(-)	(-)	(-)	(-)	(10.43)	(10.43)
Other financial assets (current) - Interest accrued on unsecured loan						
NHPL	7.66	-	-	-	-	7.66
	(5.75)	(-)	(-)	(-)	(-)	(5.75)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in mn)

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
Share based payments						
Dr. Emmanuel Rupert	-	0.82	-	-	-	0.82
	(-)	(-)	(-)	(-)	(-)	(-)
Dr. Ashutosh Raghuvanshi	-	-	-	-	-	-
	(-)	(86.83)	(-)	(-)	(-)	(86.83)
Guarantees outstanding						
MMRHL	680.70	-	-	-	-	680.70
	(680.70)	(-)	(-)	(-)	(-)	(680.70)
NHSHPL	710.00	-	-	-	-	710.00
	(760.00)	(-)	(-)	(-)	(-)	(760.00)
HCCI	2,248.06	-	-	-	-	2,248.06
	(2,113.93)	(-)	(-)	-	(-)	(2,113.93)
NCHL	55.34	-	-	-	-	55.34
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	25.00	-	-	-	-	25.00
	(25.00)	(-)	(-)	(-)	(-)	(25.00)
TOTAL	**3,719.10**	**-**	**-**	**-**	**-**	**3,719.10**
	(3,579.63)	(-)	(-)	(-)	(-)	(3,579.63)
Guarantees received						
NHPL	343.69	-	-	-	-	343.69
	(343.69)	(-)	(-)	(-)	(-)	(343.69)
Security outstanding						
NHSHPL	-	-	-	-	-	-
	(322.97)	(-)	(-)	(-)	(-)	(322.97)

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 2019 (Continued)

30. 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 mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
India	20,604.78	18,330.26
Rest of the world (Cayman Islands)	166.79	145.49
	20,771.57	**18,475.75**

(ii) Non current assets *

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
India	11,176.89	10,795.08
	11,176.89	**10,795.08**

*Non-current assets exclude financial instruments.

31. Investments, loans, guarantees and security

(a) The Company has paid the following amounts towards share application money for allotment of equity shares:

(₹ In mn)

Entity	As at 31st March 2018	Payment / (refund) during the year	Allotment during the year	As at 31st March 2019
Narayana Cayman Holdings Ltd	32.52	68.45	100.97	-
	32.52	**68.45**	**100.97**	**-**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

(b) The Company has made investment in the following Companies: (₹ in mn)

Entity	As at 31st March 2018	Allotment / Purchases during the year	Sold during the year	Impairment / write off	As at 31st March 2019
Investment in equity instruments					
Narayana Institute for Advanced Research Private Limited	57.60	-	-	-	57.60
Narayana Hrudayalaya Surgical Hospital Private Limited	721.08	299.84	-	-	1,020.92
Narayana Hospitals Private Limited	532.61	-	-	-	532.61
Narayana Cayman Holdings Ltd	3,092.21	100.97	-	-	3,193.18
Meridian Medical Research & Hospital Limited	1,112.50	-	-	-	1112.50
Narayana Vaishno Devi Specialty Hospitals Private Limited	10.00	-	-	-	10.00
Narayana Holdings Private Limited	50.41	-	(50.41)	-	-
Others				-	
Fair Value of guarantee in subsidiaries*	33.10	3.67	-	-	36.77
Deemed Investment	-	1.81	-	-	1.81
	5,609.51	**406.29**	**(50.41)**	**-**	**5,965.39**

*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.

(c) The Company has given unsecured loans to the following entities: (₹ in mn)

Entity	As at 31st March 2018	Movement	As at 31st March 2019	Purpose of loans
Subsidiaries				
Narayana Hospitals Private Limited	20.00	-	20.00	Financial assistance
Others				
Mytec Process (P) Ltd.	17.00	4.00	13.00	Financial assistance
	37.00	**4.00**	**33.00**	

(d) The Company has provided guarantees to the following entities: (₹ in mn)

Entity	As at 31st March 2018	Movement	As at 31st March 2019	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	2,113.93	134.14	2,248.07	Corporate guarantee given to First Caribbean International Bank to give term loan to Health City Cayman Islands Limited.
Narayana Hrudayalaya Surgical Hospital Private Limited	760.00	(400.00)	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.
	3,579.63	139.48	3,719.11	

* This guarantee has been released by the First Caribbean International Bank as on 25th April 2019.

(e) The Company has provided security to the following entity:

Entity	As at 31st March 2018	Movement	As at 31st March 2019	Purpose of security
Narayana Hrudayalaya Surgical Hospital Private Limited	322.97	(322.97)	-	Property, plant and equipment has been given to Yes Bank as security for lending term loan to Narayana Hrudayalaya Surgical Hospital Private Limited.
	322.97	**(322.97)**	**-**	

32. 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 ₹ 253.81 mn (previous year: ₹ 214.69 mn)

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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Defined benefit obligations liability	237.62	210.59
Plan assets	(20.07)	(20.51)
Net defined benefit liability	217.55	190.08
Liability for compensated absences	149.73	142.60
Total employee benefit liability	**367.28**	**332.68**
Non-current	148.38	129.80
Current	218.90	202.88

Notes

to the financial statements for the year ended 31st March 2019 (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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Defined benefit obligation as at 1st April	210.59	169.08
Benefits paid		
- by the Fund	(9.95)	(11.12)
- by the Company	(19.02)	-
Current service cost	30.62	41.70
Past service cost	-	3.42
Interest cost	11.77	12.44
Actuarial (gains)/ losses recognised in other comprehensive income		
-changes in demographic assumptions	(0.61)	7.72
-changes in financial assumptions	0.48	3.10
-experience adjustments	13.74	(15.75)
- due to other reason		-
Defined benefit obligations as at 31st March	**237.62**	**210.59**

ii) Reconciliation of fair values of plan assets

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Plan assets at beginning of the year	20.51	19.56
Contributions paid into the plan	9.35	11.18
Interest income	1.39	1.47
Benefits of prior years	(1.31)	-
Benefits paid	(9.95)	(11.12)
Actuarial (gains)/ losses recognised in other comprehensive income	0.08	(0.58)
Plan assets at the end of the year	20.07	20.51
Net defined benefit liability	217.55	190.08

C. i) Expense recognised in statement of profit and loss

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Current service cost	30.62	41.70
Interest cost	11.77	12.44
Past service cost	-	3.42
Interest income	(1.39)	(1.47)
	41.00	**56.09**

ii) Remeasurements recognised in other comprehensive income

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Actuarial (gain)/ loss on defined benefit obligation	13.61	(4.93)
Return on plan assets excluding interest income	(0.08)	0.58
	13.53	**(4.35)**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

D. Plan Assets

Plan assets comprises of the following:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Government securities & debt instruments	**20.07**	**20.51**

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 mn)

Principal actuarial assumptions	For the year ended 31st March 2019	For the year ended 31st March 2018
Attrition rate	39%	38%
Discount rate	7%	7%
Expected rate of return on plan assets	0.07	0.08
Mortality table	IALM 2006-2008	IALM 2006-2008
Future salary increases	First year 9%, thereafter 6%	First year 9%, thereafter 6%

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

As of 31st March 2019, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31st March 2020, is approximately ₹ 89.24 mn (31st March 2019: ₹ 74.93 mn).

Maturity profile of defined benefit obligation

(₹ in mn)

Particulars	Amount
1st following year	89.24
2nd following year	61.19
3rd following year	42.08
4th following year	28.92
5th following year	19.64
Year 6 to 10	31.53

At 31st March 2019, the average duration of the defined benefit obligations was 30.14 years (previous year: 29.79 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 mn)

Particulars	For the year ended 31st March 2019		For the year ended 31st March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.40)	2.46	(2.22)	2.28
Future salary increases (0.5% movement)	1.88	(1.86)	1.77	(1.74)
Attrition rate (0.5% movement)	0.30	(0.30)	(0.35)	0.35
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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

33. 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 2019 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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
"The amounts remaining unpaid to micro and small suppliers as at the end of the year"		
-Principal	26.97	17.99
-Interest	0.48	0.17
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.48	0.17
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	-	-

34. Prepaid expenses

Expense prepaid to related party represents rent paid to Asia Heart Foundation amounting to ₹ 218.44 mn (previous year: ₹ 234.11 mn). During the year ended 31st March 2016, the Company had entered into an agreement with Asia Heart Foundation to pay ₹ 108.91 mn by converting the future outflow of ₹ 1 mn p.m. towards discount entitlement of 214 months into present value. ₹ 108.91 mn is being amortized over the period of 214 months beginning from 1 April 2015.

Prepaid expense includes rent paid to Modern Medical Institute amounting to ₹ 57.04 mn (previous year: ₹ 61.54 mn) which is being amortized over a period of 20 years from August 2011.

35. Leases

The Company has taken various medical equipment , hospital premises, office and residential premises under operating leases. The leases typically run for a term ranging from one to twenty years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 10%.

(i) Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	171.46	120.38
Later than 1 year and not later than 5 years	688.14	462.27
Later than 5 years	929.89	1,015.04

(ii) Amounts recognised in statement of profit and loss

(₹ in mn)

Principal actuarial assumptions	For the year ended 31st March 2019	For the year ended 31st March 2018
Cancellable lease expense	576.81	476.41
Non-cancellable lease expense	132.78	151.96
	709.59	**628.37**

36. Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended 31st March 2019 was based on profit attributable to equity shareholders of ₹ 500.84 mn (previous year: ₹ 584.22 mn) and weighted average number of equity shares outstanding 20,28,04,130 (previous year: 20,25,24,237).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31st March 2019 was based on profit attributable to equity shareholders of ₹ 500.84 mn (previous year: ₹ 584.22 mn) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 202,917,883 (previous year: 20,29,63,496).

(₹ in mn, except no of shares)

Earnings	As at 31st March 2019	As at 31st March 2018
Profit after tax	500.84	584.22

Weighted average number of equity shares (basic)

Shares	As at 31st March 2019	As at 31st March 2018
Total no of shares outstanding	20,43,60,804	20,43,60,804
Effect of Treasury shares	(15,56,674)	(18,36,567)
Weighted average number of equity shares for the year	**20,28,04,130**	**20,25,24,237**

Weighted average number of equity shares (diluted)

Shares	As at 31st March 2019	As at 31st March 2018
Weighted average number of equity shares(basic)	20,28,04,130	20,25,24,237
Weighted average number of equity shares from assumed exercise of share options	1,13,753	4,39,259
Weighted average number of equity shares (diluted) for the year	**20,29,17,883**	**20,29,63,496**
Basic earnings per share (₹)	2.47	2.88
Diluted earnings per share(₹)	2.47	2.88

(Nominal value per share ₹ 10)

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

37. Income tax

(a) Amount recognised in statement of profit and loss

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Current income tax	197.79	219.78
Mat credit entitlement*	(197.79)	(219.78)
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	293.12	369.92
Deferred tax charge/ (credit)	**293.12**	**369.92**
Tax expense for the year	**293.12**	**369.92**

(b) Amount recognised in other comprehensive income

(₹ in mn)

Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
	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	(13.53)	4.73	(8.80)	4.35	(1.51)	2.84
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	(21.73)	7.59	(14.14)	(11.39)	3.94	(7.45)
	(35.26)	**12.32**	**(22.94)**	**(7.04)**	**2.43**	**(4.61)**

(c) Reconciliation of effective tax rate

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Profit before tax	**793.96**	**954.14**
Tax using the Company's domestic tax rate (Current year 34.94% and Previous Year 34.61%)	277.44	330.23
Tax effect of:		
Non-deductible tax expenses	15.68	45.54
Share issue expense allowed as deduction	-	(5.85)
Others	-	-
	293.12	**369.92**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

(d) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred tax asset		
Provision for doubtful receivables	104.91	65.17
Provision for gratuity	77.84	67.81
Provision for compensated absences	52.32	49.35
Provision for diminution in the long term investment	-	3.82
On non current financial liabilities	-	7.48
On land indexation of freehold land	18.91	18.73
On security deposit at amortised cost	-	11.32
On brought forward loss	113.72	445.01
Others	51.70	43.72
Total deferred tax asset	**419.40**	**712.41**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,297.33)	(1,309.54)
Total deferred tax liability	**(1,297.33)**	**(1,309.54)**
Minimum alternative tax assets*	**417.57**	**219.78**
Deferred tax liability (net)	**(460.36)**	**(377.35)**

*During the year the company has loss as per normal provision of Income Tax Act, 1961 and so 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.

(ii) Movement in temporary differences

(₹ in mn)

Particulars	Balances As at 1st April 2018	Recognised in Profit and loss during 2018-19	Recognise in OCI during 2018-19	Balances As at 31st March 2019
Provision for doubtful receivables	65.17	39.74	-	104.91
Provision for gratuity	67.81	5.30	4.73	77.84
Provision for compensated absences	49.35	2.97	-	52.32
Provision for diminution in the long term investment	3.82	(3.82)	-	-
On non current financial liabilities	7.48	(7.48)	-	-
On land indexation of freehold land	18.73	0.18	-	18.91
On security deposit at amortised cost	11.32	(11.32)	-	-
On brought forward loss	445.01	(331.29)		113.72
Others	43.72	0.39	7.59	51.70
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,309.54)	12.21	-	(1,297.33)
Mat Credit Entitlement	219.78	197.79	-	417.57
	(377.35)	**(95.33)**	**12.32**	**(460.36)**

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

38. Liquidation of Narayana Hrudayalaya Hospitals Malaysia SDN. BHD

During the year ended 31st March 2018, Narayana Hrudayalaya Hospitals Malaysia SDN. BHD, a 100% subsidiary has been liquidated and company received ₹ 14.87 mn against the investment of ₹ 14.10 mn (net of provision other than temporary diminution of ₹ 36.38 mn). The liquidation process was completed on 24 April 2018.

39. 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 2019 (previous year: 805,670). The Stock compensation cost is computed under the Fair value method. For the year ended 31st March 2019, the Company has recorded stock compensation expenses of ₹ (12.05) mn (previous year: ₹ 42.01 mn) and liability as on 31st March 2019 is ₹ 23.22 mn (previous year: ₹ 134.35 mn). 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:

Particulars	As at 31st March 2019	As at 31st March 2018
Outstanding as at the beginning of the year (Nos.)	7,17,113	7,72,123
Option granted during the year (Nos.)	1,83,117	-
Forfeited during the year(Nos.)	(2,15,104)	(990)
Exercised during the year(Nos.)	(3,96,859)	(54,020)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	2,88,267	7,17,113
Weighted average share price at the date of exercise (₹)	232.59	297.15

Plan-1:- The weighted average remaining contractual life for the stock options outstanding as at 31st March 2019 is 1.50 years (previous year: 2.50 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 2019 is 3.50 years (previous year: Nil). 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.

Particulars	As at 31st March 2019	As at 31st March 2018
No. of options granted (Nos.)	Plan - 1 - 8,05,670, Plan - 2 -1,83,117	Plan - 1 - 8,05,670
Date of grant	1st October 2015 - 8,05,670, 25th March 2019 - 1,83,117	1st October 2015
Vesting period (years)	for 8,05,670 options - 4 years, for 1,83,117 options- 2.52 years	4
Expected life of option (years)	for 8,05,670 options - 5 years, for 1,83,117 options- 3.52 years	5
Expected volatility	for 8,05,670 options - 35%, for 1,83,117 options - 24.70%	35%
Risk free rate	for 8,05,670 options - 7.63%, for 1,83,117 options - 6.90%	7.63%
Expected dividends expressed as a dividend yield	or 8,05,670 options - 0%, for 1,83,117 options - 0%	-
Weighted-average fair values of options per share (₹)	for 8,05,670 options - 208.73, for 1,83,117 options - 209.81	208.73

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

40. (A) Exceptional items

(i) Exceptional item for the 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 mn on account of this sale.

(ii) Exceptional item for the previous year ended 31st March 2018 amounting to ₹ 11.58 mn represents impairment of investment in its associate "Trimedx India Private Limited".

41. Business Combination

On 21st April 2017, pursuant to the approval by a Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement ('SPA') and acquired 100% equity and preference shares in NewRise Healthcare Private Limited ('NewRise'), a wholly owned subsidiary of Panacea Biotech Limited for a consideration of ₹ 756.40 mn paid in cash.

Further, as per the Order dated 4th October 2017 from Ministry of Corporate Affairs, the amalgamation of NewRise with the Company was approved under Section 233 of the Companies Act, 2013 and NewRise was amalgamated with the Company with effect from 21st April 2017.

The purchase price has been allocated as follows:

Component	Acquisition date fair value (₹ In mn)
Assets	
Tangible Assets	181.04
Capital Work In Progress	1,612.83
Other Non-Current Assets	0.14
Current Assets	15.89
Total Assets	**1,809.90**
Liabilities	
Long- term borrowings	780.85
Long- term provisions	0.67
Current liabilities	271.98
Total Liabilities	**1,053.50**
Fair Value of Net Assets acquired	**756.40**

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 mn 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 mn 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.

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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 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 2019 and 31st March 2018 was as follows:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Total equity attributable to the equity shareholders of the Company	11,678.51	11,206.88
As a percentage of total capital	70%	70%
Long-term borrowings including current maturities	4,988.15	4,636.45
Short-term borrowings	-	277.79
Total borrowings	**4,988.15**	**4,914.24**
As a percentage of total capital	30%	30%
Total capital (Equity and Borrowings)	**16,666.66**	**16,121.12**

44. Financial instruments: Fair value and risk management

A. Accounting classification and fair values

(₹ in mn)

As at 31st March 2019		Fair Value			
	Total	Level 1	Level 2	Level 3	Total
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**

(₹ in mn)

As at 31st March 2019		Fair Value			
	Total	Level 1	Level 2	Level 3	Total
Financial liabilities					
Amortised cost					
Borrowings	4,619.89	-	-	-	-
Trade payables	2,364.99	-	-	-	-
Other financial liabilities	667.97	-	-	-	-
Fair value through OCI (FVOCI)					
Interest rate swap (other financial liabilities)	33.64	-	33.64	-	33.64
	7,686.49	**-**	**33.64**	**-**	**33.64**

(₹ in mn)

As at 31st March 2018		Fair Value			
	Total	Level 1	Level 2	Level 3	Total
Financial assets					
Amortised cost					
Trade receivables	1,850.66	-	-	-	-
Cash and cash equivalents	200.58	-	-	-	-
Bank balances other than above	13.80	-	-	-	-
Loans receivables	527.25	-	-	-	-
Other financial assets	199.07	-	-	-	-
Fair value through profit and loss (FVTPL)					
Guarantees in subsidiaries (investments)	33.10	-	33.10	-	33.10
	2,824.46	**-**	**33.10**	**-**	**33.10**
Financial liabilities					
Amortised cost					
Borrowings	4,748.54	-	-	-	-
Trade payables	2,242.79	-	-	-	-
Other financial liabilities	540.92	-	-	-	-
Fair value through OCI (FVOCI)					
Interest rate swap (other financial liabilities)	11.39	-	11.39	-	11.39
	7,543.64	**-**	**11.39**	**-**	**11.39**

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 2019 (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 ₹ 1,870.87 mn (previous year: ₹ 2,038.97 mn). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in mn)

Allowance for credit loss	As at 31st March 2019	As at 31st March 2018
Opening balance	188.31	115.81
Expected credit loss recognised/(reversed)	111.91	72.50
Closing balance	**300.22**	**188.31**

No single customer accounted for more than 10% of the revenue as of 31st March 2019 and 31st March 2018. 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 15.

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March 2019:

(₹ in mn)

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	137.86	333.35
Total	**2,898.18**	**547.34**	**1,993.37**	**2,247.60**	**7,686.49**

The table below provides details regarding the contractual maturities of significant financial liabilities as of 31st March 2018:

(₹ in mn)

Particulars	Less than 1 year	1 - 2 years	2-5 years	More than 5 years	Total
Borrowings	443.49	373.40	1,600.47	2,496.88	4,914.24
Trade payables	2,242.79	-	-	-	2,242.79
Other financial liabilities	218.33	15.79	43.49	109.00	386.61
Total	**2,904.61**	**389.19**	**1,643.96**	**2,605.88**	**7,543.64**

(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 2019	(USD In mn)
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)**

As at 31st March 2018	(USD In mn)
Financial assets	
Trade receivables	1.19
Cash and cash equivalents	0.73
Other financial assets	0.46
Financial liabilities	
Borrowings	25.00
Trade payables	0.12
Other financial liabilities	-
Net assets / (liabilities)	**(22.74)**

(b) Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in mn)

Particulars	Impact on profit or (loss) before tax	
	As at 31st March 2019	As at 31st March 2018
US$ Sensitivity		
₹/USD - Increase by 1%	(13.64)	(14.79)
₹/USD - Decrease by 1%	13.64	14.79

(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 2019		As at 31st March 2018	
		Amount Hedged (in USD mn)	Fair Value (INR mn)	Amount Hedged (in USD mn)	Fair Value (INR mn)
Interest Rate Swap	1	25.00	(33.64)	-	-

Notes

to the financial statements for the year ended 31st March 2019 (Continued)

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 2019, 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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Borrowings	3,382.46	3,010.35
Total borrowings	**3,382.46**	**3,010.35**

(ii) Sensitivity

(₹ in mn)

Particulars	Impact on profit or(loss) before tax	
	As at 31st March 2019	As at 31st March 2018
Sensitivity		
1% increase in MCLR rate	33.82	30.10
1% decrease in MCLR rate	(33.82)	(30.10)

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

45. 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: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Place: Bengaluru
Date: 24th May 2019

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 the Group's share of loss in its associates, which comprise the Consolidated Balance Sheet as at 31st March 2019, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

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 other auditors on separate financial statements 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 31st March 2019, 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 other auditors in terms of their reports referred to in 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.

Key Audit Matter	Auditor's Response
Impairment of Assets of Cash Generating Unit	Principal audit procedures performed:
Impairment evaluation carried out by 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 Company. The Consolidated Balance Sheet includes Rs. 966 mn of Assets relating to the CGU.	a. Evaluated the design and implementation of the relevant controls and the operating effectiveness of such internal controls which inter-alia includes the reasonableness of the input data considered, assumptions made in determining the future projections and the discount rate applied in estimating present value of future cash flows.
Impairment of the Assets of the CGU has been identified as a key audit matter due to:	b. Obtained the business projections of the CGU (prepared by the Management) and performed the following procedures

Independent Auditor's Report (Continued)

Key Audit Matter	Auditor's Response
• The significance of the carrying value of the Assets being assessed; and • The assessment of the carrying value of these Assets involves exercising significant judgements about future cash flow forecasts and the discount rates applied.	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 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 Company and the Subsidiary. iv. Evaluated the Management's future cash projections, with regard to the appropriateness of key assumptions considered, including discount rate, growth rate, etc. considering the historical accuracy of the Company's estimates in the prior period, 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. vi. Performed sensitivity analysis on the key assumptions to ascertain the extent of change in those assumptions that would be required for the investment in CGU to be impaired

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

- The Parent's Board of Directors is responsible for 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, 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 and associates 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 and associates 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 including its associates 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 and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and of its associates and for preventing and detecting frauds and other irregularities; selection and application

Independent Auditor's Report (Continued)

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 consolidated 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 Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the management either intends to liquidate or 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 and of its associates.

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 Group 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 and its associates 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 and its associates 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 or business activities within the Group and its associates 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 or business activities included in the consolidated financial statements

Independent Auditor's Report (Continued)

of which we are the independent auditors. For the other entities or business activities 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 in 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 and such other entities included in the consolidated financial statements of which we are the independent auditors regarding 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

(a) We did not audit the financial information of 2 subsidiaries whose financial statements reflect total assets of ₹ 50.19 mn as at 31st March 2019, total revenues of ₹ 0.01 mn and net cash outflows amounting to ₹ 16.68 mn 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 ₹ 23.34 mn for the year ended 31st March 2019, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Management 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 matters 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 based on our audit 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 Cash Flow 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 Indian Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors of the Parent Company as on 31st March 2019 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies none of the directors of the Parent and its subsidiary companies incorporated in India is disqualified as on 31st March, 2019 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' report 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/provided 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 has been no delay in transferring amounts, 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)

V Balaji
Partner
(Membership No. 203685)

Bengaluru, 24th May 2019

"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 31st March 2019, 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 in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the parent 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 internal financial controls over financial reporting of the Parent and its subsidiary companies which are incorporated in India, 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 internal financial controls system over financial reporting of 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

"Annexure A" To The Independent Auditor's Report (Contd.)

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

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 31st March, 2019, 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)

V Balaji
Partner
(Membership No. 203685)

Bengaluru, 24th May 2019

Consolidated balance sheet

(₹ in mn)

Particulars	Note No.	As at 31st March 2019	As at 31st March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,123.97	17,116.68
Capital work-in-progress	4	361.65	268.71
Goodwill	4	660.47	660.47
Intangible assets	4	597.49	702.82
Intangible assets under development	4	199.12	81.73
Investment in associates	5	29.38	37.49
Financial assets			
(i) Investments	6	144.79	50.29
(ii) Loans receivables	7 (a)	350.71	424.89
(iii) Other financial assets	8 (a)	4.23	1.26
Income tax assets (net)	9	650.27	316.98
Deferred tax assets	49	40.55	80.43
Other non-current assets	10 (a)	934.10	821.27
Total non-current assets		**21,096.73**	**20,563.02**
Current assets			
Inventories	11	831.91	836.24
Financial assets			
(i) Trade receivables	12	2,664.45	2,789.76
(ii) Cash and cash equivalents	13 (a)	964.88	333.29
(iii) Bank balances other than (ii) above	13 (b)	42.34	19.25
(iv) Loans receivables	7 (b)	33.05	82.26
(v) Other financial assets	8 (b)	260.42	227.57
Other current assets	10 (b)	476.67	504.56
Total current assets		**5,273.72**	**4,792.93**
TOTAL ASSETS		**26,370.45**	**25,355.95**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14 (a)	2,043.61	2,043.61
Other Equity	14 (b)	8,767.77	8,313.86
Equity attributable to owners of the Company		**10,811.38**	**10,357.47**
Non-controlling interests	**15**	**4.00**	**2.91**
Total equity		10,815.38	10,360.38
Liabilities			
Non-current liabilities			
Financial liabilities			
(i) Borrowings	16 (a)	7,253.14	6,963.32
(ii) Other financial liabilities	17 (a)	1,167.75	1,044.80
Provisions	18 (a)	157.95	138.56
Deferred tax liabilities (net)	49	478.74	395.73
Other non-current liabilities	19 (a)	1,394.01	1,349.64
Total non-current liabilities		**10,451.59**	**9,892.05**
Current liabilities			
Financial liabilities			
(i) Borrowings	16 (b)	115.35	375.81
(ii) Trade payables	20		
(A)Total outstanding dues of micro enterprises and small enterprises		45.51	18.16
(B)Total outstanding dues of creditors other than micro enterprises and small enterprises		3,289.77	3,031.73
(iii) Other financial liabilities	17 (b)	997.41	1,088.91
Provisions	18 (b)	265.67	242.54
Other current liabilities	19 (b)	389.77	346.37
Total current liabilities		**5,103.48**	**5,103.52**
TOTAL EQUITY AND LIABILITIES		**26,370.45**	**25,355.95**
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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: 24th May 2019

Viren Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Consolidated statement of profit and loss

(₹ in mn)

Particulars	Note No.	For the year ended 31st March 2019	For the year ended 31st March 2018
INCOME			
Revenue from operations	21	28,609.20	22,809.07
Other income	22	166.72	189.00
Total income (A)		**28,775.92**	**22,998.07**
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		6,871.00	5,666.25
Changes in inventories of medical consumables, drugs and surgical instruments - (increase) / decrease	23	4.33	(101.22)
Employee benefit expenses	24	6,240.54	4,656.86
Professional fees to doctors		5,898.16	4,787.77
Other expenses	25	6,717.06	5,676.76
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**25,731.09**	**20,686.42**
Earnings before finance cost, depreciation and amortisation, exceptional items and tax (A-B)		**3,044.83**	**2,311.65**
Finance costs (C)	26	713.95	467.55
Depreciation and amortisation expense (D)	27	1,373.59	999.50
		2,087.54	**1,467.05**
Total expense (E) = (B+C+D)		**27,818.63**	**22,153.47**
Profit before exceptional items and tax (F) = (A-E)		**957.29**	**844.60**
Exceptional items (G)		-	5.41
Profit before share of (loss) of equity accounted investees and income tax (H) = (F+G)		**957.29**	**850.01**
Share of (loss) of equity accounted investees (I)		(23.34)	(46.35)
Profit before tax (J) = (H+I)		**933.95**	**803.66**
Tax expenses:			
Current Tax		244.49	219.78
Deferred tax charge		337.42	289.64
Add : MAT credit entitlement		(240.73)	(219.78)
Total tax expense (K)		**341.18**	**289.64**
Profit for the year (L) = (J-K)		**592.77**	**514.02**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		(12.94)	3.39
Income tax effect		4.51	(1.35)
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains or (losses) in cashflow hedge.		(55.41)	(16.46)
Effective portion of gains/ (losses) of net investment hedge in a foreign operation		(103.75)	-
Exchange differences in translating the financial statement of foreign operations.		155.86	45.27
Income tax relating to above items		7.59	3.94
Other comprehensive income for the year, net of tax (M)		**(4.14)**	**34.79**
Total comprehensive income for the year (N) = (L+M)		**588.63**	**548.81**
Profit attributable to:			
Owners of the Company		591.69	513.47
Non-controlling interest		1.08	0.55
Profit for the year		**592.77**	**514.02**
Other comprehensive income attributable to:			
Owners of the Company		(4.15)	34.79
Non-controlling interest		0.01	(0.00)
Other comprehensive income for the year		**(4.14)**	**34.79**
Total comprehensive income attributable to:			
Owners of the Company		587.54	548.26
Non-controlling interest		1.09	0.55
Total comprehensive income for the year		**588.63**	**548.81**
Earnings per share	**42**		
Basic (₹)		2.92	2.53
Diluted (₹)		2.92	2.53
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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: 24th May 2019

Viren Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Consolidated Statement of Cash flows

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Cash flow from operating activities		
Profit before tax	933.95	803.66
Adjustments :		
Depreciation and amortisation expense	1,373.59	999.50
Interest income	(15.60)	(27.49)
Interest income from financial asset at amortised cost	(17.44)	(15.32)
Provision for loss allowance	107.56	83.06
Bad receivables written off	66.91	30.27
Provision of inventories for write-down to net realisable value	60.90	5.31
Provision for other than temporary diminution in long-term investments	7.56	-
Right to use the asset	16.41	16.40
Finance costs	713.95	467.55
Share based payment expenses / (reversed)	(10.24)	42.46
Government grant income	(39.68)	(35.28)
Assets/ Capital-work-in-progress written off	25.54	-
Loss on sale of fixed assets	4.83	14.83
Profit on sale of investment	(2.73)	(3.10)
Exceptional items	-	(5.41)
Unrealised foreign exchange loss, net	(6.12)	3.75
Share of loss of equity accounted investees	23.34	46.35
Operating cash flow before working capital changes	**3,242.73**	**2,426.54**
Changes in trade receivables	(49.16)	(760.41)
Changes in inventories	(56.57)	(106.09)
Changes in loans, other financial assets and other assets	27.46	(121.24)
Changes in trade payables and other financial liabilities	131.91	605.75
Changes in provision	29.58	116.58
Cash generated from operations	**3,325.95**	**2,161.13**
Income tax paid (net of refund)	(539.48)	(338.53)
Net cash generated from operating activities (A)	**2,786.47**	**1,822.60**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital work-in-progress)	(1,500.10)	(2,037.33)
Proceeds from sale of property, plant and equipment	4.93	11.39
Purchase of mutual fund	(2,645.00)	(2,465.00)
Proceeds from sale of mutual fund	2,647.73	2,668.10
Payment towards acquisition of business	-	(1,924.49)
Investment in equity shares of an associate	-	(8.58)
Investment for acquisition of subsidiary	-	(1,613.42)
Investment in promissory note in an associate	(102.20)	(65.04)
Investment in bank deposit	(73.55)	(11.34)
Realisation of bank deposit	49.09	63.36
Interest received	6.16	44.72
Net cash (used in) investing activities (B)	**(1,612.94)**	**(5,337.63)**

Consolidated Statement of Cash flows

(₹ in mn)

Particulars	For the year ended 31st March 2019	For the year ended 31st March 2018
Cash flow from financing activities		
Proceeds from long-term borrowings	5,579.98	3,835.56
Repayment of long-term borrowings	(5,303.88)	(369.69)
Proceeds from commercial papers	-	500.00
Repayment of commercial papers	-	(500.00)
Proceeds from exercise of share options	3.96	0.54
Interest and other borrowing costs	(553.01)	(315.70)
Net cash (used in) / generated from financing activities (C)	**(272.95)**	**3,150.71**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	900.58	(364.32)
Cash and cash equivalents at the beginning of the year (refer note 13)*	(50.01)	172.21
Effects of exchange gain on restatement of foreign currency cash and cash equivalents	(7.04)	3.00
Add: Cash and cash equivalents at the beginning of the year pertaining to entities acquired during the year	-	139.10
Cash and cash equivalents at the end of the year (refer note 13)	**843.53**	**(50.01)**

*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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

Dr. Emmanuel Rupert
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: 24th May 2019

Viren Shetty
Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Consolidated statement of changes in equity for the year ended 31st March 2019

14 (a) Equity share capital

(₹ in mn except no. of shares)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at 1st April 2017	**20,43,60,804**	**2,043.61**
Changes in equity share capital during FY 2017-18 (refer note 14 (a))	-	-
Balance as at 31st March 2018	**20,43,60,804**	**2,043.61**
Changes in equity share capital during FY 2018-19 (refer note 14 (a))	-	-
Balance as at 31st March 2019	**20,43,60,804**	**2,043.61**

14 (b) Other equity

(₹ In mn)

Particulars	Reserves and Surplus						Items of OCI			Total	Non-controlling interest	Total other equity
	Capital reserve	Securities premium reserve	Treasury shares	Share options outstanding (refer note 41)	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of net defined benefit plans	Effective portion of cash flow hedge reserve			
Balance as at 1 April 2017	**1.54**	**4,901.24**	**(20.07)**	**93.42**	**250.00**	**2,285.28**	**83.40**	**(7.60)**	**-**	**7,587.21**	**2.36**	**7,589.57**
Profit for the year	-	-	-	-	-	514.02	-	-	-	514.02	-	514.02
Other comprehensive income, net of tax	-	-	-	-	-	-	45.27	2.04	(12.52)	34.79	-	34.79
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**514.02**	**45.27**	**2.04**	**(12.52)**	**548.81**	**-**	**548.81**
Transactions recorded directly in equity										-		-
Exercise of share options	-	-	0.54	-	-	-	-	-	-	0.54	-	0.54
Share-based payments	-	-	-	42.46	-	-	-	-	-	42.46	-	42.46
Deletion during the year	-	-	-	-	-	(6.99)	-	-	-	(6.99)	-	(6.99)
Capital reserve for bargain purchase business combinations	142.38	-	-	-	-	-	-	-	-	142.38	-	142.38
Others	-	-	-	-	-	(0.55)	-	-	-	(0.55)	0.55	-
Balance as at 31st March 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**
Total comprehensive income for the year ended 31st March 2019										-		-
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**

(₹ in mn)

Particulars	Reserves and Surplus						Items of OCI			Total	Non-controlling interest	Total other equity
	Capital reserve	Securities premium reserve	Treasury shares	Share options outstanding (refer note 41)	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of net defined benefit plans	Effective portion of cash flow hedge reserve			
Transactions recorded directly in equity												
Exercise of share options	-	100.89	3.96	(100.89)	-	-	-	-	-	3.96	-	3.96
Share-based payments	-	-	-	27.75	-	-	-	-	-	27.75	-	27.75
Deletion during the year	(127.30)	-	-	(37.99)	-	-	-	-	-	(165.29)	-	(165.29)
Balance as at 31st March 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**

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

V.Balaji
Partner

Place: Bengaluru
Date: 24th May 2019

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited

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Managing Director
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Place: Bengaluru
Date: 24th May 2019

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Whole-time Director
DIN: 02144586

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Notes

to the consolidated financial statements for the year ended 31st March 2019

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.

During the year ended 31st March 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale by existing shareholders to the extent of 24,523,297 equity shares of face value of ₹ 10 each for a cash price of ₹ 250 per equity share including a premium of ₹ 240 per equity share, of 6,287,978 equity shares by Ashoka Investment Holdings Limited, 1,886,455 equity shares by Ambadevi Mauritius Holdings Limited, 12,261,648 equity shares by JP Morgan Mauritius Holdings IV Limited, 2,043,608 equity shares by Dr. Devi Prasad Shetty and 2,043,608 equity shares by Shakuntala Shetty aggregating to ₹ 6130.82 mn and the equity shares of the Company were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 6th January 2016.

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 of the Act.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 24th May 2019.

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

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 mn, 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 28 – Assessment of contingent liabilities and commitments;

Note 29 – leases and lease classification;

Note 32 – consolidation: whether the Group has control over an investee;

Note 48 – Provision for taxes;

Note 50 – financial instruments and

Note 41 – 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 2019 is included in the following notes:

Note 49 – recognition of deferred tax assets

Note 36 – measurement of defined benefit obligations: key actuarial assumptions;

Note 28 – recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;

Note 5-8, 12, 32 (e) and 50 – 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. 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 50 – financial instruments

Note 41 – 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

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

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

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 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 gain & 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

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

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 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 value added 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.

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:

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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.

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.

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

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

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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 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

Leases under which the Group 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 consolidated balance sheet.

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

The Group has entered into management agreements with certain trusts, under which, the Group has a right over the management, operation and utilisation of hospital facilities owned by the trusts. As a consideration towards the aforesaid arrangement, the Group is obligated to offer discounts to patients nominated by the trusts at free of cost/concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue with a corresponding charge to rent expense.

Further, at the inception of above arrangement, the Group determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

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.

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,

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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;

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.

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.

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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 The Group declares and pays dividends in Indian rupees and are subject to applicable distribution taxes. The applicable distribution taxes are treated as an appropriation of profits

3.23. New Standards and interpretation not yet adopted

(i) Ind AS 116 Leases: -

On 30th March 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The Standard sets out the principles for the 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 recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

  Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently assessing the impact on adoption of this standard on the Company's financial statements.

(ii) Ind AS 12 Appendix C, Uncertainty over Income Tax treatments

On 30th March 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C, Uncertainty over Income Tax Treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over

income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition –

a) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and

b) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019.

(iii) Amendment to Ind AS 19 – plan amendment, curtailment or settlement

On 30th March 2019, Ministry of Corporate Affairs issued 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 recognize 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 recognized because of the impact of the asset ceiling.

Effective date for application of this amendment is annual period beginning on or after 1 April 2019. The Company is currently evaluating the effect of this amendment on the financial statements.

(iv) Amendment to Ind AS 12 Income Taxes

On 30th March 2019, Ministry of Corporate Affairs issued amendments to the guidance in Ind AS 12, 'Income Taxes', in connection with accounting for dividend distribution taxes. The amendment clarifies that an entity shall recognise 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. Effective date for application of this amendment is annual period beginning on or after 1st April 2019. The Company is currently evaluating the effect of this amendment on the standalone financial statements.

4 (i) Property, plant and equipment and capital work-in-progress, Intangible assets and Intangible assets under development

(₹ in mn)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April 2018	Additions / Adjustment	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 (leased):										
Leasehold improvements	230.66	14.63	-	245.29	93.49	17.06	-	110.55	134.74	137.17
Leasehold land (iv)	1,721.92	-	-	1,721.92	1.35	-	-	1.35	1,720.57	1,720.57
Land	180.88	-	-	180.88	1.97	1.96	-	3.93	176.95	178.91
Building (iii)	2,689.26	39.12	-	2,728.38	158.76	39.46	-	198.22	2,530.16	2,530.50
Building (iii)	832.26	3.52	0.13	835.65	171.97	45.87	0.04	217.80	617.85	660.29
Building (iii)	337.54	4.85	-	342.39	52.42	12.69	-	65.11	277.28	285.12
Building (iii)	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**
Intangible assets under development (E)	**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 4((ii) to be referred

4 (ii) Property, plant and equipment and capital work-in-progress, Intangible assets and Intangible assets under development

(₹ in mn)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1st April 2017	Additions (refer note (xi))	Deletions	As at 31st March 2018	As at 1st April 2017	Depreciation/ Amortisation	Deletions	As at 31st March 2018	As at 31st March 2018	As at 31st March 2017
(A) Tangible assets (owned)										
Freehold land (i) (ii)	360.27	146.35	-	506.62	-	-	-	-	506.62	360.27
Building	392.12	-	-	392.12	135.50	6.63	-	142.13	249.99	256.62
Building	-	2,484.15	-	2,484.15	-	12.85	-	12.85	2,471.30	-
Electrical installation	752.02	212.16	0.39	963.79	399.72	74.45	0.19	473.98	489.81	352.30
Medical equipment	5,092.25	2,429.37	50.17	7,471.45	1,968.54	465.06	24.73	2,408.87	5,062.58	3,123.71
Office equipment	158.43	103.70	0.40	261.73	98.48	28.22	0.39	126.31	135.42	59.95
Other equipment including air conditioners	1,290.79	509.30	0.65	1,799.44	475.78	90.01	0.30	565.49	1,233.95	815.01
Furniture and fixtures	784.86	231.27	0.39	1,015.74	389.44	85.74	0.17	475.01	540.73	395.42
Computers	216.35	99.47	0.44	315.38	179.90	35.14	0.44	214.60	100.78	36.45
Vehicles	28.94	12.94	-	41.88	18.09	5.12	-	23.21	18.67	10.85
Tangible assets (leased):										
Leasehold improvements	182.95	47.71	-	230.66	76.23	17.26	-	93.49	137.17	106.72
Leasehold land (iv)	1,721.92	-	-	1,721.92	1.35	-	-	1.35	1,720.57	1,720.57
Land	-	180.88	-	180.88	-	1.97	-	1.97	178.91	-
Building (iii)	1,408.29	1,280.97	-	2,689.26	140.46	18.30	-	158.76	2,530.50	1,267.83
Building (iii)	720.42	111.84	-	832.26	126.29	45.68	-	171.97	660.29	594.13
Building (iii)	333.50	4.04	-	337.54	39.92	12.50	-	52.42	285.12	293.58
Building (iii)	996.38	2.63	-	999.01	180.34	24.40	-	204.74	794.27	816.04
Total tangible assets (A)	**14,439.49**	**7,856.78**	**52.44**	**22,243.83**	**4,230.04**	**923.33**	**26.22**	**5,127.15**	**17,116.68**	**10,209.45**
(B) Capital work- in- progress	**530.36**	**1,908.63**	**2,170.28**	**268.71**	**-**	**-**	**-**	**-**	**268.71**	**530.36**
(C) Goodwill	**581.47**	**79.00**	**-**	**660.47**	**-**	**-**	**-**	**-**	**660.47**	**581.47**
(D) Intangible assets										
Computer software	197.21	79.38	-	276.59	170.29	19.47	-	189.76	86.83	26.92
Third party contracts	-	187.55	-	187.55	-	9.27	-	9.27	178.28	-
Electronic medical records	-	21.44	-	21.44	-	1.06	-	1.06	20.38	-
Customer relationship	-	463.70	-	463.70	-	46.37	-	46.37	417.33	-
Total intangible assets (D)	**197.21**	**752.07**	**-**	**949.28**	**170.29**	**76.17**	**-**	**246.46**	**702.82**	**26.92**
Intangible assets under development (E)	**-**	**81.73**	**-**	**81.73**	**-**	**-**	**-**	**-**	**81.73**	**-**
Grand total (A+B+C+D+E)	**15,748.53**	**10,678.21**	**2,222.72**	**24,204.02**	**4,400.33**	**999.50**	**26.22**	**5,373.61**	**18,830.41**	**11,348.20**

4. (ii) Notes

(i) Includes land in possession and occupation of the Company to the extent of 9 acre 26 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 2019.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement signed in January 2008 between the Company, Promoters and Investors who have acquired a significant equity stake in the Company, a Promoter of the Company has the right but not the obligation to require the Company to transfer the Land and Building at no consideration to him. This right has not been exercised till the date of these financial statements. On exercise of the right, the promoter is 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 has been amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per 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 under 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 shareholder's 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 06, 2016, the promoter's right to Company's Land ceases to exist thereof.

(iii) Represents the cost of construction of building on the leasehold premises at Mysore, Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(iv) 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.

(v) 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) whose carrying values are as follows:

(₹ n mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Cost or deemed cost	19.12	23.05
Accumulated depreciation	13.28	13.73
Net carrying amount	**5.84**	**9.32**

(vi) During the FY 2018-19, project salary cost amounting to ₹ 95.37 mn (previous year : ₹ 51.35 mn) has been capitalised through capital work- in- progress and intangible assets under development.

(vii) As at 31st March 2019, property, plant and equipments with a carrying amount of ₹ 6,362.80 mn (previous year : ₹ 5,182.99 mn) 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 38 and 40.

(x) During the year the company has capitalised interest cost amounting to ₹ nil (previous year: ₹ 59.47 mn).

(xi) The Group has acquired the following property, plant and equipments consequent to various business combinations (refer note 44) that occurred during previous year

(₹ in mn)

Particulars	NewRise HealthCare Private Limited	Dharamshila Cancer Foundation and Research Centre	Health City Cayman Island Ltd
Freehold land (i)	-	-	146.35
Building (vi)	-	-	2,484.15
Electrical installation	-	-	116.95
Medical equipment	-	227.91	653.43
Other equipment including air conditioners	-	45.60	153.88
Computers	-	-	16.01
Leasehold land	180.88	-	-
Office equipments	-	78.68	44.26
Furniture and fixtures	0.07	2.09	77.95
Vehicles	0.09	3.40	5.04
Computer software	-	-	12.38
Third party contracts	-	-	187.64
Electronic medical records	-	-	21.45
Customer relationship	-	463.70	-
Goodwill	-	79.00	-
Total	**181.04**	**900.38**	**3,919.49**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

5 Investment in Associates

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Unquoted equity instruments		
Trimedx India Private Limited (refer note 43A)	-	-
[91,947 (previous year 91,947) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4,770 equity shares]		
Others (Trade investment)		
ISO Mauritius	36.94	37.49
[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]		
Less : Provision for other than temporary diminution in longterm investments	(7.56)	-
	29.38	**37.49**
Cura Technology Inc	8.90	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	(8.90)	(8.90)
	-	-
	29.38	**37.49**

6 Investments (Non-current)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Unquoted debt instruments		
Investment in promissory note of Cura Technology Inc- amortised cost		
Cura Technology Inc	215.21	105.41
Less: share of loss	(81.83)	(58.02)
Investment in promissory note (net)	**133.38**	**47.39**
Accrued interest on the promissory note	11.41	2.90
	144.79	**50.29**

7 Loans receivables

(Unsecured and considered good, unless otherwise stated)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
To parties other than related parties		
Security deposits	254.17	204.71
Loan	9.00	13.00
To related parties		
Security deposits	87.54	79.88
Loan	-	127.30
	350.71	**424.89**
(b) Current		
To parties other than related parties		
Security deposits	29.05	78.26
Loan	4.00	4.00
	33.05	**82.26**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

8 Other financial assets

(Unsecured and considered good, unless otherwise stated)

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Bank deposits (due to mature after 12 months from the reporting date)	3.94	1.08
Interest accrued but not due on fixed deposits	0.29	0.18
	4.23	**1.26**
(b) Current		
To parties other than related parties		
Interest accrued on fixed deposits but not due	2.74	1.92
Interest accrued on security deposit	3.91	3.91
Unbilled revenue	240.63	220.82
Others	12.23	0.01
To related parties (refer note 31)		
Due for reimbursement of expenses	0.91	0.91
	260.42	**227.57**

9 Income tax assets (net)

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Advance income tax and tax deducted at source, net	639.97	306.98
Income-tax paid under protest	10.30	10.00
	650.27	**316.98**

10 Other assets

(Unsecured and considered good, unless otherwise stated)

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
To parties other than related parties		
Prepaid rent	243.19	170.68
Considered doubtful	19.24	19.24
	262.43	189.92
Less: provision for prepaid rent	(19.24)	(19.24)
Net Prepaid rent	243.19	170.68
Capital advances	139.90	125.87
Security deposits	95.44	40.60
Prepaid expenses	109.33	82.52
Right to use assets	114.71	147.53
To related parties (refer note 31)		
Prepaid rent	28.75	35.74
Prepaid expense	202.78	218.33
	934.10	**821.27**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(b) Current		
To parties other than related parties		
Prepaid rent	32.02	16.33
Considered doubtful	0.24	0.24
	32.26	16.57
Less: provision for doubtful	(0.24)	(0.24)
	32.02	16.33
Security deposits	10.25	11.69
Considered doubtful	4.38	-
	14.63	11.69
Less: provision for security deposit	(4.38)	-
Net Security deposit	10.25	11.69
Prepaid expenses	256.89	281.70
Balances with statutory /government authorities	-	5.49
Advance to vendors	65.34	95.55
Right to use assets	16.41	16.40
Assets held for sale	5.10	-
Others	68.01	49.08
To related parties (refer note 31)		
Prepaid rent	6.99	6.97
Prepaid expense	15.66	15.79
Due for reimbursement of expenses	-	5.56
	476.67	**504.56**

11 Inventories

(Valued at lower of cost and net realisable value)

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Medical consumables, drugs and surgical instruments	906.07	849.50
Less: Provision for write down to net realisable value	(74.16)	(13.26)
	831.91	**836.24**

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

12 Trade receivables

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Unsecured, considered good	2,664.45	2,789.76
Unsecured, considered doubtful	415.57	302.03
	3,080.02	**3,091.79**
Loss allowance		
Unsecured, considered doubtful	(415.57)	(302.03)
	(415.57)	**(302.03)**
Net trade receivables	**2,664.45**	**2,789.76**
Of the above, trade receivables from related parties are as follows:		
Trade receivables (refer note 31)	0.38	378.62
Expected credit loss allowance	-	(0.66)
Net trade receivable from related parties	**0.38**	**377.96**

The Company uses a provision matrix to determine expected credit loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At 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.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

India	Ageing		
Category	**Within due date**	**Due date to 1 year**	**More than 1 year from due date**
ESI/CGHS/SCHEMES	2.10%	11.05%	59.87%
Others	0.90%	9.80%	54.53%

Rest of the world - Cayman Islands	Ageing			
Category	**Within due date**	**Due date to 1 year**	**Due 1 year to 3 years**	**More than 3 years from due date**
Government organisation	3.20%	3.20%	3.20%	3.20%
Others	3.47%	5.12%	17.35%	3.20%

The Company's exposure to credit risk, currency risks and loss allowances are disclosed in note 50
The trade receivables are hypothecated as security as part of working capital facility.

13 Cash and bank balances

(₹ in mn)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
(a) Cash and cash equivalents		
Cash on hand	36.04	30.93
DDs/Cheques on hand	92.81	-
Balance with banks		
In current accounts	830.03	294.87
In deposit accounts (with original maturity of 3 months or less)	6.00	7.49
	964.88	**333.29**
(b) Bank balances other than above		
-In deposit accounts (due to mature within 12 months of the reporting date)*	42.34	19.25
	42.34	**19.25**

* 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 mn)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
Cash on hand	36.04	30.93
DDs/Cheques on hand	92.81	-
Balance with banks		
In current accounts	830.03	294.87
	958.88	**325.80**
Less: Bank overdraft used for cash management purpose	(115.35)	(375.81)
Cash and cash equivalents in the statement of cash flow	**843.53**	**(50.01)**

14 (a) Equity share capital

(₹ in mn)

Particulars	**As at 31st March 2019**	**As at 31st March 2018**
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 2019 (Continued)

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

(₹ in mn except for number of shares)

Particulars	As at 31st March 2019		As at 31st March 2018	
	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 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:

Particulars	As at 31st March 2019		As at 31st March 2018	
	Number of shares	% Holding	Number of shares	% Holding
Dr Devi Prasad Shetty	6,47,00,571	31.66%	6,47,00,571	31.66%
Mrs. Shakuntala Shetty	6,20,83,095	30.38%	6,20,83,095	30.38%
CDC Group PLC	1,17,65,046	5.76%	1,17,65,046	5.76%
	13,85,48,712	**67.80%**	**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.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

14 (b) Other Equity

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(i) Reserves and surplus		
Capital reserve		
At the commencement of the year	143.92	1.54
Add: Adjustment towards acquisition of subsidiary	(127.30)	142.38
At the end of the year	16.62	143.92
Securities premium		
At the commencement of the year	4,901.24	4,901.24
Movement during the year	100.89	-
At the end of the year	5,002.13	4,901.24
Treasury shares		
At the commencement of the year	(19.53)	(20.07)
Movement during the year	3.96	0.54
At the end of the year	(15.57)	(19.53)
Share options outstanding		
At the commencement of the year	135.88	93.42
Add: Amounts recorded on grants during the year	27.75	42.46
Less: Shares forfeited during the year	(37.99)	-
Less: Exercised during the year	(100.89)	-
At the end of the year	24.75	135.88
General reserve	**250.00**	**250.00**
Retained earning		
At the commencement of the year	2,791.76	2,285.28
Add: Net profit after tax transferred from statement of profit and loss	592.73	514.02
Less: Share of non controlling interest	(1.08)	(0.55)
Less: Liquidation of subsidiary	-	(6.99)
At the end of the year	3,383.41	2,791.76
(ii) Other Comprehensive Income		
Foreign currency translation reserve		
At the commencement of the year	128.67	83.40
Movement during the year	155.86	45.27
At the end of the year	284.53	128.67
Re-measurement of defined benefit plans		
At the commencement of the year	(5.56)	(7.60)
Movement during the year	(8.43)	2.04
Less: Share of non controlling interest	(0.01)	-
At the end of the year	(14.00)	(5.56)
Effective portion of cash flow hedge reserve		
At the commencement of the year	(12.52)	-
Movement during the year	(151.58)	(12.52)
At the end of the year	(164.10)	(12.52)
	8,767.77	**8,313.86**

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.

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 41 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.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

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

The Board of Directors have also recommended a dividend of 10 % (₹ 1/- per equity share of par value ₹ 10 each) for the financial year ended 31st March 2019 which are subject to the approval of shareholders.

15 Non controlling interests

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Balance at the beginning of the year	2.91	2.36
Share of profit for the year	1.09	0.55
Balance at the end of the year	**4.00**	**2.91**

16 Borrowings

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Secured		
Term loans		
From banks (refer note I)	7,915.05	7,639.61
From Others (refer note II)	104.26	-
Less: Current maturity of long term debt [refer note 17 (b)]	(766.17)	(676.29)
	7,253.14	**6,963.32**
(b) Current		
Secured		
Bank overdrafts (refer note II)	115.35	375.81
	115.35	**375.81**

I Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	
(i)	Term loan from HSBC Bank : ₹ nil (previous year : ₹ 33.00 mn). Fully repaid during the year (previous year 2 quarterly instalments). Interest is charged at 8.30% p.a.(previous year 8.10%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(ii)	Term loan from HSBC Bank : ₹ nil (previous year: ₹ 37.50 mn). Fully repaid during the year (previous year 3 quarterly instalments). Interest is charged at 8.30% p.a.(previous year 8.10%)	
(iii)	Term loan from HSBC Bank : ₹ nil (previous year : ₹ 19.00 mn). Fully repaid during the year (previous year 4 quarterly instalments). Interest is charged at 8.30 % p.a (previous year: 8.10% p.a)	
(iv)	Term loan from HSBC Bank : ₹ 270.00 mn (previous year : ₹ 270.00 mn). It is repayable in 20 quarterly instalments (previous year: 20 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 9.05% p.a. (previous year: 8.30% p.a.)	Movable Fixed Assets acquired out of the loan and equitable over land and building of the Jaipur hospital.
(v)	Term loan from ICICI Bank: ₹ 883.11 mn (previous year : ₹ 900.00 mn). Repayable in 93 monthly instalments from reporting date (previous year: 96 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.
(vi)	Foreign currency loan taken from EXIM Bank : ₹ 1,605.73 mn (US$ 23.21 mn) (previous year: ₹ 1,626.10 mn (US$ 25 mn)). Repayable in 26 quarterly instalments from the reporting date (previous year: 28 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

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

Sl No.	Details of repayment terms, interest and maturity	
		at the location having S . N o : 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.
(vii)	* Term loan from SBI: ₹ 578.73 mn (previous year: ₹ 580.00 mn) repayable in 95 monthly instalments from the reporting date (previous year 96 monthly instalments from 31st March 2019). Interest is charged at 8.70% p.a.(previous year: 8.15% 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, Harayana.
(viii)	* Term loan from SBI: ₹ 350.00 mn (previous year: ₹ nil) repayable in 96 monthly instalments from the reporting date (previous year : nil). Interest is charged at 8.70% p.a.(previous year: nil)	
(ix)	* Term loan from SBI: ₹ 1,196.32 mn (previous year: ₹ 1,170.85 mn). Repayable in 31 quarterly instalments from December 2019 after 2 years Moratorium from date October 2017. Interest is charged at 8.70% p.a.(previous year: 8.15% p.a).	
(x)	Term loan from Yes Bank Ltd - FCNR : nil (previous year: ₹ 351.65 mn) repayable on 25th June 2018. Interest is charged @ 9.73% p.a.(previous year: 9.73% p.a.)	Nil
(xi)	Term loan from Yes Bank Ltd: ₹ 49.07 mn (previous year : ₹ 49.57) repayable in 40 quarterly instalments from May 2018. Interest is charged @ 9.90% p.a. (previous year : interest @ 1 year MCLR + 10 basis point)	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 from Narayana Hrudayalaya Limited (Holding Company)
(xii)	Term loan from Yes Bank Ltd: ₹ 9.11 mn (previous year : nil) repayable in 40 quarterly instalments from November 2018. Interest is charged @ 9.90% p.a. (previous year : nil)	
(xiii)	Term loan from Yes Bank Ltd: ₹ 6.88 mn (previous year : nil) repayable in 40 quarterly instalments from March 2019. Interest is charged @ 9.90% p.a. (previous year : nil)	
(xiv)	Term loan from Yes Bank : ₹ 5.52 mn (previous year: nil). repayable in 40 quarterly instalments from May 2018. Interest is charged @ 9.90% p.a. (previous year: nil)	
(xv)	Term Loan from HSBC : ₹ 323 mn (previous year : nil) repayable in 19 quarterly instalments from reporting date. Interest is charged @ 8.65% p.a (previous year : nil)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(xvi)	Term loan from State Bank Of India: ₹ 79.59 mn (previous year : ₹ 134.83 mn). It is repayable in 6 quarterly installments from the reporting date, (previous year : 10 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 2018 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 paripasu basis) Co operative Society Limited, title deed No.396 of old hospital purchase by the company and hypothecation of all the movable assets, including medical equipment, furniture and 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.
(xvii)	Term loan from State Bank Of India: ₹ 19.79 mn (previous year : ₹ 33.90 mn). It is repayable in 6 quarterly instalments from the reporting date, (previous year : 10 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 2018 being 9.25% p.a.)	
(xviii)	Term loan from State Bank Of India: ₹ 214.45 mn (previous year : ₹ 233.14 mn). It is repayable in 23 quarterly instalments from the reporting date i.e. 31st March 2019 (previous year : 27 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 2018 being 9.25% p.a.)	
(xix)	Term loan from State Bank Of India: ₹ 72.81 mn (previous year : ₹ 84.81 mn) It is repayable in 22 quarterly instalments from the reporting date i.e. 31st March 2019 (previous year : 26 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 2018 being 9.25% p.a.)	
(xx)	Term loan from State Bank Of India: ₹ 99.72 mn (previous year : ₹ 33.85 mn) It is repayable in 32 quarterly instalments from the reporting date i.e. 31st March 2019 (previous year : 11 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 2018 being 9.25% p.a.)	
(xxi)	Term loan from FCIB: ₹ 2151.23 mn (previous year : ₹ 2081.41 mn) 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).	Secured by corporate guarantee of Narayana Hrudayalaya Limited.
	* Promotors % of holding should not be reduced below 51% during the tenure of loan.	
II	**Term loans from Others :**	
(i)	Interest free term loan from Cisco Systems Capital (India) Private Limited has been obtained during the current year for a value of ₹ 109.86 mn. Based on the applicable effective interest rate, the present value of loan as at 31st March 2019 amounting to ₹ 68.16 mn (previous year : nil) has been recognised in the books of accounts.	
(ii)	(ii) Term loan from CDC group PLC : ₹ 36.10 mn (previous year : nil) 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.	

II Overdraft and Cash Credit facilities:

Sl No.	Details of repayment terms, interest and maturity	
(i)	Overdraft facility from Yes Bank Limited ₹ 80.95 mn (previous year: ₹ 56.56) 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: ₹ 34.40 mn (previous year: ₹ 41.46 mn). It is repayable on demand. Interest rate is @8.70% p.a. (previous year : Base rate plus 0.35%. Base rate as on 31st March 2018 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.
(iii)	Overdraft facilities from HSBC bank ₹ nil (previous year: ₹ 277.79 mn) interest rate bank overnight MCLR (previous year: 7.90% - 9.25%) computed on a monthly basis on the actual amount utilised and are repayable on demand.	These are secured by specific charge on fixed assets of Narayana Hrudayalaya Limited.

17 Other financial liabilities

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Payable towards share purchased for Employee Stock Option Plan (ESOP) Trust	15.57	20.40
Creditors for capital goods	37.77	52.82
Liability towards business acquisition	972.07	887.10
Liability towards assets replacement cost	69.93	67.98
Derivatives designated and effective as hedging instruments carried at fair value		
Interest rate swap	72.41	16.50
	1,167.75	**1,044.80**
(b) Current		
Current maturities of long-term borrowings with banks *	766.17	676.29
Liability towards business acquisition	44.01	175.40
Interest accrued but not due on borrowings	1.62	29.74
Deposits received	1.32	1.72
Creditors for capital goods	161.51	185.95
Other financial liabilities	22.78	19.81
	997.41	**1,088.91**

* The Group's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note no 50.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

18 Provisions

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-current		
Provision for employee benefits		
Gratuity	157.95	138.56
	157.95	**138.56**
(b) Current		
Provision for employee benefits		
Gratuity	71.05	61.57
Compensated absences	194.62	180.97
	265.67	**242.54**

19 Other liabilities

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
(a) Non-Current		
Unearned revenue	16.45	17.63
Rent equalisation reserve	68.18	53.51
Deferred liability for assets funding	3.91	5.43
Others	2.51	2.51
Deferred government liability for EPCG Licence**	73.73	6.10
Deferred government grant*	1,229.23	1,264.46
	1,394.01	**1,349.64**
(b) Current		
Deferred liability for assets funding	1.57	1.62
Advance from patients	155.79	132.17
Unearned revenue	14.00	10.65
Deferred government grant*	35.24	35.58
Deferred government liability for EPCG Licence **	17.92	-
Grant Received	4.22	-
Balances due to statutory/ government authorities	135.28	145.09
Other liabilities	5.60	9.83
To related parties		
Other payables	20.15	10.43
Unearned revenue	-	1.00
	389.77	**346.37**

* There are no amounts due and outstanding to be transferred to Investor Education and Protection Fund.

(₹ in mn)

Summary of the government grant received by the Group

Nature	As at 31st March 2019	As at 31st March 2018
Opening Balance	**1,306.14**	**1,335.33**
Add: Grants during the year	89.66	6.10
Less: Released to profit and loss	(39.68)	(35.29)
Closing Balance	**1,356.12**	**1,306.14**
Non Current	1,302.96	1,270.56
Current	**53.16**	**35.58**

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 mn 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 ₹ 89.66 mn (previous year : ₹ 6.10 mn) for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government liability for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per Ind AS.

20 Trade payables

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Total outstanding dues of micro enterprises and small enterprises	45.51	18.16
Total outstanding dues of creditors other than micro enterprises and small enterprises*	3,289.77	3,031.73
	3,335.28	**3,049.89**

*includes payables to related parties (refer note 31)
The Group's exposure to currency and liquidity risks related to trade payable is disclosed in note 50

21 Revenue from operations

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Income from medical and healthcare services	27,184.96	21,339.75
Sale of medical consumables and drugs	1,171.94	1,205.79
Other operating revenue:		
Other healthcare services	20.26	21.52
Teleradiology income	25.29	16.90
Revenue share income	9.57	34.20
Revenue from nursing school	13.30	11.78
Other medical and health care services	-	0.18
Income from patients amenities	65.68	67.34
Income from arrangement with trust (refer note 45 (b))	118.20	111.61
	28,609.20	**22,809.07**

22 Other income

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Interest income on		
- Bank deposits	4.00	5.30
- Unsecured loan	11.56	8.07
- Others	0.04	14.12
Interest income from financial asset at amortised cost	17.44	15.32
Government grant	39.68	35.28
Guarantee commission	-	8.84
Profit on sale of fixed asset	0.02	0.20
Profit on sale of investment	2.73	3.10
Miscellaneous income	91.25	98.77
	166.72	**189.00**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

23 Changes in inventories of medical consumables, drugs and surgical instruments (increase)/ decrease

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Inventory at the beginning of the year	836.24	735.02
Inventory at the end of the year	831.91	836.24
	4.33	**(101.22)**

24 Employee benefits

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Salaries, wages and bonus	5,769.78	4,081.17
Contribution to provident and other funds (refer note 36)	374.12	328.72
Share based payment to employees (refer note 41)	(10.24)	42.46
Staff welfare expenses	106.88	204.51
	6,240.54	**4,656.86**

During the FY 2018-19, project salary cost amounting to ₹ 95.37 mn (previous year: ₹ 51.35 mn) has been capitalised through capital work- in- progress and intangible assets under development (refer note 4).

25 Other expenses

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Hospital operating expenses		
Power and fuel	779.80	650.82
Hospital general expenses	419.25	293.75
House keeping expenses	725.23	632.29
Patient welfare expenses	380.18	323.10
Rent	643.25	581.55
Medical gas charges	90.75	72.41
Biomedical wastage expenses	15.71	13.06
Repairs and maintenance		
- Hospital equipments	478.67	544.98
- Buildings	119.20	88.35
- Others	425.08	353.64
Total (A)	**4,077.12**	**3,553.95**
Administrative expenses		
Travel and conveyance	216.86	184.96
Security charges	222.68	205.12
Printing and stationery	156.86	123.65
Rent	152.77	112.00
Advertisement and publicity	629.10	509.85
Legal and professional fees	319.50	178.69
Payment to auditors (refer note (i) below)	14.24	8.00
Business promotion	288.54	295.66
Telephone and communication	72.80	73.64
Bank charges	94.06	78.12
Insurance	146.79	77.41
Corporate social responsibility (refer note (ii) below)	25.07	22.82
Rates and taxes	48.00	54.96

Notes

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25 Other expenses

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Books and periodicals	25.37	21.53
Provision for loss allowance	107.56	83.06
Bad receivables written off	66.91	30.27
Donations paid	3.02	6.23
Loss on sale of fixed assets	4.85	14.83
Foreign exchange loss, (net)	(22.89)	15.47
Provision for security deposit	4.38	-
Provision for other than temporary diminution in long-term investments	7.56	-
Miscellaneous expenses	55.91	26.54
Total (B)	**2,639.94**	**2,122.81**
Total (A+B)	**6,717.06**	**5,676.76**

(i) Payment to auditors*

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
As an auditor		
Audit fee	7.20	6.60
Limited review	1.20	1.20
Other services (Refer Note below)	4.31	-
Reimbursement of expenses	1.53	0.20
Total	**14.24**	**8.00**

* excluding service tax / GST

Note: The above includes ₹ 1.66 mn (previous year: Nil) Paid to a firm affiliated to the statutory auditors firm through a networking arrangements, as registered with the Institute of Chartered Accountant 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 ₹ 22.96 mn (previous year: ₹ 19.36 mn)

b) Amount spent during the year ended 31st March 2019 on corporate social responsibility activities: (₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
a) Gross amount required to be spent by Group during the year	**22.96**	**19.36**
b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset		
(ii) On purposes other than above	25.07	22.82
Total	**25.07**	**22.82**

26 Finance costs

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Interest expense on financial liabilities measured at amortised cost		
-term loans from banks	522.09	255.45
-bank overdraft	19.24	14.42
-commercial papers	-	4.37
-others	11.68	3.67
Other borrowing costs	-	1.85
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	-	20.14
Finance cost on finance lease obligations	159.00	161.77
Unwinding of asset replacement cost	1.94	5.88
	713.95	**467.55**

During the year the company has capitalised interest cost amounting to ₹ nil (previous year : ₹ 59.47 mn)

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

27 Depreciation and amortisation expense

(₹ in mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
Depreciation of property, plant and equipment (refer note 4)	1,243.23	923.33
Amortisation of intangible assets (refer note 4)	130.36	76.17
	1,373.59	**999.50**

28 Contingent liabilities and commitments

(i) Contingent liabilities:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Claims against the Group not acknowledged as debts in respect of:		
a) Sales tax (refer note A below)	31.83	31.83
b) Customs Duty (refer note B below)	1.74	-
c) Entry tax (refer note C below)	10.00	-
d) Income tax (refer note D below)	26.75	12.17
Guarantees:		
a) Bank guarantee	25.00	25.00

Notes:

A. Sales Tax

a) For financial year 2011-12, the Company has 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 has issued an order with a demand of ₹ 10.31 mn by levying tax on sale of food to patients . Against this demand, the Company has deposited ₹ 3.1 mn with the department and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

b) For financial year 2012-13, the Company has 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 has issued an order with a demand of ₹ 21.52 mn by levying tax on sale of food to patients. Subsequent to year end, against this demand the Company has deposited ₹ 6.45 mn and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

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 mn , the Company has deposited ₹ 1.33 mn 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 arear 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 ₹ 10.00 mn along with interest. Against this demand, the Company has deposited ₹ 1.55 mn 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 mn. Against this demand, the Company had paid ₹ 10.00 mn 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 has filed an appeal with High Court of Karnataka challenging the order of ITAT, which is pending as at 31st March 2019. The Company may have an additional liability of ₹ 7.47 mn on account of differential tax provision.

b) 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 mn. Against this demand, the Company had paid ₹ 0.3 mn under protest on 11th February 2019 and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)).

c) 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 mn 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 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 mn 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)).

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 2019 will not have any material adverse effect on its financial statements for the year ended 31st March 2019

(ii) Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments not provided for, amounts to ₹ 244.54 mn (previous year: ₹ 150.03 mn).

29 Leases

The Group has taken various medical equipment, hospital premises, office and residential premises under operating leases. The leases typically run for a term ranging from one to twenty years, with an option to renew the lease after the term completion. The escalation clause in these arrangements range from 5% to 10%.

(i) Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Not later than 1 year	187.87	136.79
Later than 1 year and not later than 5 years	753.78	527.91
Later than 5 years	979.12	1,097.09

(ii) Amounts recognised in consolidated statement of profit and loss

(₹ In mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Cancellable	651.21	525.18
Non-cancellable	149.19	168.37
	800.40	**693.55**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

30 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 mn)

Particulars	For the Year Ended 31st March 2019	For the Year Ended 31st March 2018
India	24,798.30	22,039.37
Rest of the world - Cayman Islands	3,810.90	769.70
	28,609.20	**22,809.07**

(ii) Non-current assets *

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
India	16,389.56	16,045.13
Rest of the world - Cayman Islands	4,137.51	3,923.53
	20,527.07	**19,968.66**

*Non-current assets exclude financial instruments, deferred tax assets and equity accounted investees

(iii) Investment in associates accounted for by the equity method

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Mauritius	29.38	37.49
	29.38	**37.49**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

31 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 (with effect from 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	Health City Cayman Islands Ltd (HCCI) (uptil 1st January 2018) (refer note 34)
	Cura Technologies Inc.(with effect from 15th November 2016)
	ISO Healthcare (with effect from 5th July 2016)
Enterprises under control/ joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Daya Drishti Charitable Trust
	Amaryllis Healthcare Private Limited (AHPL)
	Narayana Hrudayalaya Charitable Trust (NHCT) (uptil 20th March 2017)
	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

31 Related party disclosures

(b) Transactions with related parties during the year ended 31st March 2019

(₹ in mn)

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	-	-	-	26.05	-	26.05
	(-)	(-)	(-)	(23.54)	(-)	(23.54)
AHF	-	-	-	31.80	-	31.80
	(-)	(-)	(-)	(10.06)	(-)	(10.06)
Charmakki Infrastructures	-	-	-	13.03	-	13.03
	(-)	(-)	(-)	(12.72)	(-)	(12.72)
MSMF	-	-	-	25.00	-	25.00
	(-)	(-)	(-)	(25.00)	(-)	(25.00)
TOTAL	**-**	**-**	**-**	**95.88**	**-**	**95.88**
	(-)	**(-)**	**(-)**	**(71.32)**	**(-)**	**(71.32)**
Other Expense						
Consulting Services Ltd	-	-	-	90.56	-	90.56
	(-)	(-)	(-)	(14.38)	(-)	(14.38)
Office Supply Ltd	-	-	-	6.17	-	6.17
	(-)	(-)	(-)	(1.01)	(-)	(1.01)
Wyndham Reef Resort Grand Cayman	-	-	-	0.35	-	0.35
	(-)	(-)	(-)	(-)	(-)	(-)
Healthcity Development Limited	-	-	-	65.16	-	65.16
	(-)	(-)	(-)	(2.56)	(-)	(2.56)
High Rock Property Maintenance	-	-	-	27.35	-	27.35
	(-)	(-)	(-)	(3.74)	(-)	(3.74)
Heron Landing Ltd	-	-	-	3.87	-	3.87
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**-**	**-**	**-**	**193.46**	**-**	**193.46**
	(-)	**(-)**	**(-)**	**(21.69)**	**(-)**	**(21.69)**
Interest income on security deposit						
Charmakki Infrastructures	-	-	-	7.67	-	7.67
	(-)	(-)	(-)	(7.00)	(-)	(7.00)
Reimbursement of expenses						
HCCI	-	-	-	-	-	-
	(-)	(-)	(7.71)	(-)	(-)	(7.71)
AHF	-	-	-	2.27	-	2.27
	(-)	(-)	(-)	(0.06)	(-)	(0.06)
NHF	-	-	-	-	-	-
	(-)	(-)	(-)	(0.16)	(-)	(0.16)

Figures in brackets are for previous year.

31 Related party disclosures

(b) Transactions with related parties during the year ended 31st March 2019

(₹ in mn)

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
Consulting Service Ltd	-	-	-	0.50	-	0.50
	(-)	(-)	(-)	(0.03)	(-)	(0.03)
Have a Heart Foundation	-	-	-	-	-	-
	(-)	(-)	(-)	(0.03)	(-)	(0.03)
TOTAL	**-**	**-**	**-**	**2.77**	**-**	**2.77**
	(-)	**(-)**	**(7.71)**	**(0.28)**	**(-)**	**(7.99)**
Advance given to employees						
HCCI	-	-	-	-	-	-
	(-)	(-)	(0.69)	-	(-)	(0.69)
Advance to supplier						
Health City Development Ltd	-	-	-	-	-	-
	(-)	(-)	(-)	(3.42)	(-)	(3.42)
Investment in equity instruments						
TriMedx	-	-	-	-	-	-
	(-)	(-)	(8.58)	(-)	(-)	(8.58)
Revenue from healthcare services						
NHF	-	-	-	1.06	-	1.06
	(-)	(-)	(-)	(0.01)	(-)	(0.01)
AHF	-	-	-	3.63	-	3.63
	(-)	(-)	(-)	(3.63)	(-)	(3.63)
Consulting Services Ltd	-	-	-	0.48	-	0.48
	(-)	(-)	(-)	(0.10)	(-)	(0.10)
Have A Heart Foundation	-	-	-	-	-	-
	(-)	(-)	(-)	(3.92)	(-)	(3.92)
Total	**-**	**-**	**-**	**5.17**	**-**	**5.17**
	(-)	**(-)**	**(-)**	**(7.66)**	**(-)**	**(7.66)**
Sales of medical consumables and drugs						
HCCI	-	-	-	-	-	-
	(-)	(-)	(86.44)	(-)	(-)	(86.44)
Guarantee commission						
HCCI	-	-	-	-	-	-
	(-)	(-)	(8.84)	(-)	(-)	(8.84)
Software license fees						
HCCI	-	-	-	-	-	-
	(-)	(-)	(5.82)	(-)	(-)	(5.82)

Figures in brackets are for previous year.

31 Related party disclosures

(b) Transactions with related parties during the year ended 31st March 2019

(₹ in mn)

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
Donation given						
Thrombosis Research Institute	-	-	-	0.69	-	0.69
	(-)	(-)	(-)	(6.12)	(-)	(6.12)
Investment in promissory note						
Cura Technologies Inc.	-	-	102.20	-	-	102.20
	(-)	(-)	(65.04)	(-)	(-)	(65.04)
Interest income on promissory note						
Cura Technologies Inc.	-	-	7.78	-	-	7.78
	(-)	(-)	(2.90)	(-)	(-)	(2.90)
Purchases of medical consumables and drugs						
Hrudayalaya Pharmacy	-	-	-	0.19	-	0.19
	(-)	(-)	(-)	(0.21)	(-)	(0.21)
AHPL	-	-	-	122.87	-	122.87
	(-)	(-)	(-)	(94.31)	(-)	(94.31)
Total	**-**	**-**	**-**	**123.06**	**-**	**123.06**
	(-)	**(-)**	**(-)**	**(94.52)**	**(-)**	**(94.52)**
Maintenance of medical equipments						
TriMedx	-	-	12.23	-	-	12.23
	(-)	(-)	(373.02)	(-)	(-)	(373.02)
Purchase of fixed assets						
Consulting Services Ltd	-	-	-	94.32	-	94.32
	(-)	(-)	(-)	(12.40)	(-)	(12.40)
Office Supply Ltd	-	-	-	1.54	-	1.54
	(-)	(-)	(-)	(-)	(-)	(-)
Healthcity Development Ltd	-	-	-	136.79	-	136.79
	(-)	(-)	(-)	(-)	(-)	(-)
Total	**-**	**-**	**-**	**232.65**	**-**	**232.65**
	(-)	**(-)**	**(-)**	**(12.40)**	**(-)**	**(12.40)**
Sale of fixed assets						
Consulting Services Ltd	-	-	-	1.05	-	1.05
	(-)	(-)	(-)	(-)	(-)	(-)
Lab outsourcing expenses						
MSMF	-	-	-	4.21	-	4.21
	(-)	(-)	(-)	(4.26)	(-)	(4.26)

Figures in brackets are for previous year.

31 Related party disclosures

(b) Transactions with related parties during the year ended 31st March 2019

(₹ in mn)

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
Short term employee benefit*						
Dr. Devi Prasad Shetty	48.69	-	-	-	-	48.69
	(52.52)	(-)	(-)	(-)	(-)	(52.52)
Dr. Emmanuel Rupert	4.19	-	-	-	-	4.19
	(-)	(-)	(-)	(-)	(-)	(-)
Viren Shetty	10.16	-	-	-	-	10.16
	(10.55)	(-)	(-)	(-)	(-)	(10.55)
Dr. Varun Shetty	-	5.23	-	-	-	5.23
	(-)	(4.80)	(-)	(-)	(-)	(4.80)
Dr. Anesh Shetty	-	2.97	-	-	-	2.97
	(-)	(2.54)	(-)	(-)	(-)	(2.54)
Dr. Ashutosh Raghuvanshi	117.02	-	-	-	-	117.02
	(38.95)	(-)	(-)	(-)	(-)	(38.95)
Kesavan Venugopalan	20.57	-	-	-	-	20.57
	(18.12)	(-)	(-)	(-)	(-)	(18.12)
Sridhar S	4.73	-	-	-	-	4.73
	(3.14)	(-)	(-)	(-)	(-)	(3.14)
Total	**205.36**	**8.20**	**-**	**-**	**-**	**213.56**
	(123.28)	**(7.34)**	**(-)**	**(-)**	**(-)**	**(130.62)**
Share based payments						
Dr. Ashutosh Raghuvanshi	-	-	-	-	-	-
	(27.13)	(-)	(-)	(-)	(-)	(27.13)
Dr. Emmanuel Rupert	0.82	-	-	-	-	0.82
	(-)	(-)	(-)	(-)	(-)	(-)
Total	**0.82**	**-**	**-**	**-**	**-**	**0.82**
	(27.13)	**(-)**	**(-)**	**(-)**	**(-)**	**(27.13)**

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."

31 Related party disclosures

(c) The balances receivable from and payable to related parties (continued)

(₹ in mn)

Balances	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/ joint control of KMP and their relatives	Total
Other financial assets- Due for reimbursement of expense					
NHF	-	-	-	0.91	0.91
	(-)	(-)	(-)	(0.91)	(0.91)
Other current assets- Due for reimbursement of expense					
AHF	-	-	-	-	-
	(-)	(-)	(-)	(5.56)	(5.56)
Other non-current assets- Prepaid expenses					
AHF	-	-	-	202.78	202.78
	(-)	(-)	(-)	(218.33)	(218.33)
Other current assets - Prepaid expenses					
AHF	-	-	-	15.66	15.66
	(-)	(-)	(-)	(15.79)	(15.79)
Financial assets-loans non-current - Security deposit and loans					
Healthcity Development Limited	-	-	-	-	-
	(-)	(-)	(-)	(127.30)	(127.30)
Charmakki Infrastructures	-	-	-	87.54	87.54
	(-)	(-)	(-)	(79.88)	(79.88)
TOTAL	**-**	**-**	**-**	**87.54**	**87.54**
	(-)	**(-)**	**(-)**	**(207.18)**	**(207.18)**
Other non-current assets - Prepaid rent					
Charmakki Infrastructures	-	-	-	28.75	28.75
	(-)	(-)	(-)	(35.74)	(35.74)
Other current assets - Prepaid rent					
Charmakki Infrastructures	-	-	-	6.99	6.99
	(-)	(-)	(-)	(6.97)	(6.97)
Trade receivables					
AHF	-	-	-	0.24	0.24
	(-)	(-)	(-)	(3.63)	(3.63)

Figures in brackets are for previous year.

31 Related party disclosures

(c) The balances receivable from and payable to related parties (continued)

(₹ in mn)

Balances	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/ joint control of KMP and their relatives	Total
NHF	-	-	-	0.14	0.14
	(-)	(-)	(-)	(0.38)	(0.38)
TriMedx -associate	-	-	-	-	-
	(-)	(-)	(-)	(6.85)	(6.85)
Consulting Services Ltd	-	-	-	-	-
	(-)	(-)	(-)	(0.09)	(0.09)
Have A Heart Foundation	-	-	-	-	-
	(-)	(-)	(-)	(36.72)	(36.72)
TOTAL	**-**	**-**	**-**	**0.38**	**0.38**
	(-)	**(-)**	**(-)**	**(47.67)**	**(47.67)**
Trade Payables					
AHPL	-	-	-	6.13	6.13
	(-)	(-)	(-)	(11.31)	(11.31)
TriMedx	-	-	-	-	-
	(-)	(-)	(6.47)	(-)	(6.47)
Consulting Services Ltd	-	-	-	-	-
	(-)	(-)	(-)	(2.55)	(2.55)
Charmakki Infrastructures	-	-	-	0.47	0.47
	(-)	(-)	(-)	(0.44)	(0.44)
NHF	-	-	-	0.28	0.28
	(-)	(-)	(-)	(0.14)	(0.14)
Office Supply Ltd	-	-	-	-	-
	(-)	(-)	(-)	(0.62)	(0.62)
Wyndham Reef Resort Grand Cayman	-	-	-	-	-
	(-)	(-)	(-)	(1.59)	(1.59)
High Rock Property Maintenance	-	-	-	-	-
	(-)	(-)	(-)	(3.78)	(3.78)
MSMF	-	-	-	13.70	13.70
	(-)	(-)	(-)	(13.50)	(13.50)

Figures in brackets are for previous year.

31 Related party disclosures

(c) The balances receivable from and payable to related parties (continued)

(₹ zin mn)

Balances	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
AHF	-	-	-	0.80	0.80
	(-)	(-)	(-)	(-)	(-)
Hrudayalaya Pharmacy	-	-	-	0.01	0.01
	(-)	(-)	(-)	(0.03)	(0.03)
TOTAL	**-**	**-**	**-**	**21.39**	**21.39**
	(-)	**(-)**	**(6.47)**	**(33.96)**	**(40.43)**
Unearned revenue					
NHF	-	-	-	-	-
	(-)	(-)	(-)	(1.00)	(1.00)
Other current liabilities - Other payables					
AHF	-	-	-	20.15	20.15
	(-)	(-)	(-)	(10.43)	(10.43)
Share based payments outstanding					
Dr. Ashutosh Raghuvanshi	-	-	-	-	-
	(86.83)	(-)	(-)	(-)	(86.83)
Dr. Emmanuel Rupert	0.82	-	-	-	0.82
	(-)	(-)	(-)	(-)	(-)

Figures in brackets are for 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 where 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 arm's length basis.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

32 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 2019	31st March 2018
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%
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM) (refer note (e) below)	Medical and Healthcare services	Malaysia	-	0.00%
Meridian Medical Research & Hospital Limited (MMRHL)	Medical and Healthcare services	India	99.12%	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) (refer note (f) below)	Medical and Healthcare services	Cayman Islands	100.00%	100.00%
NH Health Bangladesh Private Limited. (NHDPL) (refer note (c) below)	Medical and Healthcare services	Bangladesh	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 2019	31st March 2018
ISO Healthcare (with effect from 5th July 2016)	Medical and Healthcare services	Mauritius	20.02%	20.02%
Cura Technologies Inc. (with effect from 15th November 2016)	IT Services related to Healthcare	United States of America	44.70%	46.04%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

(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 US$ 2,40,750 in 1999900 shares of BDT 10 each fully paid up.

(d) Narayana Holdings Private Limited (NHPL, Mauritius) 's 100 % stake has been transferred to Narayana Cayman Holding Limited from Narayana Hrudayalaya Limited as on 6th June 2018 .

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(e) Previous year ended 31 March 2018, Narayana Hrudayalaya Hospitals Malaysia SDN. BHD, a wholly owned subsidiary has been liquidated and the Company received ₹ 14.87 mn against the investment of ₹ 14.10 mn (net of provision other than temporary diminution of ₹ 36.38 mn). The liquidation process was completed on 24 April 2018.

(f) Ascension Health Ventures LLC, USA (AHV), an affiliate of Ascension Health Alliance, USA (AHA) held 71.4% stake in Health City Cayman Islands Limited (HCCI), an associate of Narayana Hrudayalaya Limited (NHL) which through Narayana Cayman Holdings Limited (a wholly owned subsidiary of NHL) held the balance 28.6%. The buyback of shares held by AHV in HCCI was concluded in all respects on 12th January 2018. Consequent to this buyback, HCCI became a wholly owned step down subsidiary of NHL. The disposal of the associate and acquisition of the subsidiary resulted in a gain of ₹ 16.99 mn which has been recognised as an exceptional item for the year ended 31 March 2018.

33 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 or Board representation. However the Group does not have control or joint control over any of them.

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			31st March 2019	31st March 2018
ISO Healthcare (with effect from 5th July 2016)	Medical and Healthcare services	Mauritius	20.02%	20.02%
Cura Technologies Inc. (with effect from 15th November 2016)	IT Services related to Healthcare	United States of America	44.70%	46.04%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

Particulars	Health City Cayman Islands Ltd. (HCCI)	
	For the Year Ended 31st March 2019 **	For the Year Ended 31st March 2018 **
Revenue	-	2,105.91
Loss before tax	-	(11.08)
Income tax	-	-
Loss for the year (continuing operations)	-	(11.08)
Total Comprehensive income	-	(11.08)
Ownership held by Group	0.00%	28.60%
Group's share of total comprehensive income	-	(3.17)
Less: unrealised gain		1.29
Group's share of total comprehensive income (net)	-	(4.46)

** HCCI was an associate of the group till 1st January 2018 and details have been presented as such.

The following table analyzes, in aggregate, the carrying amount and share of profit or loss of individually immaterial associates:

(₹ in mn)

Particulars	31st March 2019	31st March 2018
Carrying amount of interest in associate	29.38	37.49
Share of loss***	(23.34)	(41.89)
Share in total comprehensive income	(23.34)	(41.89)

*** Includes loss of ₹ 20.33 mn (previous year : ₹ 58.02 mn) recorded in excess of investment value considering this as "long term investment" as per Ind AS 28 Investments in Associate and Joint Ventures.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

34 Investments, loans and guarantees

(a) The Group has paid the following amounts towards share application money for allotment of equity shares:

(₹ in mn)

Entity	As at 31st March 2017	Payment/ (refund) during the year	Allotment during the year	Foreign currency translation impact	As at 31st March 2018
Health City Cayman Island Ltd	18.54	-	(18.54)	-	-
	18.54	-	(18.54)	-	-

No transaction during the FY 2018-19

(b) The Group has made investment in the following entities:

(₹ in mn)

Entity	As at 31st March 2018	Allotment during the year	Business combination adjustment	Provision / write off	As at 31st March 2019
Cura Technologies Inc.	9.27	-	-	-	9.27
ISO Healthcare	44.62	-	-	-	44.62
	53.89	-	-	-	53.89

(c) The Group has given loans to the following entity:

(₹ in mn)

Entity	As at 31st March 2018	Movement	As at 31st March 2019	Purpose of Loan
Cura Technologies Inc.	85.05	102.20	187.25	Financial assistance
Mytec Process (P) Ltd.	17.00	(4.00)	13.00	Financial assistance
	102.05	98.20	200.25	

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 2019 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 mn)

Particulars	As at 31st March 2019	As at 31st March 2019
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	44.79	17.99
-Interest	0.72	0.17
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;	-	-

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.72	0.17
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 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 ₹ 328.53 mn (previous year: ₹ 268.66 mn)

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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Defined benefit obligations liability	274.10	242.26
Plan assets	45.20	42.22
Net defined benefit liability	**228.90**	**200.04**
Full and final settlement cases	0.10	0.09
Liability for compensated absences	194.62	180.97
Total employee benefit liability	423.62	381.10
Non-current	**157.95**	**138.56**
Current	**265.67**	**242.54**

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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Defined benefit obligation as at 1 April	242.26	188.33
Benefits paid		
- by the Fund	(11.62)	(12.81)
- by the Group	(19.25)	-
Current service cost	35.01	45.18
Interest cost	13.43	13.56
Past service cost	-	3.52
Acquisition / Divestiture	-	7.93
-changes in demographic assumptions	(0.52)	7.81
-changes in financial assumptions	0.57	3.41
-experience adjustments	14.23	(14.67)
Defined benefit obligations as at 31 March*	**274.10**	**242.26**

ii) Reconciliation of the present values of plan assets

Particulars	As at 31st March 2019	As at 31st March 2018
Plan assets at beginning of the year	42.22	31.34
Acquisition	-	6.72
Adjustments	(1.31)	(1.99)
Contributions paid into the plan	11.73	15.94
Interest income	2.85	2.20
Benefits paid	(11.62)	(11.93)
Return on plan assets recognised in other comprehensive income	1.33	(0.06)
Plan assets at the end of the year	**45.20**	**42.22**
Net defined benefit liability	**228.90**	**200.04**

D. i) Expense recognised in consolidated statement of profit and loss

Particulars	As at 31st March 2019	As at 31st March 2018
Current service cost	35.01	45.18
Interest cost	13.43	13.56
Past service cost	-	3.52
Interest income	(2.85)	(2.20)
	45.59	**60.06**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

ii) Remeasurements recognised in other comprehensive income

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Actuarial (gain) loss on defined benefit obligation	14.27	3.45
Return on plan assets excluding interest income	(1.33)	(0.06)
	12.94	**3.39**

E. Plan Assets

Plan assets comprises of the following:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Government securities & debt instruments	45.20	42.22
	45.20	**42.22**

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

F. Defined Benefit obligation

i) Actuarial assumptions

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

(₹ in mn)

Principal actuarial assumptions	As at 31st March 2019	As at 31st March 2018
Attrition rate	39.00%-53.00%	38.00%-50.00%
Discount rate	6.60%-7.65%	6.70%-7.70%
Expected return on plan assets	6.70%-6.80%	6.70%-7.50%
Mortality table	IALM (2006-08) Ultimate	IALM 2006-2008 Ultimate
Future salary increases	First year 9%, thereafter 6%	First year 9%, thereafter 6%

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

As of 31st March 2019, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31st March 2020, will be approximately ₹ 104.24 mn (previous year: ₹ 89.57 mn).

Maturity profile of defined benefit obligation

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

Particulars	Amount
1st following year	106.12
2nd following year	70.93
3rd following year	48.71
4th following year	33.19
5th following year	22.59
Year 6 to 10	36.72
More than 10 years	-

As at 31st March 2019, the average duration of the defined benefit obligations was 18.42 -30 years (previous year: 28 - 42 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 mn)

Particulars	31st March 2019		31st March 2018	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.70)	2.77	(2.50)	2.56
Future salary increase (0.5% movement)	2.17	(2.14)	2.02	(2.04)
Attrition rate (0.5% movement)	0.23	(0.23)	(0.42)	0.42
Mortality rate (10% movement)	0.01	(0.01)	0.01	(0.01)

Although the analysis does not take account of full distribution of cash flows expected under the plan, it does provide an approximation of sensitivity of assumptions soon.

37 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 mn. 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 mn 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 mn 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.

NHPL was unable to start the project on the specified date and received a show cause notice from the Government of Gujarat on 22nd 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

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

The Company commenced operations in its Ahmedabad unit on 3rd May 2012. As of 31st March 2019, 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 2019.

38 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 mn 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. The Group based on the past projects with Government and other authorities believes that the terms/ conditions of grant of leasehold land at concessional rate would be renegotiated and accordingly no liability or adjustment to recorded assets is required as at 31st March 2019.

39 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 2019, NHPL has paid ₹ 54.44 mn (previous year : ₹ 54.44 mn) to JDA and accrued the balance payable of ₹ 35.59 mn (previous year : ₹ 29.66 mn). 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 2019.

40 Prepaid expenses

Expenses prepaid to related party represents rent paid to Asia Heart Foundation amounting to ₹ 218.44 mn (previous year : ₹ 234.11 mn) . During the year ended 31st March 2016, the Company had entered into an agreement with Asia Heart Foundation to pay ₹ 108.91 mn by converting the future outflow of ₹ 1 mn per month towards discount entitlement of 214 months into present value. ₹ 108.91 mn is being amortized over the period of 214 months beginning from 1st April 2015.

Prepaid expense also includes rent paid to Modern Medical Institute amounting to ₹ 57.04 mn (previous year : ₹ 61.54 mn) which is being amortized over a period of 20 years from August 2011.

41 Employee Stock Option Plan (ESOP)

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 20,40,000 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 9,88,787 share options till 31st March 2019 (previous year: 8,14,830). The Stock compensation cost is computed under the Fair value method. For the year ended 31st March 2019, the Company has recorded stock compensation expenses of ₹ (11.97) mn (previous year: ₹ 42.46 mn) and liability as on 31st March 2019 is ₹ 23.82 mn (previous year: ₹ 135.88 mn). 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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Outstanding as at the beginning of the year (Nos.)	7,26,273	7,81,283
Option granted during the year (Nos.)	1,83,117	-
Forfeited during the year(Nos.)	(2,16,094)	(990)
Exercised during the year(Nos.)	(3,96,859)	(54,020)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	2,96,437	7,26,273
Weighted average share price at the date of exercise (₹)	232.59	297.15

Plan-1:- The weighted average remaining contractual life for the stock options outstanding as at 31st March 2019 is 1.50 years (previous year: 2.50 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 2019 is 3.50 years (previous year: Nil). The exercise price for the stock options outstanding as at 31st March 2019 is ₹ 10 (previous year: Nil).

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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
No. of options granted (Nos.)	Plan - 1 - 805670 Plan - 2 -183117	Plan - 1 - 814830
Date of grant	1st October 2015 - 805670 25th March 2019 - 183117	1st October 2015
Vesting period (years)	for 805,670 options - 4 years for 183,117 options- 2.52 years	4
Expected life of option (years)	for 805,670 options - 5 years for 183,117 options- 3.52 years	5
Expected volatility	for 805,670 options - 35% for 183,117 options - 24.70%	35%
Risk free rate	for 805,670 options - 7.63% for 183,117 options - 6.90%	7.63%
Expected dividends expressed as a dividend yield	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	208.73

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to the consolidated financial statements for the year ended 31st March 2019 (Continued)

42 Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended on 31 March 2019 was based on profit attributable to equity shareholders of ₹ 591.69 mn (previous year: ₹ 513.47 mn) and weighted average number of equity shares outstanding 20,28,04,130 (previous year: 20,25,64,923).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2019 was based on profit attributable to equity shareholders of ₹ 591.69 mn (previous year: ₹ 513.47 mn) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 202,921,707 (previous year: 20,30,04,182).

(₹ in mn)

Earnings	For the year ended 31st March 2019	For the year ended 31st March 2018
Profit after tax	591.69	513.47

Weighted average number of equity shares (basic)

Shares	For the year ended 31st March 2019	For the year ended 31st March 2018
Total no. of shares outstanding	20,43,60,804	20,43,60,804
Effect of Treasury shares	(15,56,674)	(17,95,881)
Weighted average number of equity shares for the year	**202,804,130**	**202,564,923**

Weighted average number of equity shares (diluted)

Shares	For the year ended 31st March 2019	For the year ended 31st March 2018
Weighted average number of equity shares for the year (basic)	20,28,04,130	20,25,64,923
Weighted average number of equity shares from assumed exercise of stock options	117,577	4,39,259
Weighted average number of equity shares (diluted) for the year	**20,29,21,707**	**20,30,04,182**
Basic earnings per share (₹)	2.92	2.53
Diluted earnings per share (₹)	2.92	2.53

43 Exceptional items

Year ended 31st March 2018

A. Exceptional item for the year ended 31st March 2018 includes loss of ₹ 11.58 mn on impairment of investment in associate "Trimedx India Private Limited".

B. Acquisition of Health City Cayman Islands Ltd (HCCI)

Ascension Health Ventures LLC ("AHV") and Narayana Cayman Holdings Limited ("NCHL") held 71.40% and 28.60% respectively in Health City Cayman Island ("HCCI"). On 2nd January 2018, HCCI bought back AHV's entire stake by transfer of funds. Consequently, the group obtained control over HCCI making it a wholly owned subsidiary on 2nd January 2018 and the formalities relating to the buyback were concluded in all respects on 12th January 2018. The disposal of the associate resulted in a gain of ₹ 16.99 mn which has been recognised as an exceptional item in the consolidated financial statements.

44 Business combinations :

a) NewRise Healthcare Private Limited (NewRise)

On 21st April 2017, pursuant to approval by the Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement ('SPA') and acquired 100% equity and preference shares in NewRise Healthcare Private Limited ('NewRise'), a wholly owned subsidiary of Panacea Biotech Limited for a consideration of ₹ 756.4 mn paid in cash.

Further, as per the Order dated 4th October 2017 from the Ministry of Corporate Affairs ("MCA") the amalgamation of NewRise with the Company was approved under Section 233 of the Companies Act, 2013 and NewRise was amalgamated with the Company with effect from 21st April 2017.

The purchase price has been allocated as follows:

(₹ in mn)

Component	Acquisition date fair value
Assets	
Tangible Assets	181.04
Capital Work In Progress	1,612.83
Other Non-Current Assets	0.14
Current Assets	15.89
Total Assets	**1,809.90**
Liabilities	
Long- term borrowings	780.85
Long- term provisions	0.67
Current liabilities	271.98
Total Liabilities	**1,053.50**
Fair value of net assets acquired	**756.40**

(b) Health City Cayman Islands Ltd (HCCI)

Ascension Health Ventures LLC ("AHV") and Narayana Cayman Holdings Limited ("NCHL") held 71.40% and 28.60% respectively in Health City Cayman Island ("HCCI"). The aforesaid parties had entered into a definitive agreement on 6th November 2017 whereby HCCI would buyback the entire stake of AHV for a consideration of US$ 32.26 mn by transfer of funds. Consequently, the group obtained control over HCCI making it a wholly owned subsidiary on 2nd January, 2018 and the formalities relating to the buyback were concluded in all respects on 12th January 2018.

Divestiture of a non core asset from AHV 's perspective coincided with Group perspective of leveraging on the vibrant footprints and reputation created by HCCI and have complete control and ownership of HCCI.

(i) The purchase price has been allocated as follows:

(₹ in mn)

Component	Acquisition date fair value
Assets	
Tangible assets	3,698.02
Capital work-in-progress	30.37
Intangible assets	221.47
Other non-current assets	133.53
Current assets	1,210.20
Total assets	**5,293.59**
Liabilities	
Long- term borrowings	2,094.42
Current liabilities	483.79
Total liabilities	**2,578.21**
Net assets / Net worth of HCCI	**2,715.38**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(ii) Fair value of investment in the associate HCCI before buyback

Particulars	(₹ In mn)
Fair value of business	4,754.72
Current assets - cash and bank balances	84.06
Less: Loan	1,587.08
Net value of HCCI	**3,251.70**
Group's share of the above value - 28.6%	929.99
Carrying value of investment as on date of acquisition	913.00
Gain on disposal of associates (considered as exceptional item)	**16.99**

(iii) Capital reserve recognized in equity

Particulars	(₹ In mn)
Fair value of HCCI investment in NCHL	929.99
Fresh investment during buyback	1,643.01
Total investment	**2,573.00**
Less: Net assets / Net worth of HCCI (refer note (i))	**2,715.38**
Capital reserve	**142.38**

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

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

Particulars	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 mn 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 mn 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.

45 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 mn 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 mn 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.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

b) Narayana Vaishno Devi Speciality 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 mn. The period of agreement is 21 Years from the Commercial Operation Date (COD) which is April 2016 .

Effective from the COD, Shri Mata Vaishno Devi Shrine Board shall provide Viability Gap Funding ("VGF") to NVDSHPL for a maximum period of 5 years from the COD on actual basis subject to a cumulative maximum amount of ₹ 450 mn.

The Viability Gap Funding Accounted so far is as below

Particulars	Financial Year	(₹ in mn)
Other Operating revenue under Revenue from Operations	16-17	144.18
Other Operating revenue under Revenue from Operations	17-18	110.02
Other Operating revenue under Revenue from Operations	17-18	1.59
Deferred liability for assets funding under non current and current liabilities*	17-18	7.05
Other Operating revenue under Revenue from Operations	18-19	116.63
Other Operating revenue under Revenue from Operations	18-19	1.57

* This is paid towards capital expenditure and will be amortised over the life of assets.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

46 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'

31st March 2019

(₹ in mn)

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	3,238.34	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								
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	**10,816.32**	**100.00**	**592.77**	**100.00**	**(4.14)**	**100.00**	**588.63**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

31st March 2018

(₹ in mn)

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	56.01	5,801.28	104.80	538.79	(13.22)	(4.60)	97.33	534.19
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	9.23	956.59	2.33	11.96	-	-	2.18	11.96
Narayana Institute for Advanced Research Private Limited	(0.00)	(0.20)	(0.04)	(0.22)	-	-	(0.04)	(0.22)
Narayana Health Institutions Private Limited	0.00	0.44	(0.04)	(0.23)	-	-	(0.04)	(0.23)
Narayana Hrudayalaya Surgical Hospital Private Limited	2.09	216.87	(32.95)	(169.39)	(2.62)	(0.91)	(31.03)	(170.30)
Asia Healthcare Development Limited	-	-	-		-	-	-	-
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.01)	(0.85)	1.66	8.51	1.18	0.41	1.63	8.92
Meridian Medical Research & Hospital Limited	3.99	413.64	20.12	103.43	(0.88)	(0.31)	18.79	103.12
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	28.29	2,931.08	3.24	16.66	95.08	33.08	9.06	49.74
Narayana Hrudayalaya Hospital Malaysia Sdn.Bhd.	-	-	(0.05)	(0.24)	20.41	7.10	1.25	6.86
Narayana Holdings Private Limited	0.40	41.54	0.82	4.20	0.06	0.02	0.77	4.22
Associates (Investment as per the equity method)- Foreign								
Health City Cayman Islands Ltd	-	-	-	-	-	-	-	-
ISO Healthcare	-	-	-	-	-	-	-	-
Cura Technologies Inc.	-	-	-	-	-	-	-	-
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited	-	-	0.11	0.55	(0.01)	(0.00)	0.10	0.55
	100.00	**10,360.38**	**100.00**	**514.02**	**100.00**	**34.79**	**100.00**	**548.81**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

47 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 2019 and 31st March 2018 was as follows:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Total equity	10,815.38	10,360.38
As a percentage of total capital	**57%**	**56%**
Long-term borrowings including current maturities	8,019.31	7,639.61
Short-term borrowings	115.35	375.81
Total borrowings	**8,134.66**	**8,015.42**
As a percentage of total capital	**43%**	**44%**
Total capital (Equity and Borrowings)	**18,950.04**	**18,375.80**

48 Tax expense

(a) Amounts recognised in profit and loss

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Current income tax	244.49	219.78
Mat credit entitlement	(240.73)	(219.78)
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	337.42	289.64
Tax expense for the year	**341.18**	**289.64**

(b) Amounts recognised in other comprehensive income

(₹ in mn)

Particulars	For the year ended 31st March 2019			For the year ended 31st March 2018		
	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	(12.94)	4.51	(8.43)	3.39	(1.35)	2.04
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	(55.41)	7.59	(47.82)	(16.46)	3.94	(12.52)
The effective portion of gains /(loss) on hedging instruments in a foreign operation	(103.75)	-	(103.75)	-	-	-
	(172.10)	**12.10**	**(160.00)**	**(13.07)**	**2.59**	**(10.48)**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(c) Reconciliation of effective tax rate

(₹ in mn)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Profit before tax	**933.95**	**803.66**
Tax using the Company's domestic tax rate (current year 34.94% and previous year 34.61%)	326.36	278.15
Tax effect of:		
Non-deductible tax expenses	15.67	9.21
Tax-exempt income	125.59	18.57
Share issue expense allowed as deduction	(5.85)	(5.85)
Origination and reversal of temporary differences		(80.27)
Current year losses of subsidiaries for which no deferred tax asset is recognised	(128.74)	53.80
Share of loss of equity accounted investees on which no deferred tax was recognised	8.15	16.03
	341.18	**289.64**

49 Recognised deferred tax assets and liabilities

(a) Narayana Hrudayalaya Limited :-

(i) Deferred tax assets and liabilities are attributable to the following:

(₹ in mn)

Particulars	For the Year ended 31st March 2019	For the Year ended 31st March 2018
Deferred tax asset		
Provision for doubtful receivables	104.91	65.17
Provision for gratuity	77.84	67.81
Provision for compensated absences	52.32	49.35
Unabsorbed depreciation and business loss	113.72	445.01
Others	31.53	31.80
On non current financial liabilities	-	7.48
On land indexation of freehold land	18.91	18.73
On security deposit at amortised cost	-	8.68
Total deferred tax asset	**399.23**	**694.03**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,295.54)	(1,309.54)
Total deferred tax liability	**(1,295.54)**	**(1,309.54)**
Minimum alternative tax assets*	**417.57**	**219.78**
Deferred tax liability (net)	**(478.74)**	**(395.73)**

*During the year the company has loss as per normal provision of Income Tax Act, 1961 and so 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 2018-19, subject to earlier utilization by the company.

(ii) Movement in temporary differences

(₹ in mn)

Particulars	Balances As at 1st April 2018	Recognised in Profit or loss during 2018-19 (charge)/credit	Recognised in OCI during 2018-19	Balances As at 31st March 2019
Provision for doubtful receivables	65.17	39.74	-	104.91
Provision for gratuity	67.81	5.30	4.73	77.84
Provision for compensated absences	49.35	2.97	-	52.32
Unabsorbed depreciation and business loss	445.01	(331.29)		113.72
Others	31.80	(0.27)	-	31.53
Other current liabilities	-	(7.59)	7.59	-
On non current financial liabilities	7.48	(7.48)	-	-
On Freehold land	18.73	0.18	-	18.91
On security deposit	8.68	(8.68)	-	-
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,309.54)	14.00	-	(1,295.54)
Minimum alternative tax assets (MAT)	219.78	197.79	-	417.57
MAT effect on net investment hedge	-	38.30	(38.30)	-
Deferred tax liability (net)	**(395.73)**	**(57.03)**	**(25.98)**	**(478.74)**

(b) Meridian Medical Research & Hospital Limited :-

(i) Deferred tax assets and liabilities are attributable to the following:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Deferred tax asset		
Provision for doubtful receivables	4.71	2.61
Provision for gratuity	0.56	6.09
Provision for compensated absences	3.00	3.37
On brought forward loss	106.63	163.01
Provision for slow moving and non moving inventory	0.42	-
Others	2.17	2.53
Total deferred tax asset	**117.49**	**177.61**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(81.57)	(97.18)
Total deferred tax liability	**(81.57)**	**(97.18)**
Minimum alternative tax assets	4.63	-
Deferred tax asset (net)	**40.55**	**80.43**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(ii) Movement in temporary differences

(₹ in mn)

Particulars	Balances As at 1st April 2018	Recognised in Profit or loss during 2018-19 (charge)/ credit	Recognised in OCI during 2018-19	Balances As at 31st March 2019
Provision for doubtful receivables	2.61	2.10	-	4.71
Provision for gratuity	6.09	(5.31)	(0.22)	0.56
Provision for compensated absences	3.37	(0.37)	-	3.00
On brought forward loss	163.01	(56.38)	-	106.63
Provision for slow moving and non moving inventory	-	0.42	-	0.42
Others	2.53	(0.36)	-	2.17
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(97.18)	15.61	-	(81.57)
Minimum alternative tax assets	-	4.63	-	4.63
Deferred tax asset (net)	**80.43**	**(39.66)**	**(0.22)**	**40.55**

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.

50 Financial Instruments: Fair value and risk managements

A Accounting classification and fair values

As at 31st March 2019

(₹ in mn)

Particulars				Fair value			
	FVOCI	Amortised cost	Total	Level 1	Level 2	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**	**-**	**-**

As at 31 March 2018	FVOCI	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investments	-	50.29	50.29		-		-
Trade receivables	-	2,789.76	2,789.76	-	-	-	-
Cash and cash equivalents	-	333.29	333.29	-	-	-	-
Bank balances other than above	-	19.25	19.25	-	-	-	-
Loans	-	507.15	507.15	-	-	-	-
Other financial assets	-	228.83	228.83	-	-	-	-
	-	**3,928.57**	**3,928.57**	**-**	**-**	**-**	**-**
Financial liabilities							
Borrowings	-	7,339.13	7,339.13	-	-	-	-
Trade payables	-	3,049.89	3,049.89	-	-	-	-
Other financial liabilities	-	2,117.21	2,117.21	-	-	-	-
Interest rate swap	16.50	-	16.50	-	16.50	-	-
	16.50	**12,506.23**	**12,522.73**	**-**	**16.50**	**-**	**-**

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 ₹ 3,080.02 mn (previous year: ₹ 3,091.79 mn). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in mn)

Allowance for credit loss	As at 31st March 2019	As at 31st March 2018
Opening balance	302.03	127.66
Add : On acquisition of subsidiary	-	89.42
Foreign currency translation	5.98	1.89
Credit loss recognised /(reversed)	107.56	83.06
Closing balance	**415.57**	**302.03**

No single customer accounted for more than 10% of the revenue as of 31st March 2019, 31st March 2018 . 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.

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31st March 2019:

(₹ in mn)

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
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**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

(₹ In mn)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	375.81	674.12	2,503.65	3,785.55	7,339.13
Trade payables	3,049.89	-	-	-	3,049.89
Other financial liabilities	1,088.91	61.21	291.94	691.65	2,133.71
Total	**4,514.61**	**735.33**	**2,795.59**	**4,477.20**	**12,522.73**

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.

The currency profile of financial assets and financial liabilities as at 31st March 2019 and 31st March 2018 are as follows:

(₹ in mn)

Particulars	As at 31st March 2019	As at 31st March 2018
	$ In mn	$ In mn
Financial assets		
Trade receivables	8.49	8.78
Cash and cash equivalents	8.36	2.19
Other financial assets (current)	1.64	5.50
Other current assets	2.23	
Financial liabilities		
Borrowings	51.41	56.10
Trade payables	3.85	3.07
Other financial liabilities	3.58	1.35
Net assets / (liabilities)	**(38.12)**	**(44.05)**

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 mn)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
US$ Sensitivity				
₹/US$ - Increase by 1%	(25.84)	(28.65)	(25.84)	(32.04)
₹/US$ - Decrease by 1%	25.84	28.65	25.84	32.04

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 2019		As at 31st March 2018	
		Amount Hedged (in US$ mn)	Fair Value (₹ mn)	Amount Hedged (in US$ mn)	Fair Value (₹ mn)
Interest rate swap	6	54.31	(72.41)	57.00	(16.50)

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 2019, 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.

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 mn)

Particulars	As at 31st March 2019	As at 31st March 2018
Variable rate long term borrowings including current maturities	3,868.82	5,659.88
Total borrowings	**3,868.82**	**5,659.88**

Notes

to the consolidated financial statements for the year ended 31st March 2019 (Continued)

(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 mn)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31st March 2019	As at 31st March 2018	As at 31st March 2019	As at 31st March 2018
Sensitivity				
1% increase in interest rate	(38.69)	(56.60)	(38.69)	(56.60)
1% decrease in interest rate	38.69	56.60	38.69	56.60

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

51 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: 02775637

Viren Shetty
Whole-time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 24th May 2019

Place: Bengaluru
Date: 24th May 2019

Notes

Notes

Narayana Health

Health for all. All for health.

Narayana Hrudayalaya Limited

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