Narayana Health
Health for all. All for health.



THE VALUE OF CARE

Narayana Hrudayalaya Limited

Annual Report 2016-17

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OPERATING INCOME
₹ **18,782** mn
16.4% growth y-o-y

EBITDA
₹ **2,463** mn
30.2% growth y-o-y

TOTAL COMPREHENSIVE INCOME
₹ **830** mn
314.5% growth y-o-y

As early adopters, we are assessing and bolstering the use of many sophisticated and emerging technologies that are now becoming available to make the delivery of healthcare more connected, efficient, intuitive, and convenient for the patient. Our overriding objective is to expand reach exponentially in a cost-effective manner.

We remain focused on generating value for patients and shareholders by expanding access, safeguarding affordability, improving quality and creating a more streamlined and personalized healthcare experience for as many patients. In terms of access, our goal is to help as many patients as possible, get and stay covered, so that they can receive the care they need, whenever and wherever they need it.

We strive to bring world-class and affordable healthcare within the reach of our citizens. Therefore, we are strengthening our portfolio and expanding our presence nationally and internationally.

Our operations revolve around our core purpose of patient wellness. We use second-to-none technologies, best-in-class diagnostics and robust treatment plans to give patients the most suitable care. Our doctors and healthcare specialists have worked on many milestone cases, setting new records and introducing path-breaking procedures and treatment methodologies.





We understand the value of care and think that access to quality healthcare should not be a privilege for a few people, but a basic human right for all.

COMMITTED TO CARE



At NH, we strive to create a healthy, disease-free India by expanding our services spectrum so as to take affordable quality healthcare to the doorstep of millions of people.



We are one of India's leading private healthcare service providers, operating a chain of multispecialty, tertiary healthcare facilities. Headquartered in Bengaluru, we have a network of 24 hospitals (multispecialty and super speciality healthcare facilities, which provide tertiary care), seven heart centres across India and one hospital in the Cayman Islands.

We operate with a pan-India focus with a strong presence in Karnataka and eastern India as well as an emerging presence in western and central India. We are expanding the network of affordable, globally benchmarked healthcare services to benefit all sections of society.

Mission

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

Vision

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

Core Values

The Company's core values are represented by the acronym 'iCare', which encompasses:

Innovation and efficiency - To continuously reduce the cost of delivery of high-quality healthcare and improve our reach.

Compassionate care - In providing accessible service that makes a difference to our patients.

Accountability - To honour our commitments to our patients, employees and investors with integrity and transparency.

Respect for all - Recognise the contribution of every employee and respect the rights as well as the dignity of every patient and employee.

A culture of excellence - Where we individually excel to collectively ensure the highest quality of consistent and reliable service to our patients and sustainable value to all our stakeholders.

Note: The term 'NH' in this Report refers to the Company or the Group as the case may be

Our Value Drivers



In a challenging healthcare landscape, we have been able to grow significantly; and reach out to so many people in such a short time, thanks to the following:

- Our intellectual capital comprises 3,011 doctors and more than 13,000 employees.
- Our globally affordable model leads to economies of scale, benefiting a wide cross-section of the population.
- We conduct more surgeries and transplants with a significant success rate.
- Our aggressive use of information technology to reach the remotest corners of the country faster makes quality healthcare available to those in need.
- Our constant effort to reach out to the masses through education initiatives, healthcare, financial support and many other CSR initiatives facilitates the holistic well-being of the nation.

Relevant Facts

24 Hospitals*

7 HEART CENTRES, 19 PRIMARY FACILITIES IN INDIA AND 1 HOSPITAL IN CAYMAN ISLANDS

7,181*
CAPACITY BEDS

5,932*
OPERATIONAL BEDS

30+
SPECIALITIES

343
DAILY AVERAGE SURGERIES AND PROCEDURES IN 2016-17

14,330
FULL-TIME EMPLOYEES AND ASSOCIATES INCLUDING 3,011 DOCTORS AS OF MARCH 2017

2.6 mn
PATIENTS ATTENDED DURING 2016-17

* As of May 1, 2017

STRENGTHENING OUR SERVICES

We work tirelessly to make best-in-class affordable healthcare facilities available to a broad spectrum of population. Our consistent focus is to help eliminate preventable harm, optimize medical outcomes and enhance patients' experience; and reduce healthcare delivery cost.

Medical Services

Cardiology	Critical care medicine	Dental	Dermatology
Electrophysiology and Pacing	Family Medicine	General Medicine	Haematology
Pulmonology	Rheumatology	Medical Gastroenterology	Neurology
Nephrology	Endocrinology and Diabetology	Medical Oncology	Psychiatry and Psychology
Paediatrics	Orthopaedics	Cancer Care	Oncology Pain & Palliation
Radiation Oncology			

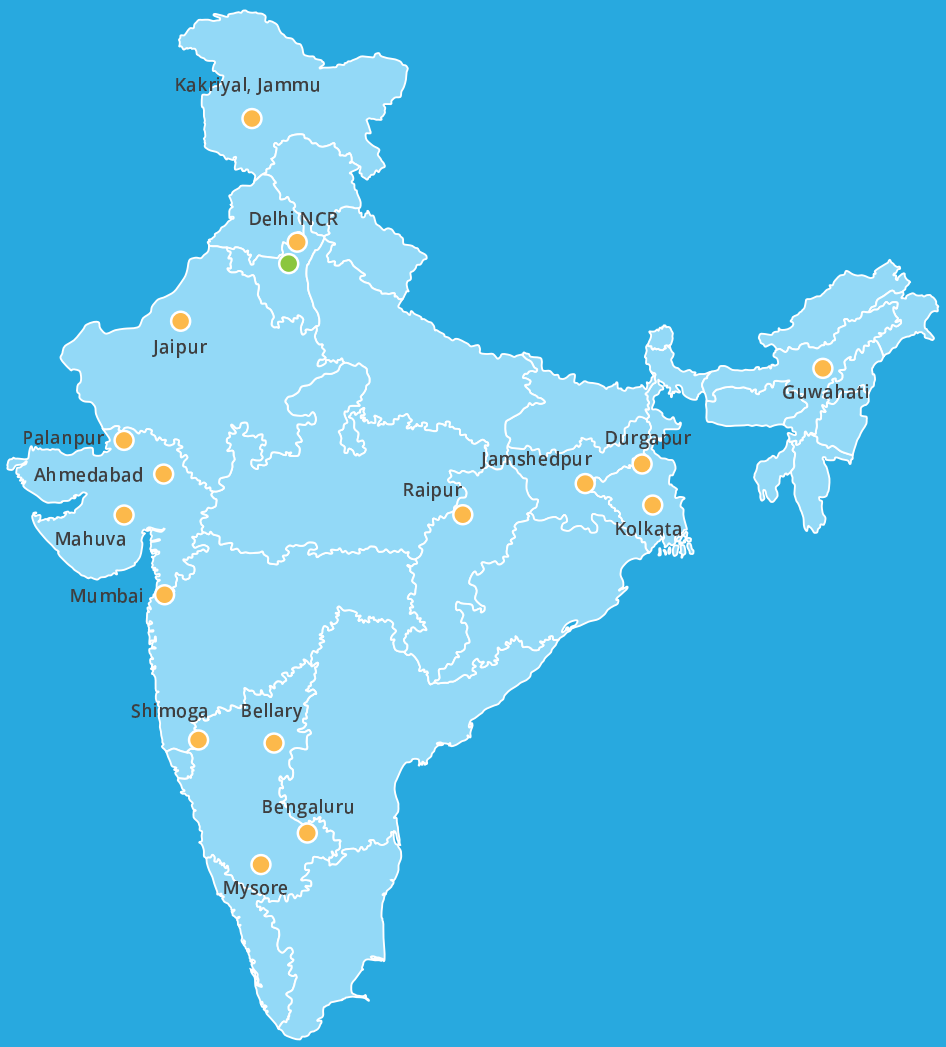
Surgery

Cardiac Surgery	Cosmetic Surgery	Cranio-maxillofacial Surgery	ENT
General Surgery	Neurosurgery	Ophthalmology	Obstetrics and Gynaecology
Paediatric Surgery	Surgical Gastroenterology	Urology	Vascular and Endovascular Surgery
Intervention Pulmonology	Oncology – Head and Neck Surgery	Oncology Breast & Oncoplastic	Orthopaedics
Renal Transplant	Liver Transplant	Thoracic Surgery	Paediatrics Surgery

Diagnostics and Support

Anaesthesia	Blood Banks	Imaging and radiology	Laboratory Services Nuclear Medicine
Nutrition and Dietetics	Physiotherapy	Yoga	

DEEPENING AND WIDENING OUR PRESENCE



Northern Region

2 Hospitals and 1 upcoming facility in NCR

Operational beds: **335**

Western Region

6 Hospitals

Operational beds: **1,011**

Eastern Region

9 Hospitals

Operational beds: **1,934**

Kolkata has 6 hospitals (3 are acquired)

Karnataka Region

7 Hospitals

Operational beds: **2,161**

Bengaluru has 4 hospitals

Map not to scale

As on May 1, 2017

Existing Hospital

Planned Facility

PROGRESSING WITH A PURPOSE

Ever since we began our transformational journey, our purpose has been to widen our circle of care and help ease human suffering. This continues to be our corporate philosophy, as we grow from strength to strength.

1 *'Proof of concept' for affordable healthcare business case*

2000-07

- Humble beginning with focus on cardiac only services
- Presence limited to only two hospitals across Bengaluru and Kolkata

2 *Extension of services across the country, delivering multispeciality care*

2008-12

- Broadened the service offering by opening multispeciality hospitals across the country viz. Jamshedpur, Jaipur, Raipur and Ahmedabad
- Leveraged the brand expertise and started operating Heart Centres in third-party hospitals
- JP Morgan and AIG invested US$ 100 mn in 2008



3 Multi-modal growth with Asset-Right and Inorganic Ventures

2013-15

- Focus on 'Asset-Right' Model viz. Shimoga, Whitefield, HSR, Guwahati facilities
- Growth through inorganic route - Acquisition of MMRHL and Barasat facilities at Kolkata
- Entered into international market by setting up a facility at the Cayman Islands
- Raised US$ 48 mn from CDC in 2014

4 Calibrated expansion to emerge as a true pan-India healthcare provider

2016 onwards

- Listed successfully on the bourses and touched US$1 bn market cap
- Forayed into Northern India with the commissioning of super-speciality hospital in Kakriyal, Jammu
- Bolstered the Northern cluster by entering NCR region through Dharamshila Narayana Hospital and an upcoming hospital in Gurugram
- Maiden entry into Mumbai to strengthen the Western Cluster with a unique superspeciality Children's Hospital - first of its kind in NH network

REACHING NEW MILESTONES IN SERVICES

New Service Offerings

- Launched a dedicated 30-bedded platinum wing in Mazumdar Shaw Medical Centre, Bengaluru, to offer world-class services and comfort in line with international standards of dedicated care and hospitality
- Installed the Da Vinci robotic surgical system at Mazumdar Shaw Medical Centre, Bengaluru; crossed the milestone of performing over 150 surgeries within 10 months of its commissioning
- Our hospital at Cayman Islands expanded its service offerings through programmes of plastic surgery, interventional radiology and interventional neurology
- RTIICS, Kolkata, launched a comprehensive paediatric neuro clinic. It would address congenital brain, spine anomalies and other complicated brain and spinal diseases
- NH has partnered with Cisco to offer affordable remote diagnostic capabilities; this digital telemedicine solution would deliver advanced specialized healthcare services, remotely in various parts of the country
- Narayana Institute of Cardiac Sciences, Bengaluru, became India's first hospital to introduce a new smart-generation catheter device that will correct electrical signals causing disturbance in the heart rhythm
- Department of Radiation Oncology at Narayana Superspeciality Hospital, Howrah completed its 5 years; it is the only department with modern radiotherapy facilities in the Howrah-Hooghly-Midnapore belt in West Bengal

High-end Procedures

- Successfully performed 166 Bone Marrow Transplants (BMT) during 2016-17 highlighting our pre-eminence in Oncology
- Paediatric surgery & liver transplant programme at Health City, Bengaluru completed 10 years, accomplishing 60 successful liver transplants on children till date
- Our doctors at Mazumdar Shaw Medical Centre, Bengaluru performed a unique functional surgery to correct an anatomical abnormality of oral-pharyngeal and palatal area of a patient
- A rare neurosurgery procedure of 3rd anterior ventricle tumour removal through a trans lamina terminal's approach was conducted at our Jaipur hospital
- Our MS Ramaiah Heart Centre distinguished itself as one of the few centres in Bengaluru to utilize the Bio-Vascular Scaffold System for coronary stenting
- First cochlear implant performed at our superspeciality hospital at Howrah
- A Double Outlet Tricuspid Valve Repair case, a rare occurrence with only five more occurrences worldwide, was treated by our doctors at Jaipur hospital
- TactiCath (specialized cardiology) procedure was done at NH Health City, Bengaluru, first of its kind in Karnataka
- Electrophysiology (EP) study was done on an 8-year-old girl at our Howrah hospital, first of its kind in Eastern India
- Mazumdar Shaw Medical Centre, Bengaluru (MSMC) harvested bone marrow from an 8-month-old infant to donate it to his sister. Harvesting of bone marrow from such a young patient was done for the first time ever in India
- Our hospital in Mysore performed a rare complete hip replacement surgery on a 12-year-old boy to treat TB of hip
- Narayana Multispeciality Hospital, Raipur, performed the first Leadless Pacemaker Implant across Central India

New Equipment

- Installed Da Vinci Surgical Robotic System at MSMC Hospital, Bengaluru; it is designed to facilitate complex surgeries, using minimally invasive approach
- Low radiation biplane Cath lab system was commissioned at SRCC Hospital, Mumbai, which will greatly help safety and efficiency of paediatric catheterization
- Surgical Operating Microscope with vascular and tumour fluorescence, Model Pentero 900, Make Carl Zeiss for SRCCNH Hospital, Mumbai
- A new 128 Slice CT scanner was commissioned at our Jaipur Hospital and SRCC Mumbai each to upgrade the diagnostic services to the next level
- Installed digital LINAC Accelerator at NSH Howrah to treat cancer patients with external beam radiation technology

Tie-ups

- Empanelment of RTIICS, Kolkata with South Eastern Railways, Arogya Finance, National Disaster Response Force, National Investigation Agency, Income Tax Gazetted Officers Association, HUDCO
- Memorandum with Madhya Pradesh Government as a preferred partner for healthcare under Rashtriya Bal Swasthya Karyakram (RBSK) scheme for our facilities at Ahmedabad, Jaipur and Health City, Bengaluru
- Empanelment of NMH Barasat with Airport Authority of India, Food Corporation of India, NABARD, ESIC, HUDCO and Reliance Industries
- Memorandum with ICICI Lombard, Cigna TTK, Bajaj Allianz, Aditya Birla Health Insurance for empanelment
- Tie-up with governments of Arunachal Pradesh, Meghalaya, Tripura and Jharkhand as a preferred healthcare provider
- Empanelment of our facilities at Shimoga, Jaipur, Vaishno Devi with Medi Assist

Accreditations

- 10 hospitals in our network have NABH accreditation - NICS Bengaluru , NSH Guwahati, MSMC Bengaluru, NMH Ahmedabad, NMH HSR Bengaluru, RTIICS Kolkata, NMH Jamshedpur, NMH Mysore, NMH Shimoga, NMH Whitefield
- 3 hospitals in our network have JCI accreditation - Cayman Islands, NICS Bengaluru, NMH Jaipur

Awards

- NH was awarded "Firm of the Year in Healthcare" at the CNBC-TV18 India Risk Management Awards in May 2016
- NH won the Frost & Sullivan "India Price/Performance Value Leadership" Award 2016 for the second consecutive year in June 2016
- NH featured in Fortune India Next 500 Company's List in June 2016
- Narayana Institute of Cardiac Sciences has been awarded the "Best Single Specialty Hospital – Cardiology" at the 6th edition of The ICICI Lombard & CNBC-TV18 India Healthcare Awards in August 2016
- NH won Innovative Marketing Practices award at the Express Healthcare Excellence Awards in September 2016
- NH, Jaipur received CSR award at the 2nd Annual Elets Healthcare Summit, Rajasthan in September 2016
- NH won the Healthcare Leadership Award, presented by ABP News, under the category "Best use of Social Media & Digital Marketing" in November 2016
- NH won "Community Health Organisation of the Year" award at India Health & Wellness Awards 2016 presented by AMUL in December 2016
- NH won the "IHRC (Indian Human Resources Convention) HDM (HR Development & Management)" award 2016 for Excellence in HR through Technology in December 2016

OPERATIONAL AND CLINICAL HIGHLIGHTS





- Commissioned a 230-bedded multispeciality hospital at Kakriyal, Jammu, in April 2016 in partnership with Shri Mata Vaishno Devi Shrine Board
- Achieved the milestone of conducting close to 40 heart transplants till date across the network
- Department of Radiation Oncology at Narayana Superspeciality Hospital, Howrah completed its 5 years; it is the only department with modern radiotherapy facilities in the Howrah-Hooghly-Midnapore belt in West Bengal
- Successfully achieved the milestone of conducting close to 150 cardiac surgeries on children from 13 neighbouring islands till date at our Cayman Islands hospital at an affordable cost through various charitable programmes
- Launched platinum wing to offer best-in-class services with international standards of dedicated care and hospitality at MSH, Bengaluru
- Hospital in Mysore performed a rare complete hip replacement surgery on a 12-year-old boy to treat TB of hip
- The Blood Bank at our hospital in Guwahati got accredited by NABH, making it the first ever in the country to achieve this within 18 months of commissioning
- Narayana Institute of Cardiac Sciences, Bengaluru, became the first hospital in the country to introduce a new smart-generation catheter device that will



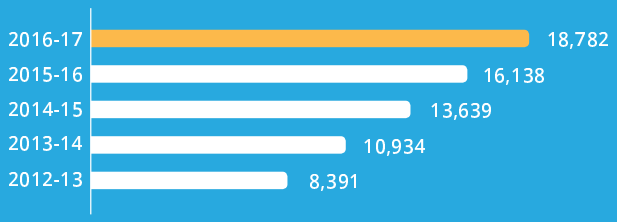
correct electrical signals causing disturbance in the heart rhythm

- Da Vinci Robotic Surgical System, installed at NH Health City, Bengaluru, crossed the milestone of performing over 150 surgeries within 10 months of its commissioning
- Narayana Multispeciality Hospital, Raipur, performed the first Leadless Pacemaker Implant across Central India
- Entered into an agreement for healthcare services with around 300 capacity bedded Dharamshila Hospital & Research Centre to mark its maiden foray into NCR
- The facility at the Cayman Islands showcased exemplary performance achieving an EBITDA margin of 13.3% in Q4 2016-17, translating to 7.6% EBITDA margin for the year. The unit achieved this feat within three years of its operations

FINANCIAL HIGHLIGHTS

Operating Revenue

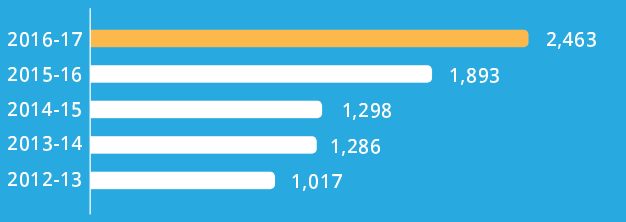
(₹ in mn)



17% *5-year CAGR*

EBITDA

(₹ in mn)



19% *5-year CAGR*

EBITDA Margin

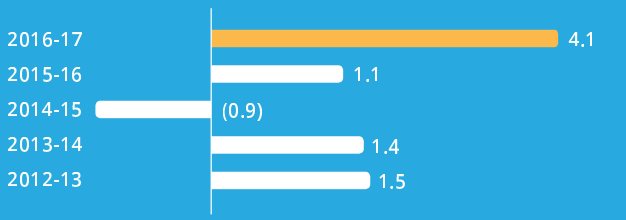
(%)



100bps *Change in bps (over 5 years)*

EPS

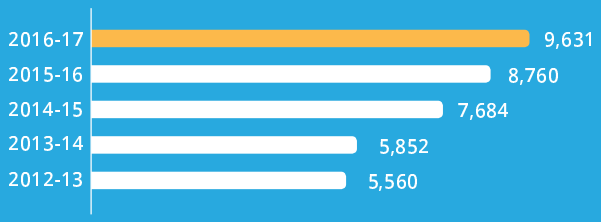
(₹/ share)



22% *5-year CAGR*

Net worth

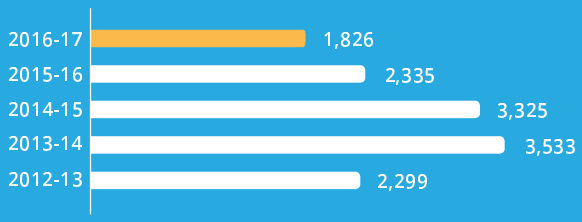
(₹ in mn)



12% *5-year CAGR*

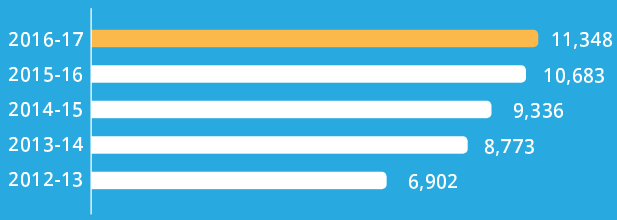
Net Debt

(₹ in mn)



Fixed Assets*

(₹ in mn)

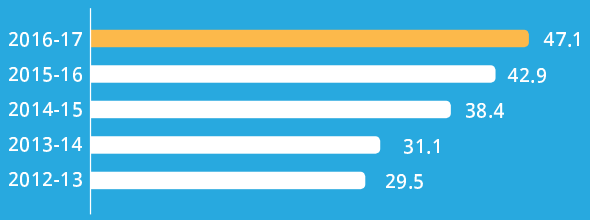


10% *5-year CAGR*

*Net Fixed Assets including goodwill and capital work-in-progress

Book Value per share

(₹/ share)



10% *5-year CAGR*

Note: All the figures for 2015-16 and 2016-17 are as per IND AS accounting standard and 2014-15, 2013-14, 2012-13 figures are as per IGAAP

CHAIRMAN'S MESSAGE



"We are of the view that with the digital push India is experiencing today, healthcare delivery system will become more virtual and less real leading to a simulated healthcare environment."

Dr. Devi Prasad Shetty
Chairman

To the Esteemed Shareholders,

Our vision of providing affordable, quality healthcare to a broad spectrum of population formed the genesis of NH back in 2000. With this single-minded focus, we have been progressing towards this stated objective and the year 2017 was no exception as we treated ~2.6 mn patients across our network underlying the scale of operations at NH.

Year 2017 turned out to be a momentous year for your Company. It gives me great comfort to share that NH is advancing well along its business strategy and I am confident that the ongoing efforts shall be fulfilling for all stakeholders.

Targeting Universal Healthcare Coverage

The fiscal year 2017 observed one of the most significant developments in the healthcare sector in India which, according to us, will set precedents for achieving the long-term goals of the affordable, high quality healthcare for all in India.

I take this opportunity to commend the Central Government's committed move to set up an ambitious plan for achieving universal health coverage by 2030 through its recently announced National Health Policy. While the policy suggests the need for some sweeping overhauls, it categorically highlights the pivotal role of private healthcare providers in meeting the desired goals. As private players deliver over 70% of healthcare services in India, it is imperative for them to leverage their strengths and work inclusively to achieve the broader set of goals.

We, at NH, are working in tandem with government bodies, various NGOs and institutions to deliver healthcare services on a large scale to realize the ambitious goals the government has set for private players through this policy.

Inadequate Infrastructure but Sector's Growth Story Intact

As the sector encounters burgeoning demand from the ageing population, changing lifestyle and rising affordability, it continues to experience the supply side constraints. The country confronts inadequate healthcare infrastructure with mere 6% share in global hospital beds and 8% share in doctors viz a viz 20% share of the global disease burden (Source: FICCI and E&Y). By 2030, deaths due to Non-Communicable Diseases (NCDs) are expected to be 74% of total deaths in 2030 compared with 60% in 2012.

India is reemphasizing the evolution of healthcare sector which anticipates ~23% revenue CAGR over 2015-20 to reach US$ 280 bn. India's per capita income is expected to grow at a CAGR of 11% over 2016-21.

Indian healthcare industry is in its nascent stages of evolution as it is experiencing mushrooming demand for healthcare professionals, revolutionary technology and insufficient but rising health insurance thus pointing towards the growth spurts developing in the sector for NH to explore.

Digital Medicine: Technology takes the Lead

Through emerging digital services like teleradiology and telemedicine, NH is seamlessly connecting the farfetched places of the country. Our prowess in collaborating technology

with healthcare and driving results out of it has drawn attention of various corporates. During the year, your company has collaborated with BPCL, a leading oil refining and marketing Public Sector Undertaking (PSU), for a pilot project to provide specialized health related offering to its fleet owners and drivers at their retail outlets covering highways and rural markets.

We believe that India can become the first country to dissociate healthcare and other essentials from affluence through a digital sharing economy. Seamless connect, the key essence of technology, will break the geographical barrier and will enable doctors to connect with patients sitting miles away. Only surgeries and procedures will demand patients' presence, rest all will be done on a shared digital platform. Our recently launched digital initiatives encompass host of services like enhanced monitoring of patients round the clock, accessing medical records online, and consolidation of user identities to manage multiple applications under one user. These small steps towards digitizing the healthcare environment at NH will help in statistical documentation of patients.

Our incessant spirit to provide the highest degree of clinical precision possible has helped us make major strides in Minimal Invasive techniques. Our recently launched Da Vinci Robotic Surgical System Program is one such step in this direction to overhaul the manner in which surgeries are conducted in India.

We are of the view that with the digital push India is experiencing today, healthcare delivery system will become more virtual and less real leading to a simulated healthcare environment.

Caring for Future

We continue to adhere to our motto of "Healthcare for all, All for healthcare" by providing affordable healthcare services which is aimed at bringing smile on the faces of unprivileged people. Through our charitable programs, we conducted ~150 cardiac surgeries till date on children from 13 neighbouring islands at our Cayman Islands hospital. We run various CSR programs and enter into several engagements aimed at community building. Some of these initiatives are as follows:

Udaan

Extending our decade old West Bengal focussed "Udayer Pathe" program aimed at creating an opportunity for bright students from economically weaker of society to study medicine by providing scholarships and mentorship to underprivileged children, NH launched project "Udaan" in 2016 on the same lines in Karnataka. Selections are done through a streamlined process and it is ensured that deserving and bright students can fulfil their dreams.

Shorapur Maternal Obstetric Monitoring Program

This program is focused on maximum coverage of ANC (Antenatal care) clinical evaluation in Shorapur Taluk, Karnataka. From November 2016, more than 2,000 pregnant women had free Ultrasonography evaluations done by NH and the high risk pregnancy detection has gone up by more than 50%.

Community Radio Program

Started in 2017 with an objective to support preventive health efforts by using local languages to communicate directly with diverse listeners' groups, we have acquired the wireless operating license and we are establishing a community radio station at Health City, Bengaluru.

INDIAN HEALTHCARE SECTOR BY 2020

US$ **280** bn

(~23% revenue CAGR over 2015-20 to reach US$ 280 bn.)

70%

private players deliver over 70% of healthcare services in India

Environmental Social Governance

Our continuous focus on judicious utilisation of resources is reflected in the fact that we have cut down water consumption at our Health City Campus by ~50% and one third across the group in 2017 compared to 2014 through a slew of innovative controls and measures despite a significant ramp up of operations across the network.

We believe community health and awareness can bring a major overhaul in how Indian healthcare will function in coming years.

Predictive Healthcare: A Potent Prescription for Sector

Our goal of healthy, disease-free India cannot be achieved unless we go an extra mile and not just rely on diagnosis but also use prognosis as a potent weapon. After having set the benchmark in preventive healthcare, NH is now gearing up for predictive healthcare by unlocking the potential of genomics to understand diseases and their varied impact on individuals. This will help us provide customized healthcare solutions to our patients by studying the impact a particular body had from a certain drug.

With all these initiatives, we make sure that patients' well-being is the epicentre of the group's strategy, who according to our belief need utmost care and attention. From the very first day of NH's inception, we embarked on a mission of developing a healthy society where no one gets turned away from availing healthcare services because of dearth of funds. We will continue to channelize all our energy and resources in this direction towards realizing the goal of universal health coverage for all while ensuring value creation for all our stakeholders.

Dr. Devi Prasad Shetty
Chairman

CEO'S INSIGHT



"We believe that our recent initiatives have set us up nicely to emerge as a true Pan-India healthcare service provider. This also reaffirms our commitment towards providing high quality, affordable healthcare services to the broader population base."

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director

Dear Stakeholders,

It is a matter of pride for me to be addressing you on the Company's performance in the year gone past. 2016-17 was another rewarding year for your Company as we reported record earnings growth reflecting strong underlying operating performance across our hospital network.

Our intent and endeavours have been to nurture health and build an affordable, accessible and quality healthcare institution. We do believe that our commitment to this initiative is bearing fruits.

Moving Progressively on the Ladder of Clinical Excellence

We, at NH, have embarked on a transformational journey of nurturing an environment of clinical excellence and patient well-being is at the heart of it. Every day, our doctors strive to push boundaries with a view towards rendering patients the best possible clinical outcomes. Our patients' testimonials speak about our single-minded focus on alleviating their pain.

Few examples of our clinical expertise:

- The department of cardiology at our flagship cardiac centre at Bengaluru carried out the maximum number of Transcatheter Aortic Valve Implantation (TAVI) procedure in India
- We performed over 2.35 lacs dialysis sessions last fiscal along with close to 3,000 renal transplants till date across our network reinforcing the pre-eminence in this domain
- Our multi organ transplant program continues to take major strides with close to 40 heart transplants and 72 liver transplants performed across the network till date
- Our oncology department at our Health City, Bengaluru runs one of India's largest Bone Marrow Transplants (BMT) with approximately 170 BMTs performed in the last fiscal
- Our surgeons have performed more than 150 surgeries within the first 10 months of commissioning of the Da Vinci Robotic surgical program at Health City, Bengaluru

Operational Objectives: Diversifying Capabilities

NH has excelled in the field of cardiac and renal sciences since its inception and we have now set our sights on other four core tertiary specialities namely Neuro sciences, Oncology, Orthopaedics and Gastroenterology. This is in line with the group's strategy to be a prominent multi-speciality service provider. We are on track as far as our exciting journey to be recognized as a leading multi-speciality healthcare provider of choice across specialties and geographies is concerned. This is borne by the fact that Cardiac Sciences' contribution to the Group's revenue has come down to less than 50% for the first time since our inception in 2,000 with the contribution of our six core tertiary care specialties being around 90% of the Revenue. Our emphasis on broadbasing the business profile thereby de-risking the business is also yielding desired results with the contribution of the three flagship facilities coming down to just over 50% in terms of revenues.

Our operational initiatives on various fronts have ensured that metrics related to Average Revenue per Occupied Bed (ARPOB) registered a significant uptick while Average Length of Stay (ALOS) witnessed a considerable reduction.

Strong Financial Metrics

Coming to our financial highlights, we are happy to have again delivered on our stated objectives of strategic growth with sustained profitability. A noteworthy highlight of 2016-17 is that despite the regulatory headwinds in the form of demonetization and the government's move to regulate cardiac stent prices, our operating revenues continued to exhibit a CAGR of over 20% during the last four year period. Our business continues to be anchored by the mature hospitals, which have been operational for more than five years, growing by an industry leading 13% year on year with headroom available to maintain the momentum given the occupancy level of less than 65% for this set. The mature hospitals are well-complemented by the newer facilities, which have completed less than 5 years of operations, whose steady ramp-up has ensured 25% year on year growth. We reported an EBITDA of ₹ 2,463 mn, up by 30.2% over 2015-16 thus translating in EBITDA margins of 13.1% in 2016-17. The stellar improvement in profitability is accentuated by the fact that we registered a ~350 bps improvement in EBITDA margin over the last 24 months.

One of the key aspects of 2016-17 results is our total comprehensive income at ₹ 830 mn compared to ₹ 200 mn, an increase of 314.5% leading to a record cash flow generation for the company. This uptick has been on the back of a strong pick-up of operations at our overseas hospital in Cayman Islands with the unit expanding its service offerings through plastic surgery, interventional radiology and interventional neurology. The expansion in margins and PAT in such a short time frame is a testament to the distinguished business model that NH has put in place.

Our continuous emphasis on financial prudence improved our cash collection from credit business significantly and resulted in us enjoying healthy leverage headroom with our gearing being amongst the lowest in the industry. All these led to healthy internal accruals with positive free cash flows generation which were more than adequate to take care of all our capital requirement.

Testing New Waters: Expanding the Horizon

Over the last couple of years, we have rationalized our portfolio mix and took certain strategic calls to re-wire the business in-sync with the market dynamics. Along with our emphasis on execution and consolidation of business operations, we have been able to judiciously balance calibrated strategic expansion and that has yielded significant dividends.

Leveraging the capabilities and skills we honed at our home turf in Karnataka and Eastern region of India, we have decided to expand our footprints in Northern and Western regions. Our foray in Northern India was marked by commissioning of a state-of-the-art super-speciality unit at Kakriyal in Jammu whose success laid the groundwork for NH to scout for interesting opportunities in Delhi NCR. With Jammu as a stepping stone, we made inroads in NCR by partnering to run a ~300 capacity bedded Dharamshila Narayana Hospital located in East Delhi. This hospital with a strong track record of profitable operations has shortened our time to market and thus has given us a significant play in the NCR healthcare market. Our strategy to bolster the budding Northern cluster also led to NH acquiring a near complete ~230 bedded hospital in Gurugram which will be commissioned within next 9 months.

To further consolidate our position in the western region, we identified Mumbai as one of the key markets for expansion and starting fiscal 2018; we forayed into Mumbai with our distinct SRCC Children's Hospital at Haji Ali Junction in Mumbai. The hospital also registers our debut as a dedicated Children hospital, first of its kind in NH's network. NH has held the recognition for operating one of the World's largest paediatric cardiac care unit in our flagship cardiac unit at Bengaluru, and with our Mumbai inroad, we intend to replicate that capability and offer affordable yet world-class medical care for infants, children and adolescents.

TOTAL COMPREHENSIVE INCOME

₹ 830 mn

(an increase of 314.5% over 2015-16)

We believe, all these initiatives have set us up nicely to emerge as a true Pan-India healthcare service provider. This also reaffirms our commitment towards providing high quality, affordable healthcare services to the broader population base.

With new facilities coming-up, while there may be a near-term bearish effect on the overall profitability, we are confident that our distinct business model has now fully entrenched itself and the stage is set for charting a new phase of growth.

At last I would say that Indian healthcare presents a tremendous opportunity for enhanced healthcare services and we remain confident that your Company is well-poised to deliver affordable, quality healthcare to all sections of the society as it continues to take rapid steps in its remarkable growth trajectory.

In closing, on behalf of NH, I thank all our patients who have reposed faith in us and also our shareholders, doctors, employees, and business partners for being an important part of this remarkable journey we have embarked upon.

Best Regards,

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO &
Managing Director



PROVIDING AFFORDABLE CARE IS A COMMITMENT WE DRIVE EVERYDAY

In a vast and diverse country as India with a billion-plus population, it is a daily challenge to make affordable care accessible to all. Although we have taken relevant steps in that direction, we still have a long way to go. At NH, our endeavour is to make meaningful progress in this direction every day.

We leverage cutting-edge technologies and robust infrastructure with an effective business model to deliver cost-effective services to our patients. To further bolster our infrastructure facilities, we have adopted new technologies at our facilities:







Da Vinci Robotic Surgery System

It is a surgical system which allows surgeons to perform complex surgical procedures with accuracy. It is an advanced robotic platform designed to expand the surgeon's capabilities and offer an option to open surgery. It was installed at Mazumdar Shaw Medical Centre, Bengaluru, which has crossed the milestone of performing 150+ surgeries within 10 months of its commissioning. Robotic surgical programmes have been started in Urology, Gynaecology, GI Surgery, Paediatric surgery and surgical oncology

The da Vinci Surgical System provides the surgeon with:

- Precision, dexterity and control during surgery
- The ability to execute 1-2 cm incisions as opposed to longer incisions

The da Vinci Surgical System comprises:

- An ergonomically designed surgeon's console
- A patient cart with four interactive robotic arms
- A high-performance vision system and patented EndoWrist instruments

Partnered with CISCO

NH collaborated with CISCO to integrate and set up advanced telemedicine solutions across three centres in India - Sirsi and Bellary in Karnataka and Rajarhat in Bengal via the main centre at Narayana Health City located in Bommasandra, Bangalore. This digital solution will help to connect patients with specialists conveniently, efficiently and regardless of the distance. The solution enables real-time telemetry of medical device data, audio, high-definition two way video, ECG, other vitals and radiology, analytics of medical reports and a web-based portal supporting mobile end points. The collaboration will help NH empower care teams, which in turn will help in providing more proactive and predictive care for patients.



CLINICAL REVIEW

Expanding Footprint and Touching Lives

Earning trust and confidence of over 6 mn patients for 15+ years

2,500,000+

OUTPATIENT FOOTFALL

55,000+

CT SCANS

More than 1 mn patients joined our network in 2016-17

175,000+

INPATIENT ADMISSIONS

32,000+

MRIs

Reaching out to citizens of 77 countries

110,000+

PREVENTIVE HEALTH CHECK-UPS



Cardiac Sciences

We started our transformational journey with a dream of healthcare for the masses for Cardiac Care. Our continued focus on these values has made us one of the world's busiest hospitals with a huge number of adult and paediatric cardiac surgeries. In 2016-17, we performed more than 25 CABG surgery, 10 Valve Surgery and 15 device closure per day. Our team of cardiologists and cardiothoracic surgeons are trained in the most premier institutes of India and abroad and are dedicated to the prevention and treatment of cardiac diseases.

Our comprehensive work on these areas has produced encouraging outcomes and improved the quality of life for hundreds of thousands of patients who visit us each year from multiple countries.

Our investment in advanced equipment (Biplane Catheterization Laboratory, Intensive Critical Care Units and Cardiac Critical Care Units) allow our experienced cardiologists and critical care specialists to achieve superior results. This makes us one of the world's best networks for heart related ailments.

We are constantly upgrading and updating our systems to be at the helm of the most innovative offerings. NH was the first hospital in Karnataka to perform a heart transplant in 2008; and over the years, have performed over 35 heart transplants, of which 14 were done in 2016-17.

Key Numbers – 2016-17

16,129
CARDIAC SURGERIES

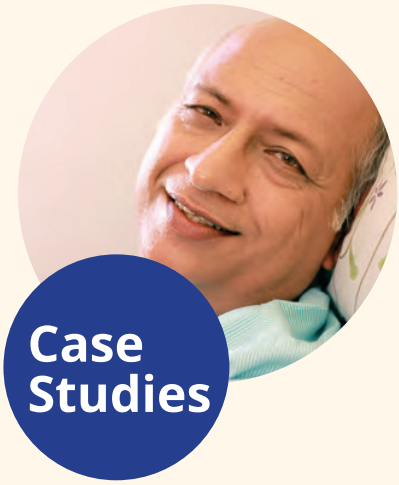
11,540
CORONARY ANGIOPLASTIES

34,700
CORONARY ANGIOGRAMS

Highlights of 2016-17

- NICS, Bengaluru became the country's first hospital to introduce a new smart generation catheter device that corrects electrical signals, causing a disturbance in the heart rhythm. Using the conventional catheter was a challenge since its success depended on the surgeon's assessment, which was subjective. Now, the entire procedure can be more accurate
- Our team of cardiac and plastic surgeons successfully operated a rare disease of Ectopia Cordis in a newborn baby at the Cayman Islands unit. It is a rare congenital malformation in which the heart is abnormally located either partially or totally outside the thorax
- A complicated procedure 'Hybrid Technology for Management of CADs' was conducted, which combines two intervention procedures - minimally invasive cardiac surgery and angioplasty
- The department of cardiology has carried out the maximum Transcatheter Aortic Valve Implantation (TAVI) in India. TAVI is a procedure where the aortic valve is replaced via a catheter passed through the leg, in patients not fit for traditional open-heart surgery. The department has completed 33 such valve replacements, till date
- The cardiac surgery department is well-known in India for its pulmonary thromboendarterectomy (PTE) programme, which started in 2004. The department has completed over 400 cases till now, making it Asia's largest referral programme. PTE is a complex operation which is performed to remove blood clots from arteries in the lung, thereby curing pulmonary hypertension

Cardiac Sciences (Contd.)



Case Studies

ECMO for Acute Respiratory Distress Syndrome

Acute Respiratory Distress Syndrome (ARDS) is a major public health problem. Following the 2009 H1N1 Influenza pandemic, extracorporeal membrane oxygenation (ECMO) emerged as a viable alternative in selected, severe cases of ARDS. ARDS is the acute onset of hypoxemia, accompanied by diffuse bilateral pulmonary infiltrates and the absence of left heart failure. As many as 20% of patients with ARDS succumb to refractory hypoxemia. Our doctors encountered such a case and successfully treated the patient. Venovenous ECMO was used to rehabilitate the patient suffering from ARDS. The patient's condition improved after 26 days. Our clinicians performed percutaneous vascular graft for ECMO and this technique is a new way to deal with such a patient. The clinical team has already filed a patent for the same.

New device invented to treat patients with heart rhythm disturbance

Narayana Health City is the first hospital in the country to introduce a new smart-generation catheter device that will correct electrical signals, causing a disturbance in the heart rhythm. The device was first used at Narayana Health City in April 2016 by a team of cardiologists specialising in electrophysiology to correct disturbance in the heart rhythm using Radio Frequency Ablation (RFA).

The success of a surgery with a conventional catheter depends much on the surgeon's assessment, which is very subjective; and also requires much more experience. Operationally, failure of correctly assessing such a scenario might lead to more pressure exerted by the surgeon which might result in perforations in the heart. Such an event leads to fatality in the operation theatre. The new smart-generation catheter allows to measure and control the force applied, which lead to more accuracy and subsequently better outcome.

Saving a new-born with a rare birth disorder

A woman from Nicaragua gave birth to a baby with Ectopia Cordis, a complete or partial displacement of the heart outside the thoracic cavity. It is a rare congenital defect in fusion of the anterior chest wall, leading to the extrathoracic location of the heart. Its estimated prevalence is 5.5-7.9 per mn live births. Due to the rarity and rapid postpartum mortality of Ectopia Cordis, limited treatment options have been developed. Mortality in such a case is also high.

At NH, we thought through the issue, analysed the risk involved and undertook a multi-disciplinary approach to medicine. As a result, the newborn was saved. After the delivery, a multidisciplinary team of experienced cardiac surgeons and plastic surgeons worked tirelessly to correct the deformity. Despite challenges, the surgery turned out to be successful.

Renal Sciences

Given the exponential growth in diabetes and hypertension in India over the last two decades, the number of people suffering from renal diseases has increased manifold. At NH, we understood the immense burden of such a chronic health issue and made an affordable solution available for people across the social pyramid.

The Department of Nephrology treats all types of acute and chronic kidney disorders. As part of our clinical care we focus on three distinct areas - chronic kidney disease (CKD), dialysis and transplant (renal replacement). Our dialysis units have state-of-the-art equipment and treatment facilities and work 24/7 to full capacity. A patient with end-stage renal disease faces two challenges – the ongoing repetitive cost of dialysis, including expensive medicines and opportunity loss of two to three days a week.

This creates an additional burden on patients. Understanding this challenge, we have made dialysis clinics available in many parts of different cities. This helps patients to save time in commuting. Another side of the crisis is the availability of trained human resources in different areas. To solve this problem, Nephrology Department acts as a training hub for dialysis technicians as well as future nephrologists of our country. Currently, we are training 20 technicians, who are in different years of their training.

The number of dialysis cases is on the rise, and we performed almost 800 sessions/day. Our competitive price and quality are the reasons that so many patients choose us during the long course of treatment.

DIALYSIS SESSIONS

235,000+

Highlights - 2016-17

- Successfully operated a three-year-old child with swelling in the left kidney due to blockage of the flow of urine out of the kidney. This problem leads to pain and long-term kidney damage and requires a delicate operation to repair. The ability to precisely handle and suturing of delicate tissues of the young child coupled with the excellent stereoscopic vision provided by the robot, adapted application of the robotic surgical techniques to this small child. The operation was carried out successfully with the child making a rapid recovery
- A successful kidney transplant was done on an 11-year-old child, a notable feat in renal sciences as the patient was a child. This transplant was also the first such case in Chhattisgarh



Case Studies

Robotic surgery saves a toddler

A three-year-old child had a swelling in his left kidney, due to obstruction in urine flow out of the kidney. The swelling can lead to pain and long-term kidney damage and it requires a delicate operation to repair. This procedure (pyeloplasty) demands the application of robotic surgery. Precise handling and suturing of delicate tissues of the young child, coupled with the excellent stereoscopic vision provided by the robot, adapted application of the robotic surgical techniques to this small child. The operation was conducted successfully and the child recovered rapidly.



Oncology

Cancer is a growing menace in India. It is estimated that there are 2.5 mn patients in India and this number is increasing to the tune of 7 lakh every year. Overall, close to 5.5 lakh people die of cancer in India. Cancers in oral cavity and lungs in males and cervix and breast in females account for over 50% of all cancer deaths in the country. The top five cancers in men and women account for 47.2% of all cancers; these can be prevented if detected and treated at an early stage.

Our Oncology Department has one of India's largest bone marrow transplant units. The unit has completed more than 500 stem cell transplants. The Bone Marrow Transplant Unit (BMTU) established at the Bengaluru centre is among the very few transplant centres with a facility for total body irradiation (TBI). Renowned haematologists, paediatric and medical oncologists, along with a highly accomplished team of clinical nurse work together to ensure patient recovery.

The unique aspect of the Oncology unit is the multi-specialty cancer care benefits, each benefiting and adding value to the other. Inter-departmental sharing of data has helped in enriching the unit and in its effort to reach out to the patients. The cancer care outreach programme has a unique set of medical social workers, who are in constant touch with the patients, before, during and after the treatment. The trauma of the patient is alleviated to a large extent, as they are trained to address non-treatment issues and concerns like social and financial matters.

The department has an open training programme (fellowship programme). It is one of the more competitive programmes in the country with one in every 50 applicants being admitted in it. Above all, the focus is constantly on research with nearly 15-20 publications from the department over the past four to five years.

Oncology (Contd.)

Key Numbers – 2016-17

20,000+
RADIOTHERAPY SESSIONS

15,000+
CHEMOTHERAPY SITTINGS

166
BONE MARROW TRANSPLANTS

Highlights - 2016-17

- A successful bone marrow transplant was conducted on a Pakistani toddler for a rare disease called Hemophagocytic Lymphohistiocytosis (HLH). The donor was her brother, who was only eight months old, the youngest in India
- A thalassaemia major patient successfully underwent treatment at MSMC. After the treatment, she successfully delivered a healthy baby. It is a very rare feat and one among the few done in India
- Successfully operated a 51-year-old male patient suffering from malignant tumour (skull base tumour involving one eye). He also suffered from diabetes, hypothyroidism and CRF. No complications were found in the post-operative period



Case Studies

Eight months old donates bone marrow

Eight-month-old Pakistani infant Rayan became India's youngest bone marrow donor by donating healthy bone marrow stem cells to his elder sister. She underwent a successful transplant at a hospital in Bengaluru.

The two-and-a-half-year-old Zeenia, hailing from Sahiwal in Pakistan, was suffering from Hemophagocytic Lymphohistiocytosis (HLH), a rare disease in which bone marrow produces abnormal cells, which eat away healthy cells. The result is high fever, low blood counts, liver and spleen enlargement. Zeenia was also diagnosed to have partial albinism since birth.

After we had diagnosed that the girl was suffering from HLH, we discovered that her brother was Human leukocyte antigen (HLA) match for her. As the donor was just eight months old to collect the adequate dosage, he was required to undergo the donation process twice at an interval of only a few weeks. According to doctors, Zeenia is cured of her 'deadly disease' and ready to leave for Pakistan to lead a normal life.

Successful delivery after complex thalassemia major treatment

Our hospital in Health City successfully treated a Thalassemia major patient. The complexity of the case was that the patient was pregnant at the time of the treatment. Pregnancy in Thalassemia is a complex thing to handle as has high risks and requires multidisciplinary management. There is always a probability of death due to cardiac failure. Our multidisciplinary team taking cognisance of the above fact took special care and successfully delivered a healthy baby, which is very rare and one among the first few done in India.

Multidisciplinary team prolongs life of 52-year-old patient with complex co-morbidity

Cancer care has grown complex in the last decade as there has been added burden of several non-communicable diseases on the Indian population. That is why a multidisciplinary care has become paramount in modern medicine. Our centre in Bengaluru handled such a case successfully. A 51- year-old patient was turning blind in one eye due to a skull-base tumour. The tumour was malignant in nature, and that is why our team needed to operate on him immediately. The case was extremely complex as he had multiple co-morbidities. Our team considered these facts and operated on him successfully without any complication. He was discharged after six days of hospital stay.

Neuro Sciences

Neurological disorders are diseases of the central and peripheral nervous systems, including the brain, spinal cord, nerves, nerve roots, and muscles. Neurological disorders include epilepsy, dementias, cerebrovascular diseases including stroke, migraine and other headache disorders, multiple sclerosis, and Parkinson's disease, among others. According to CRISIL's estimates, based on the current prevalence rate of neurological disorders in India, the neurology segment constitutes nearly 4-5% of the overall healthcare delivery market in India (translating to ₹ 200,000 mn).

NH's neurosciences department (neurology and neurosurgery) was commissioned in 2004 and is now present in 19 facilities. This division has evolved into the largest training ground in Bengaluru, along with being the biggest provider of neurological healthcare services. The Neurosurgery Division has also established a neuro-rehabilitation programme for post-operative patient care. It is one of India's very few private hospitals to conduct the DNB Neurosurgery. The aim is to provide top-notch treatment of neurosurgical disorders at affordable costs. The Neurosurgery Division is equipped with state-of-the-art operating rooms, dedicated neurosurgical intensive care unit, and also has established neuro-rehabilitation programme for post-operative patient care. The team consists of senior consultants with expertise in various dimensions of advanced microsurgical techniques, backed by an experienced and qualified support staff.

We conducted over 2,000 neurosurgical surgeries in the last financial year.

Highlights - 2016-17

- Introduced iSchemaView RAPID technology for advanced neuroimaging in stroke patients for the first time in India at Mazumdar Shaw Medical Centre
- MSMC Hospital at Bengaluru became one of the centres in the country to successfully treat the Intra Cranium Aneurysm patients through Flow Diverter
- Successfully operated on a 25-year-old male patient for Anterior Cervical Plating with Bone Grafting. He suffered from Quadriplegia and had a fracture of C5 Vertebra with Quadriplegia. He was kept on ventilation for five days, and then Tracheostomy was done



Case Studies

Successfully treated PCA stroke

Posterior Cerebral Artery (PCA) stroke is less common than stroke involving the anterior circulation. An understanding of PCA stroke phenomenology and mechanisms requires knowledge of neurovascular anatomy and the structure-function relationships of this region of the brain. Identifying mechanisms of stroke is essential so that appropriate preventive therapies may be instituted. The highest level of expertise is required to treat such rare cases. Patients who have sustained PCA strokes present with an interesting and diverse spectrum of neurologic symptoms. The most common long-term sequelae of PCA strokes are visual and sensory deficits.

Our Doctors in Neurology Department identified required steps to treat the above problem for a patient in Mysore. Ultimately Vertebral Artery Stenting was done to the patient. The result was phenomenal at the end of the procedure.

Gastro Intestinal Sciences

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.

Surgical Gastroenterology provides state-of-the-art care for patients with gastrointestinal problems that need surgical approach. Last year, we performed more than 6,000 cases of surgical gastroenterology and general surgery. We provide advanced laparoscopic surgical techniques to patients with various gastrointestinal conditions including gastrointestinal cancers. Some of the major laparoscopic procedures that are done in our facilities are Cholecystectomy (treatment of symptomatic gallstones and gallbladder conditions) and hernia, among others. We have one of the best conversion rate of 0.2% from laparoscopic to open cholecystectomy. Complex liver surgeries have been conducted with intraoperative ultrasound guidance, thus making these procedures safer with better outcomes. The department has dedicated clinics to offer focused care for patients with specific surgical gastrointestinal conditions.

The specialised clinics include:

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

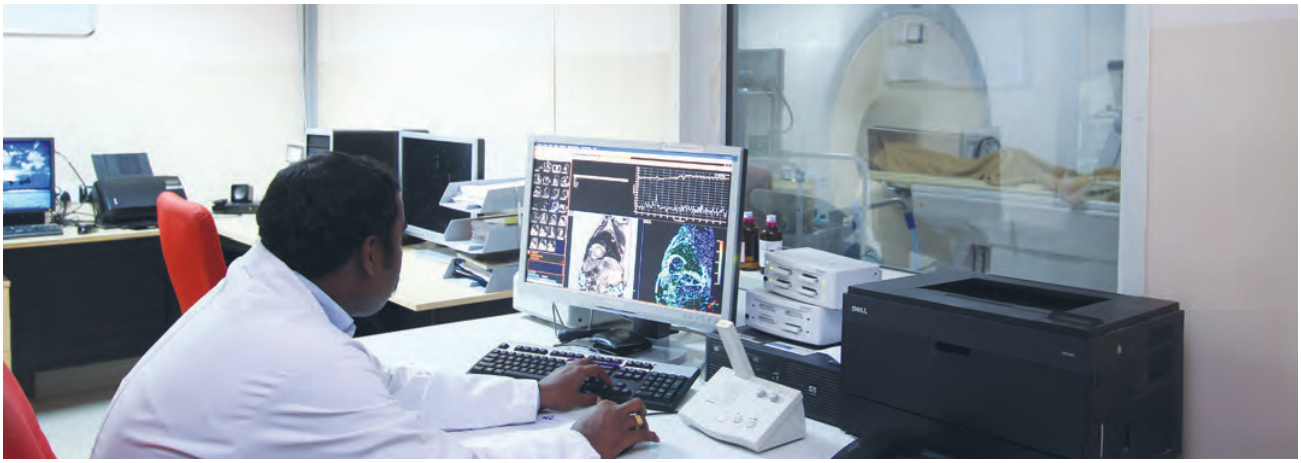
Obesity Clinic: In this modern era, obesity has become a common problem. When medical management is not feasible based on the patient's condition, surgical management is suggested. Based on the health and body type patients are offered Gastric Bypass, Gastric Banding, Sleeve Gastrectomy, Biliopancreatic diversion and their long-term care is looked after. The clinic is supported by nutritionists, physiotherapists, psychologists, psychiatrists, endocrinologists and medical gastroenterologists.

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

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

Highlights - 2016-17

- Conducted a minimally invasive Whipple's surgery using Da Vinci Robot at MSMC.



Key Numbers – 2016-17

22,000+

ENDOSCOPY PROCEDURES

5,400+

COLONOSCOPY PROCEDURES

3,700+

LAPAROSCOPIC CHOLECYSTECTOMY PROCEDURES



Case Studies

Full-Term Child Birth with Acute pancreatitis

Acute pancreatitis is defined as the sudden inflammation of the pancreas manifested clinically by abdominal pain, nausea and dehydration that is usually self-limiting but occasionally can progress to severe disease and even death. The rate of acute pancreatitis is rare. It is estimated that acute pancreatitis occurs in about 1 out of every 10,000 pregnancies. While the rate of maternal mortality is less than 1% for acute pancreatitis in pregnancy, the rate of pre-term delivery, however, is about 20%. A female patient was admitted to our Mysore facility with acute pancreatitis. The patient, who was seven-month pregnant, was critical and hence she was directly admitted to ICU. Gastroenterologists and Obstetricians worked together to plan an eventful full-term delivery which is very rare in pancreatitis.



Orthopaedics

The demand for knee replacement surgery is increasing across Asia. The factors contributing to the rising demand include increasing awareness for possible treatments, growing elderly population and more patients with knee joint afflictions.

Our comprehensive and world-class orthopaedic services are offered by our team of well-trained surgeons from India and abroad. We deliver specialised care in complex trauma, poly-trauma and related subspecialties. Some of the procedures we perform regularly comprise joint, knee, hip and shoulder replacement, arthritis and custom implant surgeries. We also treat sports related injuries. We have qualified occupational therapists, physiotherapists and pain management experts, working with us towards quick patient rehabilitation.

Key Numbers – 2016-17

1,000+
KNEE REPLACEMENTS

275+
HIP REPLACEMENTS

350+
INTERVENTIONAL PROCEDURES

Highlights - 2016-17

- Removal of the implant, along with total hip replacement was done with solution long stem on a 55-year-old female, post-op falcine tumour periprosthetic fracture right femur with an implant in situ.

Case Studies



Recovery of quadriplegic patient

Quadriplegia, also known as tetraplegia, is named because it affects all four limbs, plus the torso (quad originates from the Latin word for four). Most people with tetraplegia have significant paralysis below the neck, and many are completely unable to move. Our team worked on such a case with successful result. A 25-year-old male patient came with weakness of four limbs (Quadriplegia) after an alleged history of renal tubular acidosis. Upon investigation our clinical team found out that he had facture of C5 vertebra with quadriplegia. He was operated with anterior cervical plating and bone grafting was done. Due to the complexity of the procedure the patient was on ventilator for five days and later tracheostomy was done to clear airway blocks. At the end of the procedure, the patient showed improved mobilization on wheelchair. Neurologically this was a fantastic recovery.

Doctors successfully cure hip fracture

During Radiostereometric Analysis, our doctors found injury in a 45-year-old patient who sustained the injury six month earlier. He had head injury and central fracture dislocation that time. His head injury was treated, but hip fracture dislocation was neglected. On presentation, he was bedridden, painful and restricted movement at hip in all direction with a 3-inch of shortening. X-ray revealed comminuted fracture of acetabulum and head of femur protruded into the pelvic cavity. CT revealed major defects in acetabulum.

Our doctor extracted the patient's own bone from the head of femur and used it to graft the defects of acetabulum. Hence, another new acetabulum was recreated and special cup coated with trabecular metal was implanted. Uncemented stem with ceramic on poly bearing was used. Limb length was equal. Following the operation there was no neuro vascular deficit; and also complete restoration of biomechanics was noted.

Transplants Program

The primary legislation related to organ donation and transplantation in India, Transplantation of Human Organs Act, was passed in 1994. It aims to regulate the removal, storage and transplantation of human organs for therapeutic purposes and for prevention of commercial dealings in human organs.

In India, matters related to health are governed by each state. The Act was initiated at the request of Maharashtra, Himachal Pradesh and Goa (who therefore adopted it by default) and was subsequently adopted by all states except Andhra Pradesh and Jammu & Kashmir. Despite a regulatory framework, cases of commercial dealings in human organs were reported in the media.

Other than commercial dealings, India faces multiple challenges, such as poor awareness among general populace on volunteer cadaveric transplant, lack of national registry, complexity in declaring brain death, among others.

We are the one of the largest solid organ transplant centre. RTIICS, one of our biggest hospital in eastern India is one of the busiest centre not only in India but also in the world, performing more than two cases per day. In the last decade, we have also successfully established renal transplant programmes in all the zones.

Not just the numbers it is the variety and high risk recipients - namely, recipients with Hepatitis B infection and Hepatitis C infection, second renal transplant recipients with cardiac and peripheral vascular diseases and poor LV systolic function etc. At 96% graft survival at 1 year and 86% graft survival at seven years, our outcomes speak volumes about the care we provide.

One of the areas, where we do pioneering work is transplantation across the blood group barrier (ABO-Incompatible transplantation). Ours is among the very few centres in the world, performing ABO-Incompatible kidney transplants, with a high success rate, equal to ABO-Compatible ones. Since April 2013, we have done over 70 ABO-Incompatible Transplants; and have developed a low-cost pre-conditioning protocol, so that even economically-deprived class of people can undergo such a transplant.

Key Numbers – 2016-17

634
RENAL TRANSPLANTS

8
LIVER TRANSPLANTS

14
HEART TRANSPLANTS



Transplants Program (Contd.)



Case Studies

Health City celebrates 10 years of liver transplant

Patient was all smiles as her son was busy frolicking at Narayana Health City on Sunday.

"I am happy that my son has recovered after the liver transplant and is hale and hearty. We got to know about his ailment in 2013, when he was 10 months old. Today, when I see him running and playing, I'm so thankful to the doctors who saved his life" she said.

Patient and her son were among the many children and parents, celebrating the 10th anniversary of the inception of the paediatric liver transplant programme at the department of paediatric surgery and liver transplants at Narayana Health City, Bengaluru. The children have all undergone liver transplant surgeries at the hospital.

Till date, more than 60 children have undergone liver transplant in the hospital and this is the only centre in India to have a dedicated team of pediatric liver transplant specialists with the required infrastructure. "The common cause is biliary atresia which manifests itself in the first few months of birth. The critical condition accounts for almost half the cases of liver failure among children. The signs of liver failure are jaundice, itching, bleeding, stunted or retarded growth, bloated bellies and irritability", said Dr Sanjay Rao, a senior pediatric surgeons specializing in pediatric liver transplants.

Working with civic bodies to save life

An air ambulance was used for the first time in Bengaluru for intra-city organ transplant. The heart of a 45 year old woman in Apollo Hospital in Baneghatta Road was flown into MSR in Mathikere in just seven minutes.

19-year-old breathes to life after heart transplant

The heart of a 28-year-old carpenter from Mangaluru will save the life of a 19-year-old patient in the city who is suffering from dilated cardiomyopathy for the last three months. The teenager suffered a cardiac arrest 10 days earlier and was resuscitated by doctors at M.S. Ramaiah Narayana Heart Centre who put him on Bi-VAD (Bi-Ventricular Device).

Within a week, he underwent a heart transplant surgery at M.S. Ramaiah Narayana Heart Centre. The donor was a road accident victim and was declared brain dead at A.J. Hospital in Mangaluru. Doctors flew to Mangaluru to retrieve the heart from the donor. The heart was brought to Bengaluru from Mangaluru. It took 23 minutes to cover a distance of 33 kilometres after a green corridor was created by the traffic police from the KIA to M.S. Ramaiah Narayana Heart Centre.



Academics and Research

India produces one of the world's largest number of doctors and other clinical talent, while it faces the worst clinical talent crunch at home. Currently, the country has only 0.7 doctors and 1.7 nurses available per thousand population.

This is less than the World Health Organization (WHO) recommendation of 1 doctor and 2.5 nurses per 1,000 population. The picture is even grim in speciality and super speciality where there is only one seat for every five MBBS doctors. We understand the gravity of the situation and has been actively promoting clinical education in all spheres of healthcare education – nursing, post-graduate medical education, paramedical and management.

Our major hubs in Kolkata and Bengaluru conduct multiple courses on post-graduate diploma- DNB (Diploma of National Board) programs, NBE fellowship programs, Master in Emergency Care management. We also conduct short trainings such as Advanced Cardiac Life Support and Basic Life Support. We are one of the largest providers of such education in eastern India. Our paramedical courses, such as Diploma in Dialysis Technology, Operation Theatre Technology, Perfusion Technology, Radiation Technology, Cathlab Technology, Physician assistant are extremely sought after. More than 350 students every year graduate from our centres in Kolkata and Bengaluru.

Our peripheral centres are also conducting multiple DNB courses, along with other paramedical courses. During last year they added more than six courses.

Our institution consistently pursues advanced research. Our clinicians have published papers in some of the most complex topics, ranging from complex clinical procedure to public health in more than 32 speciality and subspecialities. Our doctors also regularly contribute to prestigious journals, such as American College of Cardiology.



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CARING FOR THE COMMUNITY



Our collaboration, whether with the state health organizations, technology leaders or grassroots NGOs, has sought to focus on programmes, which provide access to education and health.



At NH, CSR is deeply ingrained in our DNA, since we are modelled as a social enterprise, rather than a mainstream corporate. We work closely with philanthropic organisations, and their donations are directly used to provide financial assistance to the disadvantaged sections of society. Our CSR programmes focus largely on health and education. Over the preceding few years, NH has undertaken several community initiatives, which seek to leverage on our strengths as healthcare leaders in the field. Our collaboration, whether with the state health organisations, technology leaders or grassroots NGOs, has sought to focus on programmes, which provide access and equity to education and health.

eHealth Centre Programme

NH is the healthcare partner in this programme to implement, operate, and manage eHealth Centres (eHC). eHCs are rapidly deployable healthcare facilities powered by cloud-enabled solutions that connect residents in remote areas with quality and affordable preliminary healthcare services. They are pre-fitted to work with an existing clinic, depending on a community's healthcare infrastructure. The centres are fully equipped with workstations, open electronic medical records (EMR) systems, biometric patient identification and integrated diagnostic devices. We have helped establish 10 eHCs across the country with centres in Karnataka, West Bengal, Tamil Nadu, Gujarat and Rajasthan.

Impact and reach of the eHC programme:

- Witnessed footfall of 21,765 patients from December 2015 till March 2017
- Screened more than 10,500 patients in 159 camps held across eHCs between December 2015 and March 2017
- Organised both general screening and speciality camps across eHCs
- Conducted several community outreach programmes to educate local population on lifestyle diseases
- Supervised around 110 community meetings on front-line healthcare in Rajasthan eHCs in the last financial year

Mobile Mammography Screening

This programme focuses on creating awareness for breast cancer and providing comprehensive check-up services for the disease. In the three years since its inception, the programme provided services to 13,923 women, performing 3287 mammograms. In the process, 18 women were diagnosed with malignant breast cancer; and treated successfully in NH facilities. Since March 2017, 349 screening camps have been conducted

Care Companion Programme

The Care Companion Programme is a unique way to enhance patient care at our hospitals. The programme strives to harness capabilities of patients' attendants to become additional in-hospital Care Companions (CC). The programme creates position for the attendants within the current hospital personnel framework and trains them with a certification process. The CC



At NH, we follow a flexible, asset-light approach to touch as many patients as we can; and take the promise of quality healthcare to the doorstep of millions of people in India and other geographies.

programme has been implemented in NH Hospitals in Mysore, Health City Bengaluru, Jaipur, Shimoga, Ahmedabad, Dharwad, Davangere, Jamshedpur, Kolkata, Raipur, MS Ramaiah Heart Centre and Guwahati. We have added five more units to the programme in Jammu, Whitefield (Bangalore), Durgapur, Westbank (Howrah) and Barasat in West Bengal in 2016-17. Over 35,000 families have been covered under this programme since its inception in 2013 in our Mysore unit.

Shorapur Maternal Obstetric Monitoring programme

The Ministry of Health and Family Welfare has identified Yadgir district in Karnataka as a high priority district for implementation of focused healthcare interventions under National Health Mission (NHM). Thus, we piloted our Maternal Obstetric Monitoring programme in Shorapur Taluk of the district. We deployed technology and process interventions in the region, while our team stationed there, coordinated free drives for ultrasonography (USG), high-risk pregnancy (HRP), as well as blood transfusion.

Since November 2016, over 2000 women have received free USG reviews by our radiologists, who travel to the Government General Hospital. Almost 27% of the women were diagnosed with high-risk pregnancies. Although local health authorities were informed of the same, our gynaecologists visit the local hospital to examine and provide need-based interventions for such cases. With implementation of technology and workflow innovations, there has been a 50% rise in detection of such cases. Additionally, we helped open a blood bank at the taluk hospital and helped treat more than 120 severely anaemic pregnant women.

Udaan

The project Udaan is a collaboration with MindTree and works towards helping meritorious students from marginalised rural families to pursue a degree in medicine. The programme inspires and mentors deserving students from Kanakpura district in Karnataka. In 2016-17, 56 students were selected for this long-term programme with a nine-year tenure. Currently, Jain University, Kanakpura is helping us in this project, by providing the fee of 26 students' pre-university and preparatory courses.

Rajiv Gandhi Arogya Yojana (RAY)

The project currently involves four primary healthcare clinics that provide free basic healthcare services to 202 villages in Amethi, Uttar Pradesh. The programme benefits around 57,987 people across four blocks in the region. Since its inception, the programme has helped more than 20,52,000 individuals from marginalised communities with free consultation, medicines, dressing of wounds and so on. In 2016-17, 17,124 patients from 202 villages availed the services at these clinics.

Railway Clinics

This project was initiated in collaboration with Southern Railways, in Karnataka, in July 2011. The objective is 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 provide basic medical assistance and emergency needs before the patient reaches the hospital. Since inception, these clinics have helped treat 12,357 railway passengers. In 2016-17 the Majestic Railway Clinic treated around 1,909 passengers.

Community Radio initiative

Narayana Hrudayalaya Foundation acquired a wireless operating licence in January 2017 and was granted spectrum 90.4 for establishing a community radio station in Health City, Anekal. The programme has been named 'Radio Health City'. The key focus areas of the programme include health, education, environment and culture. People residing in Anekal Taluk, as well as within the primary and secondary zone of the Radio Health City, would benefit from this programme. As an inclusive forum, the initiative is dependent on the active participation of multiple stakeholders in Anekal Taluk.

BOARD OF DIRECTORS



Dr. Devi Prasad Shetty



Dr. Ashutosh Raghuvanshi



Mr. Viren Shetty



Ms. Kiran Mazumdar Shaw



Mr. Dinesh Krishna Swamy



Mr. Muthuraman Balasubramanian



Mr. Arun Seth



Mr. B N Subramanya



Mr. Manohar D Chatlani

Dr. Devi Prasad Shetty

Dr. Devi Prasad Shetty is the Chairman of our Company and also an Executive Director. He is a cardiac surgeon with around 34 years of experience. After completing his MBBS from University of Mysore in 1978, he registered with the Karnataka Medical Council in 1979. Thereafter, in 1982, he received a master's degree in surgery from the University of Mysore. In 2009, he was granted a fellowship from the Royal College of Surgeons of England. He founded our Company in the year 2000. He 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 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" Award in 2003 and 2012 respectively, conferred by the Government of India and the Rajyotsava Award in 2002 conferred by the Government of Karnataka. He was also conferred with the 'Dr. B C Roy National Award' by the Dr. B C Roy National Award Fund under the category of 'Eminent Medical Person' in 2003, 'Entrepreneur of the Year Award - Start-up 2003' by Ernst & Young, India, and 'Sir M. Visveswaraya Memorial Award' conferred by the Government of Karnataka in 2003. The Rotary Bangalore Midtown conferred him with the 'Citizen Extraordinaire' award in 2004. He also received the 'Outstanding Social Entrepreneurship Award' by the Confederation of Indian Industry in 2005, 'The President's Award' by the American College of Cardiology in 2011 and the 'Economic Times Entrepreneur of the Year' in 2012. Further, he received the 'Indian of the Year Award' in 2012 by CNN- IBN and the 'Lifetime Achievement Award' by the Federation of Indian Chambers of Commerce and Industry. In addition, he received 'Commendation for driving affordable quality healthcare for all 2010' at the Healthcare Awards Program presented by ICICI Lombard & CNBC TV18 in 2010 and was the winner of 'Business Process Award' at 'The Economist Innovation Award's 2011'. He was an Honorary Fellow at the College Physicians and Surgeons of Mumbai, Doctor of Laws in 2011 and has also been awarded the Doctor of Laws by the University of Minnesota in 2011. In 2014, he was awarded the Doctor of Science (Honoris Causa) by the Rajiv Gandhi University of Health Sciences, Bengaluru. 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 also a member of the Finance Committee of the 47th Annual Conference of the Indian Association of Cardiovascular and Thoracic Surgeons. He was a member of the governing body of the Medical Council of India between 2010 and 2011.

Dr. Ashutosh Raghuvanshi

Dr. Ashutosh Raghuvanshi is the Vice Chairman, Group CEO & Managing Director of our company. He is a cardiac surgeon with overall experience of 26 years and has played a pivotal role in building a strong team by identifying the right mix of people who have worked together in fostering NH's success story. It has been only under his able stewardship that from a single hospital in Bangalore NH has become one of the leading Healthcare providers in India with 51 healthcare facilities. He was honoured as the "CEO of the Year" in Health Care Leadership Awards, 2015 organized by Stars Group. Dr. Raghuvanshi completed his post-graduation in cardiac surgery from the University of Mumbai -post his M.B.B.S and M.S in general surgery. He has worked at several renowned hospitals in Mumbai including Balabhai Nanavati Hospital, Breach Candy Hospital and Research Centre, amongst others, Apollo Hospitals in Chennai and Manipal Heart Foundation in Bengaluru before joining -NH. A strong clinical background merged with true business sense makes him one of the most coveted Healthcare Leader.

Mr. Viren Shetty

Mr. Viren Shetty is an Executive Director of our Company. He is a civil engineer who graduated from Visveswaraiah Technological University, Belgaum, Karnataka and he has completed his Masters in Business Administration from Stanford Graduate School of Business and carries 8 years experience. He is responsible for identifying new growth opportunities for NH. He is also extensively involved in devising cost optimization measures, a distinctive characteristic of operations at NH. Mr. Viren joined Hospital Engineering Services department of NH in 2004. He has designed and built few hospitals for Narayana Hrudayalaya including the Mazumdar Shaw Medical Center, Multi specialty hospitals in Jaipur and Ahmedabad.

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. She is a first generation entrepreneur with more than 42 years 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. She has been awarded with several honorary degrees, including Honorary Doctorate of Science from Ballarat University, National University of Ireland, Trinity College, Dublin and the University of Glasgow.

She is the recipient of several national and global awards the most noteworthy being the 'Padma Shri' and the 'Padma Bhushan' in 1989 and 2005, respectively, conferred by the Government of India. Most recently, she has been bestowed with the Advancing Women in Science and Medicine (AWSM) Award for Excellence 2017 by The Feinstein Institute for Medical Research, USA. She has been conferred with the highest French distinction - Chevalier de l'Ordre National de la Légion d'Honneur (Knight of the Legion of Honour) last year and is the winner of 'Othmer Gold Medal' by the U.S. based Chemical Heritage Foundation and 'Global Economy Prize' by Germany's Kiel Institute in 2014.

She has been named as one of the '100 Most Influential People in the World' by TIME magazine in 2010, '25 Most Influential People in Biopharma' by Fierce Biotech, Asia-Pacific's 'Heroes of Philanthropy (2013)' and '100 Most Powerful Women (2013)' by Forbes magazine. The prestigious Foreign Policy magazine has named her among the '100 Leading Global Thinkers of 2014'. Also, featured among the top ten 'Medicine Maker Power List', an index of the 100 most influential people across the globe in the field of medicine, being recognized consecutively for the third year since 2015. She has also been recognized as the only Indian on Forbes' list of 'World's Self-Made Women Billionaires.'

She is an independent Member of the board of Infosys Limited, and is the chairperson of the Board of Governors of Indian Institute of Management, Bengaluru. She is a founder member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. She serves on the National Advisory Council of the Government's Department of Biotechnology and had setup the Association of Biotech Led Enterprises (ABLE) in 2003 as its first president, currently she is the Non- Executive Chairperson of ABLE.

She is the second Indian to join the Giving Pledge global initiative created by Warren Buffett and Bill and Melinda Gates. She is also associated with The Live Love Laugh Foundation, a leading not-for-profit organisation spreading mental health awareness, as a member of its Board of Trustees.

Mr. Dinesh Krishna Swamy

Mr. Dinesh Krishna Swamy 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. K. Dinesh became a founding member of Infosys Limited. Since its founding, Mr. Dinesh 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 holds the position of the President of Infosys Science Foundation, Trustee of Centre for Brain Research at Indian Institute of Science, Bengaluru.

Mr. Muthuraman Balasubramanian

Mr. Muthuraman Balasubramanian is an Independent Director of our Company. He has been on the board of several companies and educational institutions. He is a professional with over around 48 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.

Mr. 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. Mr. Muthuraman has been conferred with the prestigious

'Padma Bhushan' award in 2012, from the Government of India. He received the Tata Gold Medal in 2002 from the Indian Institute of Metals, Calcutta for his significant contribution to the metallurgical industries particularly to iron and steel industry.

Mr. Arun Seth

Mr. Arun Seth is an Independent Director of our Company. He holds a bachelor's degree in engineering from the Indian Institute of Technology, Kanpur and a master's in business administration from the Indian Institute of Management, Kolkata. He was associated with Alcatel-Lucent India as a non-executive chairman from May, 2011 until May 2014. He has worked for the BT Group in India in a variety of positions for over 17 years, retiring in July 2012. Currently, Mr. Arun is on the board of Jubilant Food works Limited, Cadista Holdings Inc., Centum Learning Limited, Usha Breco Limited and Samtel Avionics Limited. He is an active member on the boards of various non-governmental organizations such as Help Age India where he chairs the resource committee, 'Katha', 'SPIC-MACAY' and 'India Sponsor Foundation'. He is also a trustee of the Nasscom Foundation, which drives corporate social responsibility initiatives for the IT industry.

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 Indian Institute of Chartered Accountants of India in the year 1982. He has around 30 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.

Mr. Manohar D Chatlani

Mr. Manohar D Chatlani is an Independent Director of our Company. He is a business man with over 40 years of experience in the retail sector, business development and leadership roles. He received a bachelor of commerce degree from Bangalore University in April 1972. He is the proprietor of the Men's Favorite Shop, which is part of MD Retail India Private Limited and has been working with the group since 1972. Currently, Mr. Manohar is a director of Jai Shiv Shakthi Health & Education Foundation, Queen City Developers Private Limited, Soch Apparels Private Limited, Sharavati Real Estate Private Limited and the Bangalore Commercial Association.

MANAGEMENT DISCUSSION AND ANALYSIS

The following discussion and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto. The financial statements have been prepared in compliance with the requirements of the Companies Act, 2013 and Generally Accepted Accounting Principles (GAAP) in India. The Company's management accepts responsibility for the integrity and objectivity of these financial statements, as well as for various estimates and judgments used therein. The estimates and judgments relating to the financial statements have been made on a prudent and reasonable basis, in order that the financial statements reflect in a true and fair manner the form and substance of transactions, and reasonably present the Company's state of affairs and profits for the year. Investors are cautioned that this discussion contains forward-looking statements that involve risks and uncertainties. When used in this discussion, words like 'will', 'shall', 'anticipate', 'believe', 'estimate', 'intend' and 'expect' and other similar expressions as they relate to the Company or its business are intended to identify such forward-looking statements. The Company undertakes no obligations to publicly update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Actual results, performances or achievements could differ materially from those expressed or implied in such statements. Factors that could cause or contribute to such differences include those described under the heading "Risk factors" in the Company's prospectus filed with the Securities and Exchange Board of India (SEBI) as well as factors discussed elsewhere in this report. Readers are cautioned not to place undue reliance on the forward-looking statements as they speak only as of their dates. Information provided in this Management Discussion and Analysis (MD&A) pertains to Narayana Hrudayalaya Limited on a consolidated basis, unless otherwise stated.



India's competitive advantage lies in its large pool of well-trained medical professionals and its lower cost of healthcare delivery compared to counterparts in Asia and Western countries, whereby the cost of some surgeries in India are about one-third that of the US and Western Europe.



Industry Landscape

India has one of the fastest growing healthcare markets in the world. Rising income levels, an ageing population, increasing insurance coverage and the imbalance in demand-supply presents a big opportunity for healthcare providers to increase bed capacity and investments in this sector. Healthcare has evolved into one of India's largest sectors - both in terms of revenue and employment, growing at a high pace due to an increasing expenditure by the public as well as private players. India's competitive advantage lies in its large pool of well-trained medical professionals and also its lower cost for healthcare delivery compared to counterparts in Asia and Western countries, whereby the cost of some surgeries in India are about one-third that of the US and Western Europe.

From a market size standpoint, the global healthcare sector is pegged to grow at 4.3% CAGR from 2014-15 to touch US$ 8.7 tn in 2019-20. Further, the estimates also suggest that the Asia-Pacific region which stands to gain from a growing middle-class income coupled with rising expectancy, changing lifestyle and increasing accessibility will drive this expansion.

Indian Healthcare Industry to be US$280 bn by 2019-20

Indian Healthcare sector continues to grow at a faster pace than that of most other countries. The healthcare market witnessed an 11.2% CAGR over 2009-14 to reach US$ 83 bn, and contributes about 4-5% to India's GDP. The industry is projected to grow at a CAGR of 23% to US$ 280 bn over 2015-20E. The growth will be reinforced by four major propellers which can be termed as 4A's of Indian healthcare: Accessibility, Affordability, Awareness and Ailments.

Accessibility:

- Dearth of tertiary care healthcare facilities remains an issue plaguing the sector and the population as whole
- India has only 7 beds per 10,000 population which is lower compared to global median of 26

Affordability:

- Out of the pocket expenditure on healthcare in India is 61% - the highest in the world
- India has amongst the lowest health insurance penetration among the developing countries, < 20% population has health insurance (0.2-0.3% of GDP) (2013-14)

INDIAN HEALTHCARE SECTOR BY 2020

US$ **280** bn

(~23% revenue CAGR over 2015-20 to reach US$ 280 bn.)

Awareness:

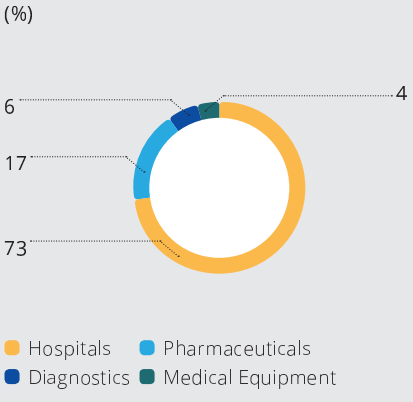
- Low literacy levels, primarily in rural areas, has been one of the major reasons behind the lack of awareness of healthcare
- Government campaigns and key projects like National Rural Health Mission (NRHM) along with NGOs are playing a pivotal role to create awareness about various diseases
- Government's focus on promoting AYUSH (Ayurveda, Yoga and Naturopathy, Unani, Siddha and Homeopathy)

Ailments:

- More lifestyle centric disease and rising urbanization are leading to a drastic increase in deaths due to Non Communicable Diseases (NCDs)
- Deaths due to NCDs are expected to be 74% of total deaths in 2029-30 compared to 60% in 2011-12

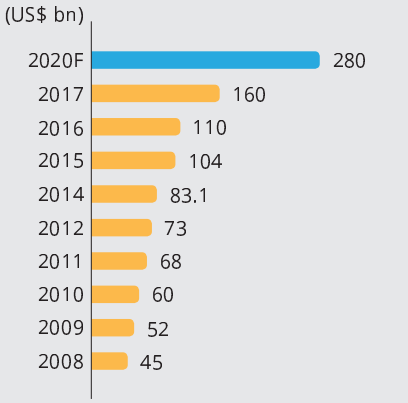
Rural India which accounts for over 70% of the population is set to emerge as a potential demand source. India requires 600,000 to 700,000 additional beds over the next five to six years, indicative of an investment opportunity of US$ 25-30 bn. Given this investment demand, the number of transactions in the healthcare space is expected to witness an increase in the near future. From a penetration standpoint, hospitals sector is witnessing the rise of Health Cities, where Tier-1 cities are turning into a one-stop shop for healthcare services including wellness, education and medical training. Tier-2 cities are gaining more traction as the cost of setting up hospitals is about ~50% lower than Tier-1 cities.

Break-up of Indian Healthcare Industry (2013-14)



Source: FICCI-KPMG Report

Indian Healthcare Sector Growth



Source: Frost & Sullivan, LSI Financial Services, Delloitte, Techsri Research

These towns are expected to emerge as attractive markets due to the demography, increasing middle-class consumers and lack of adequate healthcare facilities. Further, better access to these cities owing to the development of new national/ international airports have aided in the overall connectivity and spread of healthcare services to the remotest parts of the country.



India spends far less on healthcare as compared to most other middle-income countries. The total contribution from healthcare to GDP is ~4% which is among the lowest in the world.

Some of the key factors in Indian landscape that present an opportunity are:

1 *Healthcare Spending, Elusive to Poor*

- India spends far less on healthcare as compared to most other middle-income countries. The total contribution from healthcare to GDP is ~4% which is among the lowest in the world
- Funding in healthcare is largely determined by the increase in purchasing power of people

2 *Inadequate Infrastructure*

- India has 20% share of global disease burden and its share in the healthcare infrastructure is very low with only 8% share of doctor and nursing staff and 6% of the world hospital beds
- The doctor-to-patient ratio for India, as per the Medical Council of India, stands at 1:1,674, well below WHO recommendation of 1:1,000

3 *Fragmanted Penetration*

- More than 70% of the Indian population is residing in the rural areas, yet 80% of the healthcare facilities locate in the cities
- Urban-rural divide is a big reason why a majority of the population do not have access to quality healthcare and medical infrastructure

4 *Organized vs Unorganized*

- Indian healthcare system has been functioning as an unorganized sector, with operations conducted by both the private and public sector, separately
- Need for better structuring of hospital norms to overhaul the sector from compliance and accountabiilty perspective



The doctor-to-patient ratio for India, as per the Medical Council of India, stands at 1:1,674, well below WHO recommendation of 1:1,000.

Government Initiatives

With India already announcing its new healthcare policy, it is aiming to establish a system of universal healthcare (UHC) in the country which in turn would prove to be an impetus to a more structured healthcare sector with predefined roles and sections to cater to every person in the country.

National Health Policy, 2017

Introduction

The National Health Policy of 1983 and the National Health Policy of 2002 have served well in guiding the approach for the health sector in the Five-Year Plans. Now 14 years after the last health policy, the context has changed in four major ways:

- The health priorities are changing
- Emergence of a robust healthcare industry estimated to be growing at double digit
- Growing incidences of high expenditure due to healthcare costs, which are presently estimated to be one of the major contributors to poverty
- A rising economic growth enables enhanced fiscal capacity

Aim of National Health Policy, 2017

Inform, clarify, strengthen and prioritize the role of the Government in shaping health systems in all its dimensions- investments in healthcare organization, prevention of diseases and promotion of good health through cross sectoral actions, access to technologies, developing human resources, encouraging medical pluralism, building knowledge base, developing better financial protection strategies, strengthening regulation and health assurance.

Key Goals and Objectives

Health finance

- Increase health expenditure by Government as a percentage of GDP from the existing 1.15% to 2.5% by 2025
- Decrease in proportion of households facing high health expenditure from the current levels by 25% by 2025
- Increase state sector health spending to > 8% of their budget by 2020

Life expectancy and healthy life

- Increase Life Expectancy at birth from 67.5 to 70 by 2025
- Establish regular tracking of Disability Adjusted Life Years (DALY) Index as a measure of burden of disease and its trends by major categories by 2022
- Reduction of Total fertility rate (TFR) to 2.1 at national and sub-national level by 2025

Mortality by age and/ or cause

- Reduce under Five Mortality to 23 by 2025 and maternal mortality rate from current levels to 100 by 2020
- Reduce infant mortality rate to 28 by 2019
- Reduce neo-natal mortality to 16 and still birth rate to "single digit" by 2025

Reduction of disease prevalence/ incidence

- Achieve global target of 2020 which is also termed as target of 90:90:90, for HIV/AIDS i.e.- 90% of all people living with HIV know their HIV status, - 90% of all people diagnosed with HIV infection receive sustained antiretroviral therapy and 90% of all people receiving antiretroviral therapy will have viral suppression
- Achieve and maintain elimination status of Leprosy by 2018, Kala-Azar by 2017 and Lymphatic Filariasis in endemic pockets by 2017
- Achieve and maintain a cure rate of >85% in new sputum positive patients for TB and reduce incidence of new cases, to reach elimination status by 2025
- Reduce the prevalence of blindness to 0.25 / 1,000 by 2025 and disease burden by one third from current levels
- Reduce premature mortality from cardiovascular diseases, cancer, diabetes or chronic respiratory diseases by 25% by 2025

Coverage of Health Services

- Increase utilization of public health services facilities by 50% from current levels by 2025
- Antenatal care coverage to be sustained above 90% and skilled attendance at birth above 90% by 2025
- More than 90% of the newborn are fully immunized by one year of age by 2025
- Meet need of family planning above 90% at national and sub national level by 2025
- 80% of known hypertensive and diabetic individuals at household level maintain "controlled disease status" by 2025

Achieve global target of 2020 which is also termed as target of 90:90:90, for HIV/AIDS i.e.- 90% of all people living with HIV know their HIV status, - 90% of all people diagnosed with HIV infection receive sustained antiretroviral therapy and 90% of all people receiving antiretroviral therapy will have viral suppression.

Achieve and maintain a cure rate of >85% in new sputum positive patients for TB and reduce incidence of new cases, to reach elimination status by 2025.

Health management information

- Ensure district-level electronic database of information on health system components by 2020
- Strengthen the health surveillance system and establish registries for diseases of public health importance by 2020

Key steps for execution

Skill development

- Training courses and curriculum for super specialty paramedical care (perfusionists, physiotherapists, occupational therapists, radiological technicians, audiologists, MRI technicians, etc.) would be developed to hone the skills of the paramedical staff
- Proposes creation of Public Health Management Cadre in all States based on public health or related disciplines, as an entry criteria. The policy also advocates an appropriate career structure and recruitment policy to attract young and talented multidisciplinary professionals
- Advocates co-ordination between National Council for Skill Development, MOHFW and State Government(s) for engaging private hospitals/private general medical practitioners in skill development

Enhancing accessibility in private sector

- Recommends a better public private healthcare interface and recognizes the need for engagement in operationalization of mechanisms for referrals from public health system
- Advocates incentivizing the private sector through (i) reimbursement/ fees (ii) preferential treatment to collaborating private hospitals/ institutes for CGHS empanelment and in proposed strategic, etc

Medical devices production and regulation

- Private domestic manufacturing firms/ industry could be engaged to provide customized indigenous medical devices to the health sector and in creation of forward and backward linkages for medical device production
- Recommends strengthening regulation of medical devices and establishing a regulatory body for medical devices to unleash innovation and the entrepreneurial spirit for manufacture of medical device in India
- Timely revision of National List of Essential Medicines (NLEM) along with appropriate price control mechanisms for generic drugs shall remain a key strategy for decreasing costs of care for all those patients seeking care in the private sector

Use of technology

- National Digital Health Authority (NDHA) will be set up to regulate, develop and deploy digital health across the continuum of care. Metadata and Data Standards (MDDS) & Electronic Health Record (EHR), will be supported by this policy

Availability of drugs and medical devices

- The policy accords special focus on production of Active Pharmaceutical Ingredient (API) which is the back-bone of the generic formulations industry
- Recognizing that over 70% of the medical devices and equipment are imported in India, the policy advocates the need to incentivize local manufacturing to provide customized indigenous products for Indian population in the long run
- The goal with respect to medical devices shall be to encourage domestic production in consonance with the "Make in India" national agenda

Recognizing that over 70% of the medical devices and equipment are imported in India, the policy advocates the need to incentivize local manufacturing to provide customized indigenous products for Indian population in the long run.



Company Review



NH believes that affordability and quality healthcare are not two mutually exclusive aspects of healthcare ecosystem and can play out in conjunction with each other by deploying a well-crafted strategy centred around clinical excellence and optimal utilization of capital.



NH strives to develop a healthier, disease-free society by providing comprehensive, affordable and best-in-class healthcare solutions to people in every conceivable way. The Group firmly believes that India deserves an improved healthcare system and as a key industry player, it aims to spearhead this drive. Thus, NH's purpose, since inception in 2000, has been towards building a robust affordable healthcare environment. Today, it prides itself in making substantial progress along these lines.

NH continues to widen its vibrant umbrella by adding new hospitals across the network and is committed to realise the goal to be a true Pan-India healthcare provider. NH operates a network of 24 hospitals, 7 heart centres and 19 primary care facilities as of May 1, 2017 (including clinics and information centres), across India and one hospital at the Cayman Islands with 5,932 operational beds and the potential to reach a capacity of 7,181 beds.

NH has a strong presence in the Southern state of Karnataka and Eastern India, as well as an emerging presence in the Western, Central and Northern India. The Group recently added two hospitals in NCR to augment its presence in North after commissioning a super speciality hospital in Jammu in April 2016 and it also opened its much anticipated SRCC Children's Hospital in Mumbai to strengthen its foothold in the western cluster.

As the Group makes further progress, it continues to emphasise on its differentiated business model that combines the mutual interest of stakeholders and its patients' i.e. delivering best-in-class returns while ensuring the key element of affordability in its healthcare solutions. Patient care, clinical excellence, technology, innovation, and profitable growth continue to be the bedrock of NH's broad strategy. NH firmly believes that making healthcare affordable would open new vistas for growth by attracting more patients to choose better services and gradually shift towards better organized healthcare setups like NH.

NH believes that affordability and quality healthcare are not two mutually exclusive aspects of healthcare ecosystem and can play out in conjunction with each other by deploying a well-crafted strategy centred around clinical excellence and optimal utilisation of capital.

From a fiscal 2016-17 viewpoint, the Company is pleased to report an impressive operational as well as financial performance. At the consolidated level, NH reported a 16.4% year-on-year growth in total operating income from ₹ 16,138 mn in 2015-16 to ₹ 18,782 mn this fiscal, this also underlines that NH registered an over 20% CAGR growth over the last four year period. This remarkable growth was anchored by the mature hospitals, which have been operational for more than five years, growing by an industry leading 13% year-on-year with headroom available

to maintain the momentum given the occupancy level of less than 65% for this set. The mature hospitals are well-complemented by the newer facilities, which have completed less than five years of operations, whose steady ramp-up has ensured 25% year-on-year growth. It led to an EBITDA of ₹ 2,463 mn, which is 30.2% up from the reported EBITDA of fiscal 2016 translating to margin expansion of ~139 bps over 2015-16 and a stellar ~350 bps improvement over 2014-15 highlighting the efficacy of NH's distinct model. There was a brief stutter in the second half of the year due to the government's demonetization drive which had an impact on the walk-in patients which constitute close to 60% of the group's revenues. While there was some disruption in the cash situation, regularity returned to the business closer to the end of financial year.

The commendable aspect of 2016-17 results is an exponential rise in Group's total comprehensive income which stood at ₹ 830 mn which is about 314% higher than the reported number for 2015- 16. This phenomenal performance is due to the turnaround of operations at our Cayman Islands Hospital which, through its wide spectrum of services, has achieved an EBITDA margin of 13.3% in the last quarter which translated to an overall EBITDA margin of 7.6% for the full year. This notable feat by Cayman Islands facility was achieved within three years of operations. Another crucial highlight is our Net Debt to Trailing EBITDA ratio as on March 31, 2017 at 0.7 which is amongst the lowest in the industry demonstrating our fiscal discipline. All these heartening developments have led to healthy internal accruals for the Company with positive free cash flow generation.

Besides the operational performance, the year 2016-17 was a landmark year for the group concerning the accomplishments we had in clinical excellence. These initiatives demonstrate NH's commitment to patient care and quality services. Some of the key highlights:

- Narayana Institute of Cardiac Sciences, Bengaluru became the first hospital in the country to introduce a new smart generation catheter device that is used to correct electrical signals causing a disturbance in the heart rhythm
- Da Vinci Robotic Surgical System, installed at NH Health City, crossed the milestone of performing around 150 surgeries within 10 months of its commissioning
- Mazumdar Shaw Medical Centre, Bengaluru (MSMC) harvested bone marrow from an eight-month-old infant to donate it to his sister, first of its kind in India
- The Mysore Hospital performed a rare complete hip replacement surgery on a 12-year-old boy to treat TB of hip
- The Blood Bank at Guwahati Hospital got accredited by NABH, making it the first ever in the country to achieve this within 18 months of commissioning
- Narayana Multispeciality Hospital, Raipur, performed the first Leadless Pacemaker Implant across Central India

TOTAL OPERATING INCOME

₹ 18,782 mn

(from ₹ 16,138 mn in 2015-16, showing a y-o-y growth of 16.4%)





Resources Review

India Hospital Network

As on May 1, 2017, we operate 24 hospitals in India:

Engagement Framework	Comments	Number of Units	Number of Operational Beds	Gross Block + CWIP (₹ mn) [1]	Capital Cost per Bed (₹ mn)
Owned Or Long-Term / Perpetual Lease	Owns and operates on freehold basis Or land taken on long-term / perpetual lease	8 Hospitals	2,607	9,615	3.7
Revenue Share / Rentals	Operates and pays a revenue share / rent to owner of the hospital premises	10 Hospitals	1,817	3,180	1.8
Public-Private Partnership	Operates with nominal investment in partnership with public entities	2 Hospitals	297	168	0.6
Managed Hospitals	Provides healthcare services to third parties for a management fee	4 Hospitals	720	-	-
Heart Centres	Runs cardiac sciences' department out of 3rd party hospitals and pays revenue share	7 Heart Centres and 1 Clinic	386	511	1.3

[1] Figures exclude cash and non-cash government grant of ₹ 1,499 mn which forms the part of total Gross Block as per IND AS.

Our investments in these hospitals are on the back of our philosophy to expand our presence while maximizing the efficiency of capital deployment. This apart, we have consciously chosen to grow using a judicious mix of organic and inorganic growth. On the organic route, we started fiscal 2016-17 with the commissioning of our super speciality facility at Kakriyal, Jammu (established in partnership with Shri Mata Vaishno Devi Shrine Board). The 230 bedded facility is a state-of-the-art tertiary care facility catering to patients across 20 different specialities with a particular focus on cardiac sciences and oncology. The response to this hospital has been very encouraging since the opening, and we see meaningful traction to the business. Towards the beginning of 2017-18, we also commissioned SRCC Children's Hospital at Haji Ali Park, Mahalaxmi in Mumbai. The facility is operated and managed by NH and backed by SRCC, an institution renowned for serving the needs of children from all sections of society. SRCC Children's Hospital is our maiden foray in Mumbai and a well-calibrated step in line with our group strategy to reinforce our presence across selected regional clusters.

On the inorganic expansion front, besides the three facilities acquired in 2013-14 (one facility at Barasat and two facilities in Howrah) to augment our stronghold in the Eastern cluster, we recently added two additional facilities in the Northern region to consolidate our presence in the area. This year, we ventured into National Capital Region (NCR) by entering into a partnership to provide healthcare services at 300 capacity bedded 'Dharamshila Narayana Hospital & Research Centre' in East Delhi. Additionally, we also acquired a near complete 230 bedded hospital in Gurugram and bolstered our presence in the Northern cluster. From a geography standpoint, NH has sustained its strong brand recognition in two geographic clusters in the southern state of Karnataka and Eastern India, while at the same time it has cemented its presence in the Western and Northern India.

Cluster wise hospitals and beds count

Cluster	Number of Facilities	Capacity Beds as on May 1, 2017	Operational Beds as on May 1, 2017
Karnataka	Seven hospitals including one managed hospital and six heart centres	2,904	2,488
Eastern	Nine hospitals including one managed hospital, three acquired facilities and one heart centre	2,262	1,983
Western and Central	Six hospitals including two managed hospitals	1,358	1,011
Northern	One hospital at Kakriyal, Jammu and one facility at East Delhi	542	335

KARNATAKA CLUSTER

Our Karnataka cluster comprises of seven hospitals including one managed hospital and six heart centres. Together these facilities account for 2,904 capacity beds and 2,488 operating beds as on May 1, 2017. The cluster accounts for over 48% of hospital revenues and contributes to 42% hospital operational bed count.

NH has a dominating presence in the Karnataka region with its business broadly led by NH Health City, its flagship facility in Bengaluru. NH Health City, located in Bommasandra, Bengaluru houses Narayana Institute of Cardiac Sciences (NICS), a super speciality hospital for cardiology and cardiac surgery, and Mazumdar Shaw Medical Center (MSMC), a multispecialty hospital for cancer care, neurology and neurosurgery, nephrology and urology. Along with these two hospitals, we also have hospitals in HSR Layout and Whitefield in Bengaluru, one managed hospital at JSW Bellary, one hospital each in Mysore and Shimoga and six heart centres across the cluster.

EASTERN CLUSTER

NH prides itself in being one of the few hospital networks with a deep-rooted penetration in the Eastern part of the country. We have nine hospitals, one heart centre and over 2,262 capacity beds and 1,983 operational beds as on May 1, 2017.

Our network of hospitals in the region includes hospitals in the greater Kolkata area encompassing Howrah, Barasat and the Eastern Metropolitan Bypass, a multispecialty hospital in Jamshedpur, Jharkhand, a super speciality hospital in Guwahati, Assam and a managed hospital and heart centre in Durgapur. The eastern cluster contributes 36% to the hospital revenues and 38% to the hospital operational bed strength.

WESTERN CLUSTER

NH has charted on a new growth phase and lately increased its footprints in the western part of the country. Our operations in the cluster are primarily led by our facilities in Jaipur which caters to Rajasthan population, a facility in Raipur which serves the population in and around Chhattisgarh, a facility in Ahmedabad and two managed units at Palanpur, Mahuva in Gujarat.

To further consolidate our presence in the region, we identified Mumbai as one of the key markets for expansion and starting fiscal 2017-18; we forayed into Mumbai with our distinct SRCC Children's Hospital at Haji Ali Junction in Mumbai. This hospital also registers our maiden debut as a "pure-play children only" hospital. We firmly believe that India is an underserved market for the children and therefore this hospital will contribute meaningfully towards the betterment of children. NH has held the recognition for operating one of the World's largest paediatric cardiac care unit in our flagship cardiac unit at Bengaluru, and with our Mumbai inroad, we intend to replicate that capability and offer affordable yet world-class medical care for infants, children and adolescents. The strong initial response from various stakeholders to SRCC Children's Hospital, especially the doctor community, reinforces our belief about the strategy we have laid out there.

The strategy is to create Mumbai region as a hub for the cluster and other facilities across the region to act as spokes to derive operational synergies harnessing cost efficiencies and shared resources. Novel approaches like operating the niche paediatric care hospital vindicates our well-calibrated expansion strategy.



NORTHERN CLUSTER

Our foray in the northern region is one of the vital developments of fiscal 2016-17. At the beginning of 2016-17, we opened a super speciality hospital at Kakriyal in Jammu in partnership with Shri Mata Vaishno Devi Shrine Board. Located approximately 15 kilometres from Katra, the base camp for tourists of Holy Shrine of Shri Mata Vaishno Devi, this ~230 bedded tertiary care facility caters to patients across 20 different specialities with a particular focus on cardiac sciences and oncology. Since the inception of the hospital, NH is receiving a phenomenal response and the ramp up in the facility has happened quicker than the expected time.

To further fortify our position in North India, NH entered into a partnership to provide healthcare services at ~300 capacity bedded Dharamshila Narayana Superspeciality Hospital & Research Centre in East Delhi and NH also acquired (Early 2017-18) a ~230 bedded near complete hospital at Gurugram.

Dharamshila Hospital, presently an oncology-focused unit, is in the process of getting upgraded to a state-of-the-art super speciality tertiary care hospital. The hospital has a strong track record of operations over two decades and would give NH a robust platform to make significant inroads in the healthcare landscape of NCR. NH further bolstered its NCR presence by acquiring a near complete hospital. Located in South-Western part of NCR, it is the first hospital en route Gurugram from Indira Gandhi International Airport. This hospital would cement NH's presence in North India by complementing the operations of East Delhi-based Dharamshila hospital and would help us in creating a strong regional network.

The idea is to create a regional hub in NCR and tap into the northern region with vast potential. The emphasis is on minimizing the time to-market and leveraging the strong brand recognition NH enjoys in Karnataka and Eastern India to gain a significant head start in the region.

Our foray in the northern region is one of the vital developments of fiscal 2016-17. At the beginning of 2016-17, we opened a super speciality hospital at Kakriyal in Jammu in partnership with Shri Mata Vaishno Devi Shrine Board.





International Presence

Our laurel in the field of clinical excellence centred around affordability has surpassed the Indian shores helping us attract patients from Africa, Middle East and South Asian Nations. Today, we cater to patients from ~77 countries.

After attaining these prominent feats concerning international patients, we put to execution our frugal, yet innovative model to test at Cayman Islands. Started in 2013-14, Health City Cayman Islands (HCCI) was our first international venture in association with Ascension Health Alliance and Ascension Health Ventures, LLC. This facility has now emerged into advanced tertiary hospital and has expanded its service offerings through the programs of plastic surgery, interventional radiology and interventional neurology. This hospital pioneers in delivering high quality, affordable care and attract patients from the Cayman Islands, the Caribbean, the U.S, and Latin America. The facility, just a year after its opening, earned the prestigious Gold Seal of Approval from Joint Commission International (JCI), the worldwide leader in accrediting the quality of healthcare. HCCI is also the largest hospital in the Caribbean to be accredited by JCI. HCCI reported revenues of US$ 32.6 mn for twelve months ended March 2017. The facility broke even at the EBITDA level this fiscal and reported EBITDA of US$ 2.5 mn reflecting an EBITDA margin of 7.6% for the year. Achieving this within three years of operations highlights the strong operational performance of this facility.

Last year, NH also inked a pact with prominent Kenyan doctors and a couple of international financial institutions to set up a healthcare facility in Nairobi, Kenya.

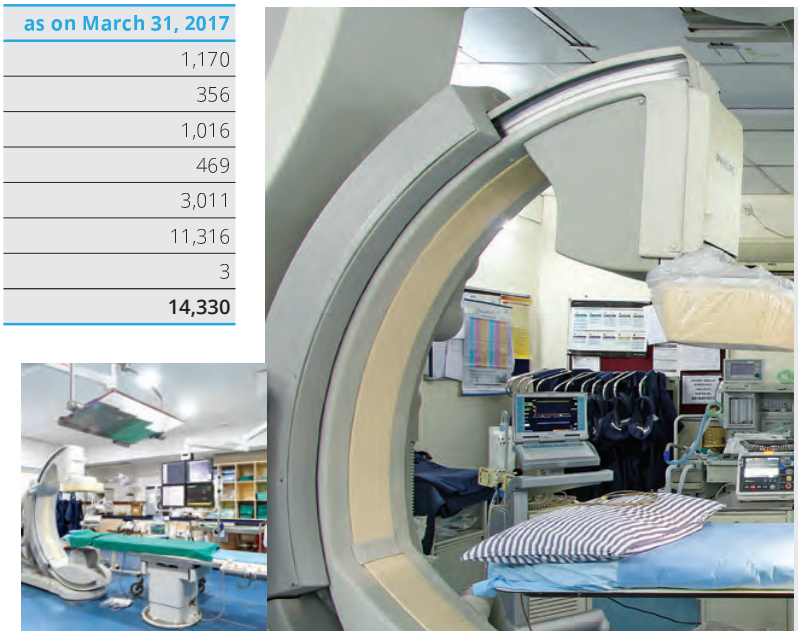
The sheer success of our Cayman facility has lent us the confidence and understanding to operate in markets miles away from our home turf. This accomplishment has opened up frontiers of opportunities for us in international territories while we continue to expand in India. NH remains open to foray in select regions across Sub-Saharan Africa, Middle East and SAARC with limited capital exposure.

Human Resource

Our focus on clinical excellence and best practices is driven by our highly qualified workforce and at the helm of it is our doctors who push the boundaries every day to make meaningful innovations aimed at alleviating patients' pain and provide them with highest degree of comfort possible. Our focus on educating our medical staff like nurses and medical assistants has helped us make major strides in developing a holistic environment of patient care and clinical expertise. Emphasis is on developing NH a great place to work by inculcating an atmosphere of transparency and accountability.

Employee and Associate as on March 31, 2017

Category	as on March 31, 2017
Consultants	1,170
Employee Doctors	356
Visiting Consultant	1,016
Student Doctors	469
Total Doctors	3,011
Nurses, Paramedical and Administrative	11,316
Scientists and Researchers	3
Total Employees	**14,330**



Technology

- NH is in the process of deploying a new class of innovative technologies for OPD Electronic Medical Records (EMR) that will improve the efficiency and productivity of clinical staff to see and treat patients. These intuitive clinical apps will provide benefits such as increasing the number of patients seen per day per clinic while lowering the costs associated. Additionally these clinical apps provide a comprehensive clinical documentation of each patient encounter to enable more effective future patient visits
- All the business and system applications were migrated to an advanced Azure Cloud Infrastructure. This new platform provides us with improved performance, monitoring, reliability, high availability and security
- An initiative to consolidate user identities across various applications was successfully rolled out. An identity management platform allows users to manage multiple application access through a single username and password together with the ability to manage the passwords on their own
- Clinical decision support system integrated with EMR was implemented which would enable healthcare professionals to take informed decisions, provide up to date drug information and improve the quality of care to patients
- A vendor neutral archive solution to archive medical images has been implemented and this led to enhanced data retention, reduced infrastructure costs and enabled access to studies from anywhere, anytime, any device in a secure manner
- A new patient engagement platform in partnership with a leading healthcare technology company is being developed to allow patients to engage with NH digitally. This platform shall allow patients to access their medical records online along with enabling them easy access to appointment scheduling, video consultations, drug dose reminders etc. The platform will also allow the patients to monitor and log their wellness on a continuous basis





All the business and system applications were migrated to an advanced Azure Cloud Infrastructure. This new platform provides us with improved performance, monitoring, reliability, high availability and security.

Operating Performance

Group Operating Performance

On operational front, year 2016-17 was a momentous year for us. Group's emphasis on a diverse case-mix with advanced high end-surgical work is reflected in our expanded services spectrum as the share of cardiac sciences in the group's operating revenues has come down to ~48%, the first time in the history of our operations with core six specialities now contributing ~90% to revenues. The focal point of the strategy shifting towards other specialities, a part of our transformational journey to be recognised as a leading multi-speciality healthcare provider of choice across specialties, is also reflected in the stellar 18% growth in Average Revenue per Occupied Bed (ARPOB) of Rupees Seventy Six Lacs and sharp reduction of ~ 0.4 days in Average Length of Stay (ALOS) to 4.04 days. Another notable aspect of 2016-17 is the industry leading growth of 13% across our mature units notwithstanding their ageing profile along with a strong push from newer facilities which grew by 25%. The group witnessed a growth in average occupied beds from 2,189 beds* in 2015-16 to 2,255 beds* in 2016-17 despite the headwinds due to the demonetization drive which resulted in major disruption in the cash situation. Our focused initiatives along with NH's strong brand recognition internationally resulted in a tremendous increase in international patients' base whose share to operating revenues almost doubled from 4.5% in 2015-16 to 8.0% in 2016-17. One of the noteworthy highlights of 2016-17 is that our mature units continue to consistently display best-in-class profitability (EBITDAR) margins of over 25% even at less than 65% occupancy. All this was possible despite the government's demonization initiative makes it a notable achievement.

The group improved its clinical performance by bringing in next generation medical technology like Da Vinci Robotic Surgical System to develop NH's expertise in Minimal Invasive techniques which reduce surgical trauma to patients and patient recovery time.

Rejig of the payer mix and continuous evaluation of operations enabled us improve our Debtor Sales Outstanding (DSO) from 39 days of Operating Income in 2015-16 to 33 days in 2016-17. De-risking of the business model is underway and has started showing optimistic results as our reliance on three flag facilities has been come down to just over 50% of group's operating revenues.

The other significant highlights of the operating performance are:

- NH launched a dedicated 30 bedded platinum wing in Mazumdar Shaw Medical Centre, Bengaluru to offer world-class services and comfort in line with international standards of dedicated care and hospitality
- Department of Radiation Oncology at Narayana Superspeciality Hospital, Howrah completed its five years; it is the only department with modern radiotherapy facilities in the Howrah-Hooghly-Midnapore belt in West Bengal
- NH has partnered with Cisco to offer affordable remote diagnostic capabilities; this digital telemedicine solution would deliver advanced specialized healthcare services remotely in various parts of the country
- The Blood Bank at Guwahati Hospital got accredited by NABH, making it the first ever in the country to achieve this within 18 months of commissioning
- 10 hospitals in our network are NABH accredited and 3 hospitals which are JCI accredited

* Excludes Managed Hospitals, Cayman facility, MMRHL, Berhampore, Hyderabad, Suguna and Kuppam facilities



INTERNATIONAL PATIENTS' BASE

8.0%

(Share doubled from 4.5% in 2015-16 to 8.0% in 2016-17.)



Consolidated Balance Sheet

The following is the summary of balance sheet for the fiscal 2016-17 and fiscal 2015-16.

Particulars	March 31, 2017	March 31, 2016	Movement
ASSETS			
1. Non-current assets			
Property, plant and equipment	10,209	9,927	283
Capital work-in-progress	530	138	392
Goodwill	581	590	(9)
Other intangible assets	27	28	(1)
Equity accounted investees	928	869	60
Financial assets			
- Investments	33	3	30
- Loans	203	149	53
- Other financial assets	20	23	(3)
Income tax assets (net)	199	345	(146)
Other non-current assets	722	633	89
Sub-total- Non-current assets	**13,452**	**12,704**	**748**
2. Current assets	-	-	-
Inventories	524	497	26
Financial assets			
- Current investment	-	-	-
- Trade receivables	1,569	1,518	51
- Cash and cash equivalents	262	138	125
- Bank balances other than above	79	103	(24)
- Loans	30	58	(28)
- Other financial assets	353	163	189
Income tax assets (net)	-	1	(1)
Other current assets	199	240	(41)
Assets held for sale	-	141	(141)
Sub-total- Current assets	**3,016**	**2,860**	**156**
TOTAL - ASSETS	**16,468**	**15,564**	**904**
EQUITY AND LIABILITIES			
1. Equity			
Equity share capital	2,044	2,044	-
Other equity	7,587	6,716	871
Sub-total- Total equity attributable to owners of the Company	**9,631**	**8,760**	**871**
2. Non-controlling interests	2	3	(0.4)
Sub-total- Total equity	**9,633**	**8,763**	**871**
3. Non-current liabilities			
Financial liabilities	-	-	-
- Borrowings	1,798	1,876	(78)
- Other financial liabilities	59	32	27
Provisions	151	130	21
Deferred tax liabilities (net)	248	232	16
Other non-current liabilities	1,353	1,385	(32)
Sub-total - Non-current liabilities	**3,609**	**3,654**	**(44)**
	-	-	-
4. Current liabilities			
Financial liabilities			
- Borrowings	90	446	(356)
- Trade payables	1,885	1,610	275
- Other financial liabilities	873	688	185
Other current liabilities	254	282	(28)
Provisions	122	118	4
Income tax liabilities (net)	-	4	(3)
Sub-total - Current liabilities	**3,226**	**3,148**	**78**
TOTAL - EQUITY AND LIABILITIES	**16,468**	**15,564**	**904**

Figures in ₹ mn, the sum of the sub-segment amounts may not equal the total amounts due to rounding off

Shareholders' Funds

The movement in the shareholders' funds from ₹ 8,763 mn as on March 31, 2016 to ₹ 9,633 mn as on March 31, 2017 is explained in the below mentioned points:

Increase in the surplus on account of improved operating performance across the network of hospitals. "Total comprehensive income" stood at 830 mn as compared to 200 mn in the previous year.

Liabilities

Long-Term Borrowings

The movement in the long-term borrowings from ₹ 1,876 mn as on March 31, 2016 to ₹ 1,798 mn as on March 31, 2017 is on account of routine principal repayments.

Short-Term Borrowings

The short-term borrowings have reduced by ₹ 356 mn from ₹ 446 mn in previous fiscal to ₹ 90 mn as on March 31, 2017. During the period, the Company repaid working capital loans to multiple banks on account of improved working capital management and also repaid commercial papers worth ₹ 200 mn backed by robust internal accruals.

Trade Payables

The trade payables have increased from ₹ 1,610 mn in 2015-16 to ₹ 1,885 mn in 2016-17 which is commensurate with the volume of business during the year.

Other Current Financial Liabilities

Increase in the creditors for capital goods by ₹ 176 mn essentially due to purchases of certain medical equipment in March 2017 across the network.

Assets

Gross Block

Gross Block (tangible assets) increased from ₹ 13,405 mn in 2015-16 to ₹ 14,439 mn in 2016-17 reflecting an increase of ₹ 1,034 mn. Bulk of this increase is attributed towards strengthening the medical equipment base across our network.

It is important to note that the Gross Block figures include cash and non-cash Government Grant of ₹ 1,449 mn as per IND AS which was not a part of Gross block as per the previous IGAAP. As per the 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.

Non-Current Investments

The movement of ~₹ 60 mn during 2016-17 compared to 2015-16 is towards investments across our overseas ventures namely Kenya, Cayman Islands, etc.

Inventories

The inventory has increased to ₹ 524 mn in 2016-17 from ₹ 497 mn in the 2015-16. This nominal increase of ~5.4% in inventory compared with a major uptick of ~16.4% in operating revenues reflects company's continuous evaluation of business operations. The optimisation is mainly on account of better inventory management and controls across hospitals. Setting up of warehouses across various locations to cater to their respective cluster hospitals has led to considerable reduction in stock holding and better fulfilment.

Trade Receivables

The trade receivables (net of provisions for doubtful receivables) went up from ₹ 1,518 mn in 2015-16 to ₹ 1,569 mn in 2016-17 reflecting an increase of ~3.3% compared to ~16.4% increase in operating revenues. This considerably lower movement in trade receivables vis-à-vis operating revenues is on the back of company's stringent financial controls and supply chain efficiency thus leading to reduction in the debtor days from in 35 days 2015-16 to 30 days in 2016-17.

Other Current Assets

The other current assets have decreased from ₹ 240 mn to ₹ 199 mn. This is on account of reduction in security deposit.



Consolidated Statement of Profit and Loss
Statement of Profit and Loss Account

Below is the summary of statement of profit and loss account for 2016-17 and 2015-16:

Particulars	2016-17	2015-16	% Change
Income			
(a) Revenue from operations	18,782	16,138	16.4%
(b) Other income	175	147	19.0%
Total income	**18,956**	**16,285**	**16.4%**
Expenses			
- Purchase of medical consumables, drugs and surgical equipment and change of inventories	4,359	3,871	12.6%
- Employee benefit expenses	3,752	3,338	12.4%
- Professional fees to doctors	3,856	3,209	20.2%
- Other expenses	4,526	3,974	13.9%
Total expenses	**16,493**	**14,393**	**14.6%**
Earnings before depreciation and amortisation, finance costs and exceptional items and tax (EBITDA)	**2,463**	**1,893**	**30.2%**
Depreciation and amortisation expense	799	761	5.0%
Finance costs	218	294	(25.9%)
Total expenses	**17,510**	**15,448**	**13.3%**
Profit before exceptional items and tax	1,446	837	72.7%
Exceptional items	13	110	(87.8%)
Profit before share of loss of equity accounted investees and income tax	1,433	727	97.1%
Share of loss of equity accounted investees	79	217	(63.5%)
Profit before tax	1,353	510	165.6%
Tax expense			
Current tax	509	351	44.9%
Deferred tax charge/(credit)	14	(50)	(128.9%)
Total tax expense	**524**	**301**	**73.8%**
Profit for the year	830	208	298.5%
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
- Re-measurement gains/(losses) on defined benefit plans	2	(12)	(119.1%)
- Income tax effect	(2)	4	(146.8%)
Other comprehensive income, net of taxes	0	(8)	(104.4%)
Total comprehensive income	**830**	**200**	**314.5%**
Profit attributable to:			
Owners of the company	831	212	291.2%
Non-controlling interests	(1)	(4)	(80.9%)
Profit for the year	830	208	298.5%
Other comprehensive income attributable to:			
Owners of the company	0	(8)	(104.4%)
Non-controlling interests	0	(0)	(155.9%)
Other comprehensive income for the year	0	(8)	(104.7%)
Total comprehensive income attributable to:			
Owners of the company	831	204	306.6%
Non-controlling interests	(1)	(4)	(79.9%)
Total comprehensive income for the year	**830**	**200**	**314.5%**

Figures in ₹ mn except for %, the sum of the sub-segment amounts may not equal the total amounts due to rounding off

Operating Income

The Company's revenue from operations increased from ₹ 16,138 mn in 2015-16 to ₹ 18,782 mn in 2016-17. This increase of 16.4% is due to:

I. This uptick in revenues is a result of phenomenal growth of 24.9% in the hospitals having maturity less than 5 years (including acquisitions) complemented by sustained, industry leading of 13.2% for the hospitals having maturity more than five years

II. Improvement in the average realisation per operating bed (ARPOB) to ₹ 7.6 mn in 2016-17 from ₹ 6.4 mn in 2015-16 on the back of improved case mix and due to reduction in ALOS as we are emphasising on short day surgeries and procedures

III. Increase in International patients' share in revenues from 4.5% in 2015-16 to 8.0% in 2016-17

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

The manpower expenses including professional fees paid to doctors have increased from ₹ 6,547 mn in 2015-16 to ₹ 7,608 mn in 2016-17 in line with growth in business.

Increase in payout to doctors is also on account of engagement of clinical talent at recently commissioned facilities at Jammu and Mumbai. There is an increase in employee cost due to investment in human resources across the board, in line with expanding operations and due to increase in the minimum wage paid to staff as per the government regulation.

In addition, the Company had a non-cash provisioning impact of ₹ 59 mn (₹ 34 mn in 2015-16) in 2016-17 due to outstanding employee stock options (ESOPs).

Other Expenses (Excluding Professional Fees to Doctors)

The other expenses (excluding professional fees to doctors) of the Company at the consolidated level have increased by 13.9% to ₹ 4,526 mn from ₹ 3,974 mn in the previous fiscal. Some of the key heads and the movement of expenses across each is explained below:

Repair and Maintenance

The repair and maintenance expenses have increased from ₹ 691 mn in 2015-16 to ₹ 754 mn in 2016-17. This increase is because of:

I. Increase in software maintenance costs, lift and other equipment

II. Additional expenses on account of repair of medical equipment and medical accessories maintenance



The uptick in revenues is a result of phenomenal growth of 24.9% in the hospitals having maturity less than 5 years (including acquisitions) complemented by sustained, industry leading of 13.2% for the hospitals having maturity more than five years.



Cost of Material Consumed

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 ₹ 4,359 mn from ₹ 3,871 mn. However, as a percentage to net sales, the cost of material consumed has come down to 23.2% in 2016-17 as compared to 24.0% in the previous year. Increased yields through higher complexity of clinical work, better payor mix management along with economies of scale continue to result in achieving optimal consumption levels.

TOTAL COMPREHENSIVE INCOME

₹ 830 mn

(from ₹ 200 mn in 2015-16, showing a remarkable increase of ~314%).

Remarkable increase of approximately 314% in Total Comprehensive Income has been aided by strong pick-up of operations at our overseas Hospital in Cayman Islands.



Business Promotion and Advertisements

These expenses were at ₹ 548 mn in 2016-17 and continue to grow in line with expanding canvas of operations

I. Business promotion increased from ₹ 142 mn in 2015-16 to ₹ 173 mn in 2016-17 due to increase in facilitation fees linked to growth in International Business by ~50%

II. Advertisements and publicity expenses increased from ₹ 287 mn in 2015-16 to ₹ 375 mn in 2016-17 due to increase in ads in newspapers and hoarding

Power and Fuel

While the overall power and fuel cost has increased from ₹ 472 mn in 2015-16 to ₹ 499 mn in 2016-17, but the power and fuel cost per occupied bed was almost flat as specific control measures and regular tracking initiatives like cheaper renewable energy, efficient diesel powered equipment were undertaken across the network.

Operating Rent

Operating rent decreased from ₹ 496 mn in 2015-16 to ₹ 482 mn. Operating rent as a percentage of operating revenues has come down from 3.1% in 2015-16 to 2.6% of total operational revenue in 2016-17. This decrease is due to buying back of certain medical equipment across our few facilities which were earlier under Pay Per Use model (PPU).

Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA)

The Company reported an EBITDA of ₹ 2,463 million, up by 30.2% over 2015-16 thus translating in EBITDA margins of 13.1% in 2016-17 as compared to 11.7% in the previous financial year reflecting an improvement of 139 bps and a stellar improvement of ~350 bps over 2014-15 with EBITDA almost getting doubled over 2015-17. Ramp up at our newer hospitals along with consistent growth at mature hospitals are leading to operating leverage kicking in and thus a boost in profitability. Our emphasis on containing costs like consumables, manpower expenses, etc through various operational initiatives is also improving the profitability profile.

Finance Cost

The finance cost on a year-on-year basis has reduced from ₹ 294 mn in 2015-16 to ₹ 218 mn in 2016-17. This decrease is largely on account of the reduction in overall borrowings of the Company due to solid cash flow generation for the period under review coupled with a lower cost of borrowing.

Exceptional Items

The exceptional items of ₹ 13.4 mn is on account of loss of sale of our Berhampore unit. The Company decided to cease operations at its "Rabindranath Thakur Diagnostics & Medical Care Centre" in Berhampore. The decision was part of Company's regular strategic business review to monitor and assess risks and costs associated with all its business units.

Total Comprehensive Income

Our consolidated Total Comprehensive Income registered an exponential rise and was at ₹ 830 mn in 2016-17 as compared to ₹ 200 mn in 2015-16, a remarkable increase of approximately 314% which has been aided by strong pick-up of operations at our overseas Hospital in Cayman Islands along with an improved EBITDA performance of the Company and its subsidiaries.

Corporate Social Responsibility

The CSR Policy of NH aims to make a positive difference to the lives of the people by engaging into activities that alleviates pain and suffering of the underprivileged section of the society. The objectives of this policy are 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 and to strive for socio-economic development thereby reducing inequality between rich and poor. For a detailed note, please refer to CSR section of this annual report.

Risk & Concerns

Risk is a potential event or non-event, the occurrence or non-occurrence of which can adversely affect the objectives of Company. Impact of risks could either be monetary that is impact on business profits due to increase in costs, decreasing revenue amongst others or non-monetary which is delay in securing approvals, litigation cost, reputational damage etc. In addition, we could also be susceptible to risks arising out of our business strategy, decision on innovation or product portfolio. If there is any significant unfavourable shift in industry trend or pattern of demand, our returns on investments might get affected. We also have multiple competitors both in India and overseas and we also stride through risk associated with government policies and legal framework. As a conscientious organization, we have adopted a risk management framework to ensure early identification and management of various critical risks, which accrue to our business model. We continue to work toward managing these risks and work towards business goals.

The risk management framework adopted by the Company ensures continuous focus on identifying, assessment & evaluation, and adequate mitigation of various risks affecting the Company. The Audit & Risk committee reviews the Company's critical risks, overall risk exposure and timely changes to overall exposure, and status of various risk mitigation plans on a periodic basis.

Internal Controls

The Company is responsible for establishing and on-going maintenance of adequate and effective internal controls and for the preparation and presentation of the financial statements, in particular, the assertions on the internal financial controls in accordance with broader criteria established by the Company. A robust, comprehensive internal control system is a prerequisite for an organization to function ethically and in commensuration with its abilities and objectives. We have established a robust internal control system for the Company and its subsidiaries, comprising of the policies and procedures adopted by the company 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 and presentation of reliable financial information. This internal control system is aimed at providing assurance on the Company's effectiveness and proficiency of operations, compliance with laws and regulations, safeguarding of assets and reliability of financial and management reporting. Company and its subsidiaries is staffed with experienced and qualified people who play an important role in designing, implementing, maintaining and monitoring the internal control environment. Further, an independent firm of Chartered Accountants performs periodic internal audits to provide reasonable assurance over internal control effectiveness and advice on industry wide best practices. The Audit committee consisting of independent director's review important issues raised by the Internal and Statutory auditors thereby ensuring that the risk is mitigated appropriately with suitable rectification measures on a periodic basis.

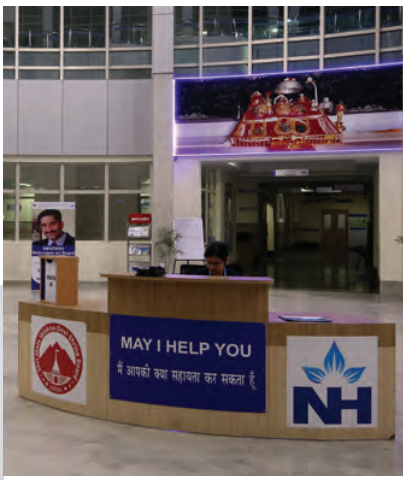




Outlook and Strategy Going Forward

At NH, we are committed towards creating a healthy and disease-free society and to achieve this objective, we have to provide healthcare services to a broad spectrum of population. With this vision, we are progressing towards providing high quality, affordable healthcare services. Looking into the future, we foresee many opportunities in the industry for players like us. Our focus on dissociating healthcare services from affluence is driven by our core values of innovation and frugality. Our Asset-Right model inculcates financial discipline and our focus on economies of scale and driving operational synergies will help us in providing healthcare services at affordable price to a larger section of population. We will continue to channelise our energy towards harnessing the potential of technology so as to drive best-in class clinical outcome of it thus ensuring patient well-being and safety.

The risk management framework adopted by the Company ensures continuous focus on identifying, assessment & evaluation, and adequate mitigation of various risks affecting the Company.





Our Asset-Right model inculcates financial discipline and our focus on economies of scale and driving operational synergies will help us in providing healthcare services at affordable price to a larger section of population.

DIRECTORS' REPORT



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



Dear Shareholders,

Your Directors have immense pleasure in presenting their Seventeenth Annual Report on the business and operations of the Company and Audited financial statements for the financial year ended March 31, 2017.

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

(₹ in mn, except per share data)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Income				
Revenue from Operations	16,459.14	14,700.26	18,781.65	16,138.46
Other Income	181.46	137.10	174.82	146.89
Total Income	16,640.61	14,837.36	18,956.47	16,285.35
Total Expenditure	14,335.29	12,998.42	16,493.09	14,392.64
Earnings before interest, tax, depreciation and amortisation and exceptional items	2,305.32	1,838.94	2,463.38	1,892.71
Less: Interest & Depreciation	800.14	865.80	1,017.24	1,055.56
Less: Exceptional items	31.91	108.46	13.40	110.12
Profit before tax	1,473.27	864.68	1,432.74	727.03
Less: Income Tax	522.19	297.85	523.66	301.35
Profit/(Loss) After Tax	951.09	566.83	909.08	425.68
Less: Share of Profit/ (Loss) in Associate(Net)	-	-	79.34	217.49
Profit for the year	951.09	566.83	829.74	208.19
Add: Other Comprehensive Income	3.80	(5.71)	0.34	(7.91)
Total Comprehensive Income for the year	954.89	561.12	830.08	200.28
Earnings Per Share (Basic)	4.70	2.83	4.10	1.06
Earnings Per Share (Diluted)	4.69	2.83	4.09	1.06

2. PERFORMANCE OVERVIEW

Standalone Operations

- During the year under review, the total income of the Company increased from ₹ 14,837.36 mn in 2015-16 to ₹ 16,640.61 mn in 2016-17.
- Earnings before Interest, Tax, Depreciation and Amortisation and Exceptional items increased from ₹ 1,838.94 mn in 2015-16 to ₹ 2,305.32 mn in 2016-17.
- Profit for the year increased from ₹ 566.83 mn in 2015-16 to ₹ 951.09 mn in 2016-17.

Consolidated Operations

- During the year under review, the total income of the Company increased from ₹ 16,285.35 mn in 2015-16 to ₹ 18,956.47 mn in 2016-17.
- Earnings before Interest, Tax, Depreciation and Amortisation and Exceptional items increased from ₹ 1,892.71 mn in 2015-16 to ₹ 2,463.38 mn in 2016-17.
- Profit for the year increased from ₹ 208.19 mn in 2015-16 to ₹ 829.74 mn in 2016-17.

Your Company continues to emphasize 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

Your Company is desirous of achieving a consistent sustainable growth over the next few years and consolidate its position competitively. With today's healthcare landscape being at a point of inflexion, offering myriad opportunities, the management feels that it's imperative for the Company to consolidate its prestigious position in the fast-changing industry with a strong focus on future earnings. Your Company believes that this philosophy shall be value enriching for all Shareholders and thus would invest in creating and strengthening assets to serve the long standing interest of all stakeholders.

Your Company has made significant investments in the beginning of this financial year by acquiring NewRise Healthcare Private Limited at an enterprise value of ₹ 180 crore and is exploring further opportunities for in-organic as well as organic growth.

The Management is excited about the growth trajectory being on track to deliver affordable quality healthcare to all sections of the society. With business fundamentals being well-poised, your Company believes that at this stage of evolution, it's in the best interest of all the Shareholders to plough back the retained earnings to pursue the growth prospects of the Company. Hence, the Board has not recommended any dividend for the financial year under review.

During the year ₹ 954.89 mn was transferred to General Reserves.

4. SUBSIDIARY AND ASSOCIATE COMPANIES

Review of performance of Subsidiaries and Associate Companies

As on March 31st, 2017, the Company has:

- 9 Subsidiary Companies excluding Asia Healthcare Development Limited, and
- 3 Associate Companies

Pursuant to a Share Purchase Agreement executed in November 2016, Asia Healthcare Development Limited was sold to Lila Hospitals Private Limited. None of the above companies are material subsidiaries. Pursuant to the provisions of Section 129 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 I.

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

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

i. The Annual Report of the Company, containing therein its Standalone and Consolidated Financial Statements are available on the Company's website i.e., www.narayanahealth.org.

ii. The audited financial statements of subsidiary companies are available on the website of the Company i.e., www.narayanahealth.org.

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

a) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)

NHSHPL is a wholly owned subsidiary of the Company and is engaged in the business of operating and maintaining hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary has a multispecialty hospital in Mysore, offering a wide range of services across specialties, which includes cardiology, cardiac surgery, nephrology, urology, neurology, neuro-surgery, endocrinology, orthopaedics, internal medicines, obstetrics, gynaecology, paediatrics, neonatology, gastroenterology and oncology to name a few. Further, it has entered into a Healthcare Services Agreement in March 2017 with Dharamshila Cancer Foundation and Research Centre for operating a hospital in New Delhi. Other financial information is included in Form AOC-1.

b) **Meridian Medical Research & Hospital Limited (MMRHL)**
MMRHL is a subsidiary of the Company and is engaged in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary has two hospitals in Howrah offering multi-specialty and super-specialty healthcare services like, oncology, cardiology, cardiac surgery, nephrology, urology, neurology, neuro surgery, etc. Further, other financial information is included in Form AOC-1.

c) **Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)**
NVDSHPL is engaged in the business of providing healthcare services of superior quality with latest advanced technology, clinics, health centers, diagnostic centers and other related activities. This subsidiary has a hospital at Kakryal near Katra in Jammu which caters to patients across more than 20 different specialties, with super speciality care. It will also house a full-fledged bone marrow transplant facility. Further, other financial information is included in Form AOC-1.

d) **Narayana Hospitals Private Limited (NHPL)**
NHPL is authorized to engage in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. Further, other financial information is included in Form AOC-1. This subsidiary is yet to commence operations.

e) **Narayana Institute for Advanced Research Private Limited (NIARPL)**
NIARPL is authorized 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.

f) **Narayana Health Institutions Private Limited (NHIPL)**
NHIPL is authorized to engage in the business of running medical colleges and operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

g) **Narayana Hrudayalaya Hospitals Malaysia Sdn Bhd (Narayana Malaysia)**
Narayana Malaysia is authorized to engage in the business of hospitals, nursing homes, medical and other research centers, maternity homes and other related activities. This subsidiary has filed an application for voluntary liquidation, pursuant to Section 257(1) of the Companies Act, 1965 of Malaysia in January, 2017. Further, other financial information is included in Form AOC-1.

h) **Narayana Cayman Holdings Ltd (NCHL)**
NCHL 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.

i) **Narayana Holdings Private Limited (Narayana Holdings)**
Narayana Holdings is a wholly owned subsidiary of the Company which is incorporated in the Republic of Mauritius in April, 2016. This subsidiary is yet to commence its operations. Further, other financial information is included in Form AOC-1.

j) **Asia Healthcare Development Limited (AHDL) up to November, 2016**
AHDL was a wholly owned subsidiary of the Company which was engaged in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. The Company was sold in November, 2016 to Lila Hospitals Private Limited by executing a Share Purchase Agreement for the sale of all its shares for a consideration of ₹ 38.34 lacs.

Associate Companies

a) **Health City Cayman Islands Ltd (HCCI)**
HCCI is an associate company incorporated in Cayman Islands, in which the Company holds 28.6% of the shareholding through NCHL and the remaining 71.4% of the shareholding is held by Ascension Health Ventures, LLC of USA. HCCI has a 105 capacity bedded hospital in the Cayman Islands which caters to patients across specialties such as cardiology, paediatric cardiology, cardiac surgery, medical oncology, general surgery, orthopaedics, pulmonology, plastic surgery, etc.. Further, other financial information is included in Form AOC-1.

b) **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 & technology to transform delivery of patient care. Further, other financial information is included in Form AOC-1.

c) **ISO Healthcare**
ISO Healthcare is an associate company incorporated in Mauritius in which the Company holds 20% of the equity shares through Narayana Holdings. Further, other financial information is included in Form AOC-1.

5. SHARE CAPITAL

As on March 31st, 2017, the Authorized Share Capital of the Company is ₹ 3,000.00 mn and Paid-up Share Capital is ₹ 2,043.61 mn. Your Company has not issued or allotted any shares during the year under review.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors 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.

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

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act 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 Committee, the Board is of the opinion that the Company's internal financial controls were adequate and effective during 2016-17.

7. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board of Directors and changes thereof

Your Company's Board of Directors comprises Executive Directors, Non-Executive Directors (One Women Director) and Independent Directors and the same is detailed in the Corporate Governance Report which forms a part of this Report.

During the year under review, there has been no change in the directors of the Company. Dr. Devi Prasad Shetty, Chairman and Executive Director who retired by rotation was reappointed as Director at the Sixteenth Annual General Meeting of the Company held on July 29, 2016. Ms. Kiran Mazumdar Shaw is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered herself for re-appointment.

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

Sl. No.	Name of the WTDs/KMPs	Position held in the Company
1.	Dr. Ashutosh Raghuvanshi	Vice-Chairman, Group CEO & Managing Director
2.	Mr. Venugopalan Kesavan	Group Chief Financial Officer
3.	Mr. Ashish Kumar	Group Company Secretary and Compliance Officer up to February 24, 2017
4.	Mr. Sridhar S	Group Company Secretary, Legal & Compliance Officer March 6, 2017 onwards

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.

Keeping in view the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board decides the terms of reference of these Committees and the assignment of members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

The Members of the Committees are:

Sl. No.	Stakeholders' Relationship Committee	Audit, Risk and Compliance Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
1.	Mr. B Muthuraman	Mr. B N Subramanya	Mr. Arun Seth	Mr. K Dinesh
2.	Mr. B N Subramanya	Mr. K Dinesh	Ms. Kiran Mazumdar Shaw	Dr. Ashutosh Raghuvanshi
3.	Dr. Ashutosh Raghuvanshi	Mr. B Muthuraman	Mr. K Dinesh	Mr. B N Subramanya
4.	Mr. Viren Shetty	-	-	-

Number of meetings of the Board

The meetings of the Board are scheduled at a 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 nine (09) 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 has been disclosed in the Corporate Governance Report, which forms part of this Report.

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 every Director's performance was carried out by the Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and Board as a whole, Committees thereof and Chairman of the Company was 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.

A structured questionnaire was prepared, covering various aspects of the evaluation such as adequacy of the size and composition of the Board and Committee thereof with regard to skill, experience, independence, diversity, attendance and adequacy of time given by the Directors to discharge their duties.

11. AUDITORS

a) Statutory Auditors

The term of office of M/s. B S R & Co. LLP (having Firm Registration Number: 101248W/W-100022), Chartered Accountants, shall expire upon the conclusion of the 17th Annual General Meeting.

It is proposed to appoint M/s. Deloitte Haskins and Sells LLP (Firm Registration Number: 117366W/W-100018), Chartered Accountants, Bangalore as the statutory auditors of the Company in place of the retiring auditor M/s. B S R & Co. LLP. Further, details on this item is given in the Notice of the 17th Annual General Meeting of the Company.

Auditor's Report

There are no observations made in the Auditors' Report and hence, do not call for any further comments under Section 134 of the Companies Act, 2013.

b) Cost Auditors

The Board has approved the appointment of M/s. PSV & Associates, Cost Accountants, having Firm Registration Number 000304, as the Cost Auditor of the Company for the financial year 2017-18 at a remuneration of ₹ 3,00,000 (Rupees Three lacs) only, exclusive of reimbursement of service 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 2017-18 at the ensuing General Meeting.

c) Secretarial Auditor

The Company has appointed M/s. Ganapathi and Mohan (Firm registration no. P2002KR057100), Company Secretaries, to undertake the Secretarial Audit of the Company for 2016-17. The Report of the secretarial audit is annexed herewith as Annexure IX.

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

12. INTERNAL AUDIT SYSTEMS

Your Company has continued its engagement with M/s. Ernst & Young LLP, Chartered Accountants, to conduct internal audit across the organization. We have also strengthened the in-house internal audit team to supplement and support the efforts of M/s. Ernst & Young LLP. Your Company conducted 6 (Six) meetings of the Audit, Risk and Compliance Committee during the year under review.

13. 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 other material changes affecting the financial position of the Company between the end of

the financial year to which this Financial Statements relate and the date of the Report, except acquisition of NewRise Healthcare Private Limited (NRHPL). Pursuant to the approval granted by the Committe of the Board on April 21, 2017, the Company acquired 100% equity shares & preference shares in NRHPL from Panacea Biotech Limited at an enterprise value of ₹ 180 crores.

14. 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.

15. 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.

16. 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. Form AOC-2 as prescribed under the Companies Act, 2013 is annexed herewith as Annexure II

17. THE EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 is annexed herewith as Annexure III.

18. CORPORATE SOCIAL RESPONSIBILITY

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. Annual Report on Corporate Social Responsibility is annexed herewith as Annexure IV.

19. 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 in Annexure V.

20. EMPLOYEE STOCK OPTION PLAN

The Group has adopted the Narayana Hrudayalaya Employee Stock Option Plan (NH ESOP), 2015 pursuant to the approval of the Board on September 7, 2015 and approval of the Shareholders on September 12, 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, the details of the Employee Stock Option Plan is as under:

Details of NH Employees Stock Option Plan, 2015

Sl. No.	Particulars	Details relating to the particulars
1.	Options granted	8,14,830 options granted on October 1, 2015 to the eligible employees
2.	Options vested	10% of the options have vested on the 1st Anniversary from the date of grant of ESOP, i.e. October 1, 2016
3.	Options exercised	32447
4.	The total number of shares arising as a result of exercise of option	32447
5.	Options lapsed	1100 as the employee who had been granted the option has resigned
6.	The exercise price	₹ 10
7.	Variation of terms of options	One employee was granted 3660 options out of which 10% options were vested in October 2016 and the remaining 90% were vested in November 2016 based on the approval of the Nomination and Remuneration Committee at their meeting held on November 9th, 2016
8.	Money realized by exercise of options	324,470
9.	Total number of options in force	781,283
10.	Employee wise details of options granted to:	
	(i) Key Managerial Personnel	Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO &, Managing Director - 5,20,000 options
	(ii) Any other employee who receives a grant of options in any one year of option amounting to five percent or more of options granted during that year	None
	(iii) Identified employees who were granted option, during any one year, equal to or exceeding one percent of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	None

21. 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.

22. 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.

23. 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.

24. 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 intrested parties. The Board and the Management humbly acknowledges this role and continues to propagate this belief through all layers of the organization 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 and a Certificate from M/s. Ganapathi and Mohan (Firm registration no: P2002KR-057100), Company Secretaries, Bangalore, affirming the compliance with the various provisions of Corporate Governance as stipulated under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report and is Annexed to Board's Report as Annexure VII and Annexure VII B, respectively.

25. BUSINESS RESPONSIBILITY REPORT

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

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.

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.

Sl. No.	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
1	3	3	Out of 3 cases, 1 was proved to be sexual harassment. Action taken in this case was restricted to "Warning" considering the complainant request.	Nil	443	9305

28. RISK MANAGEMENT POLICY

The Board of Directors of the Company has formed Audit, Risk and Compliance Committee with well-defined roles and responsibilities of the Committee which includes reviewing and recommending of risk management plan and the risk management report for approval of the Board. The Audit, Risk and Compliance Committee evaluates internal financial controls and risk management systems. The Risk Management Policy of the Company is available on our website i.e., http://www.narayanahealth.org/stakeholder-relations/codes-policies-terms-moa-aoa.

29. DIVIDEND DISTRIBUTION POLICY

The Board at its meeting held on March 23rd, 2017 has adopted a Dividend Distribution Policy and the same is available on our website i.e., http://www.narayanahealth.org/stakeholder-relations/codes-policies-terms-moa-aoa.

30. 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. Ashutosh Raghuvanshi, Vice Chairman, Group CEO & Managing Director of the Company affirming the compliance with the Code of Conduct of the Company for the financial year 2016-17 has been annexed as part of this Report.

31. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Place: Bengaluru
Date: May 29, 2017

DECLARATION ON CODE OF CONDUCT

To
The Members of
Narayana Hrudayalaya Limited

I, Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO & Managing Director of the Company, 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 March 31st, 2017.

For **Narayana Hrudayalaya Limited**

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Date: May 29, 2017

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

1. Sl. No.	1	2	3	4	5	6	7	8	9
2. 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 Hrudayalaya Hospitals Malaysia Sdn. Bhd.	Narayana Cayman Holdings Limited	Meridian Medical Research & Hospital Limited	Narayana Holdings Private Limited
3. Reporting period for the subsidiary concerned, if different from the holding company's reporting period	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017	March 31, 2017
4. Reporting currency and exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	₹	₹	₹	₹	₹	₹	₹	₹	₹
5. Share capital	10,383,870	11,040,400	532,614,420	169,527,040	10,000,000	50,483,750	13,617	279,950,000	50,407,500
6. Reserves & surplus	46,630,129	(11,197,313)	99,372,531	(43,431,305)	(10,853,221)	(36,245,527)	1,491,403,409	(16,847,788)	(2,545,631)
7. Total assets	57,221,309	633,133	2,130,175,896	754,122,068	73,856,765	14,898,033	1,557,418,112	1,135,877,467	47,951,346
8. Total Liabilities	207,310	790,046	1,498,188,943	628,026,331	74,709,986	659,811	66,001,085	872,775,266	89,477
9. Investments	-	-	-	-	-	-	1,532,482,850	-	43,062,758
10. Turnover	-	-	9,000,000	644,418,463	455,295,426	-	-	1,174,682,441	-
11. Profit before taxation	(128,873)	(128,873)	20,801,654	19,702,893	(401,870)	(904,979)	(7,590,248)	(84,345,326)	(938,163)
12. Provision for taxation	-	-	-	-	-	-	-	-	-
13. Profit after taxation	(128,873)	(128,873)	20,801,654	19,702,893	(401,870)	(904,979)	(7,590,248)	(84,345,326)	(938,163)
14. Proposed Dividend	-	-	-	-	-	-	-	-	-
15. % of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.09%	100.00%

1. Name of subsidiaries which are yet to commence operations.	Narayana Institute for Advanced Research Private Limited, Narayana Health Institutions Private Limited, Narayana Hrudayalaya Hospitals Sdn. Bhd., Narayana Holdings Private Limited.
2. Names of the subsidiaries which have been liquidated or sold during the year.	In November 2016, Asia Healthcare Development Limited was sold to Lila Hospitals Private Limited by executing a Share-Purchase agreement.

Part B: Associates and Joint Ventures

Name of Associates/Joint Ventures	Health City Cayman Islands Limited (Associate)	Cura Technologies Inc. (Associate)	ISO Healthcare (Associate)
	USD	USD	USD
Latest audited Balance Sheet Date	**March 31, 2017**	**March 31, 2017**	**March 31, 2017**
Shares of Associates/Joint Ventures held by the company on the year end			
No.	22,880	39,000,000	1,287
Amount of Investment in Associates	22,880,000	136,833	662,000
Extent of Holding %	28.60%	43.33%	20.02%
Description of how there is significant influence	Due to percentage of share capital held	Due to percentage of share capital held	Due to percentage of share capital held
Reason why the associate/ joint venture is not consolidated	**Consolidated as per Ind AS 28**	**Consolidated as per Ind AS 28**	**Consolidated as per Ind AS 28**
Net worth attributable to Shareholding as per latest audited Balance Sheet	13,604,044	(1,779,641)	6,001,558
Profit / (Loss) for the year			
i. Considered in Consolidation	(659,395)	(301,808)	(162,681)
ii. Not Considered in Consolidation	(1,646,182)	(1,106,986)	(876,495)

1. Names of associates or joint ventures which are yet to commence operations.	ISO Healthcare, Cura Technologies Inc.
2. Names of associates or joint ventures which have been liquidated or sold during the year.	NA

Place: Bengaluru
Date: May 29, 2017

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Annexure II

FORM NO. AOC – 2

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

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

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL

2. Details of contracts or arrangements or transactions at arm's length basis

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1.	Hrudayalaya Pharmacy, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Shetty (Whole Time Director) 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 ₹ 9,49,612	March 23, 2016	NIL
2.	Amaryllis Healthcare Private Limited Mr. Viren Shetty (Whole Time Director) is a Director & Member in Amaryllis Healthcare Private Limited	Purchase of goods or materials	Ongoing	Supply of disposable drapes. Value of transactions during the year was ₹ 7,66,19,340	March 23, 2016	NIL
3.	Biocon Limited, Ms. Kiran Mazumdar Shaw (Non executive director) is the Chairman and Managing Director of Biocon Limited.	Purchase of goods or materials	Ongoing	Purchase of medicine. Value of transactions during the year was ₹ 7,92,44,532	March 23, 2016	NIL
4.	Health City Cayman Islands Limited, associate company in Cayman Islands. Dr. Devi Prasad Shetty (Chairman), Dr. Ashutosh Raghuvanshi (Managing Director) and Mr. Viren Shetty (Whole Time Director) are directors of Health City Cayman Islands Limited	Sale / Purchase of property & purchase of goods or materials	Ongoing	Sale/Purchase of Biomedical Equipments, medicines and consumables, software license. Value of transactions during the year was ₹ 14,50,48,474	March 23, 2016 and January 31, 2017	NIL
		Rendering of service	Ongoing	For providing cloud managed services. Value of transactions during the year was ₹ 18,00,000	May 21, 2016	NIL
5.	Charmakki Infrastructures, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Shetty (Whole Time Director), 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 ₹ 54,49,716	March 23, 2016	NIL
6.	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 ₹ 103,50,000	March 23, 2016	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
7.	Narayana Hrudayalaya Surgical Hospital Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Dr. Ashutosh Raghuvanshi (Managing Director) 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 ₹ 48,30,000 (including tax)	March 23, 2016	NIL
8.	Mazumdar Shaw Medical Foundation(MSMF), Section 8 Company formed under the Companies Act, 2013. Dr. Devi Prasad Shetty (Chairman) and Ms. Kiran Mazumdar Shaw (Non Executive Director) are the Directors in Mazumdar Shaw Medical Foundation.	Leasing Arrangement	Ongoing	Payment towards use of Bone marrow transplant units. Value of transactions during the year was ₹ 287,50,000 (including tax)	March 23, 2016	NIL
		Availing Services	Ongoing	Availing of Diagnostic Services. Value of transactions during the year was ₹ 48,76,294	March 23, 2016	NIL
9.	TriMedx India Private Limited, in which the Company owns 10% of the equity share capital of that company. Dr. Ashutosh Raghuvanshi (Managing Director) was a director in TriMedx India Private Limited upto March 27, 2017.	Availing or rendering of services	Ongoing	Servicing of Bio-Medical Equipments. Value of transactions during the year was ₹ 28,24,31,861	March 23, 2016 and March 23, 2017	NIL
10.	Meridian Medical Research & Hospital Limited, subsidiary in which the Company is holding 99.09% of the shares.	Availing of services	Ongoing	Transfer of patients to Meridian Medical Research & Hospital Limited. Value of transactions during the year was ₹ 1,50,000	March 23, 2016	NIL
		Rendering of services	Ongoing	For receiving patients for Diagnostics tests. Value of transactions during the year was ₹ 1,01,885	March 23, 2016	NIL
11.	Narayana Vaishno Devi Specialty Hospitals Pvt. Ltd, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman),Dr. Ashutosh Raghuvanshi (Managing Director), Mr. Viren Shetty (Whole Time Director), Mr. K Dinesh(Independent Director), Ms. Kiran Mazumdar Shaw (Non Executive Director) and Mr. B N Subramanya (Independent Director) are Directors in Narayana Vaishno Devi Specialty Hospitals Private Limited. Also, Dr. Devi Prasad Shetty, Dr. Ashutosh Raghuvanshi and Mr. Viren Shetty are nominee shareholders in this Company	Rendering of service	Ongoing	For providing manpower services. Value of transactions during the year was ₹ 44,79,534	May 21, 2016	NIL

Sl. No.	Name(s) of the related party and nature of relationship	Nature of contracts/ 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
12.	Dr. Varun Shetty, relative (son) of Dr. Devi Prasad Shetty.	Appointment to office or place of profit.	Ongoing	Payment of professional fees for providing consultancy services. Value of transactions during the year was ₹ 30,00,000	March 23, 2016	NIL
13.	Dr. Anesh Shetty, relative (son) of Dr. Devi Prasad Shetty.	Appointment to office or place of profit.	Ongoing	Payment of remuneration for appointment as Executive Assistant to CEO. Value of transactions during the year was ₹ 21,00,000	March 23, 2016	NIL

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Place: Bengaluru
Date: May 29, 2017

Annexure III

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31st, 2017
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	19-07-2000
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 Tq, Bangalore-560099
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited,Karvy Selenium Tower B, Plot 31 – 32, Gachibowli Financial District, Nanakramguda, Hyderabad , Telangana-500032

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	Running hospitals, Diagnostic Centres, Clinical Centers or Test Laboratories.	8610	99.06%

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, Hosur Road, Bangalore -560099	U85121KA2006PTC040989	SUBSIDIARY	100	2(87)
3	Narayana Health Institutions Private Limited No. 258/A, Bommasandra Industrial Area, Hosur Road, Bangalore -560099	U85110KA2008PTC046981	SUBSIDIARY	100	2(87)
4	Narayana Hrudayalaya Surgical Hospital Private Limited No. 258/A, Bommasandra Industrial Area, Hosur Road, Bangalore -560099	U85100KA2010PTC055453	SUBSIDIARY	100	2(87)
5	Narayana Vaishno Devi Specialty Hospitals Private Limited No. 258/A, Bommasandra Industrial Area, Hosur Road, Bangalore -560099	U85110KA2014PTC076218	SUBSIDIARY	100	2(87)
6	Meridian Medical Research & Hospitals Limited West Bank Hospitals, Andul Road, Howrah-711109	U85110WB1995PLC071440	SUBSIDIARY	100	2(87)
7	Narayana Cayman Holdings 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	SUBSIDIARY	100	2(87)
9	Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd. Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan	961782-T	SUBSIDIARY	100	2(87)

Sl. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
10	ISO Healthcare Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	136656-C2/GBL	ASSOCIATE	20.019*	2(6)
11	Cura Technologies INC 1013 Centre Road Suite, 403B Street, Wilmington, New Castel, 19805	5618975	ASSOCIATE	43.33**	2(6)
12	Health City Cayman Islands Limited 89, Nexus Way, Camana Bay, Grand Cayman K1-9007, Cayman Islands	OG-240426	ASSOCIATE	28.6***	2(6)

* Narayana Hrudayalaya Limited Holds 20.019% in this company via its wholly owned subsidary Narayana Holdings Private Limited (Mauritius)

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

*** Narayana Hrudayalaya Limited holds 28.6% in this company via its wholly owned subsidary Narayana Cayman Holdings Limited.

IV. SHARE HOLDING PATTERN (Equity share capital breakup as percentage of total equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year [As on April 1st, 2016]				No. of Shares held at the end of the year [As on March 31st, 2017]				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	126,783,666	-	126,783,666	62.04%	126,783,666	-	126,783,666	62.04%	0.00%
b) Central Govt		-	-			-	-		
c) State Govt(s)		-	-			-	-		
d) Bodies Corp.	5,745,672	-	5,745,672	2.81%	3,702,064	-	3,702,064	1.81%	-1.00%
e) Banks / FI		-	-			-	-		
f) Any other		-	-			-	-		
Sub Total (A) (1)	**132,529,338**	**-**	**132,529,338**	**64.85%**	**130,485,730**	**-**	**130,485,730**	**63.85%**	**-1.00%**
(2) Foreign									
a) NRI Individuals			-						
b) Other Individuals			-						
c) Bodies Corp.			-						
d) Any other			-						
Sub Total (A) (2)	**-**	**-**	**-**						
TOTAL (A)	**132,529,338**	**-**	**132,529,338**	**64.85%**	**130,485,730**	**-**	**130,485,730**	**63.85%**	**-1.00%**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	11,239,017		11,239,017	5.50%	12,939,781		12,939,781	6.33%	0.83%
b) Banks / FI	9,022,762		9,022,762	4.42%	12,231,673		12,231,673	5.99%	1.57%
c) Central Govt							-		
d) State Govt(s)							-		
e) Venture Capital Funds	13,356		13,356	0.01%	8,266		8,266	0.00	0.00
f) Insurance Companies							-		
g) FIIs							-		
h) Foreign Venture Capital Funds	14,886,772	4,360,804	19,247,576	9.42%	11,561,932	4,360,804	15,922,736	7.79%	-1.63%
i) Others (specify)							-		
Clearing Member	29,526		29,526	0.01%	31,270		31,270	0.02%	0.01%
Foreign Body Corporates	21,314,922		21,314,922	10.43%	19,747,762		19,747,762	9.66%	-0.77%
Bodies Corporates	993,591		993,591	0.49%	572,739		572,739	0.28%	-0.21%
Sub-total (B)(1):-	**57,499,946**	**4,360,804**	**61,860,750**	**30.27%**	**57,093,423**	**4,360,804**	**61,454,227**	**30.07%**	**-0.20%**

Category of Shareholders		No. of Shares held at the beginning of the year [As on April 01, 2016]				No. of Shares held at the end of the year [As on March 31, 2017]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2.	**Non-Institutions**									
a)	Bodies Corp.									
	i) Indian			-	0.00%					0.00%
	ii) Overseas			-	0.00%					0.00%
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	2,769,310	1	2,769,311	1.36%	2,938,353	1	2,938,354	4.93%	3.57%
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakhs	4,978,777		4,978,777	2.44%	7,146,032		7,146,032	3.50%	1.06%
c)	Others (specify)									
	Non Resident Indians	82,609		82,609	0.04%	187,879		187,879	0.09%	0.05%
	NBFC Registered with RBI	5,553		5,553	0.00%	5,469		5,469	0.00%	0.00%
	Employee Trusts	2,040,000		2,040,000	1.00%	2,007,553		2,007,553	0.98%	-0.02%
	HUF	94,466		94,466	0.05%	135,560		135,560	0.07%	0.02%
	Overseas Corporate Bodies			-	0.00%					0.00%
	Foreign Nationals			-	0.00%	-		-		0.00%
	Clearing Members			-	0.00%	-		-		0.00%
	Trusts			-	0.00%	-		-		0.00%
	Foreign Bodies - DR			-	0.00%	-		-		0.00%
	Sub-total (B) (2):-	**9,970,715**	**1**	**9,970,716**	**4.88%**	**12,420,846**	**1**	**12,420,847**	**6.08%**	**1.20%**
	Total Public (B)	**67,470,661**	**4,360,804**	**71,831,465**	**35.15%**	**69,514,269**	**4,360,805**	**73,875,074**	**36.15%**	**1.00%**
C.	**Shares held by Custodian for GDRs & ADRs**	-	-	-	0.00%			-		0.00%
	Grand Total (A+B+C)	**199,999,999**	**4,360,805**	**204,360,804**	**100.00%**	**199,999,999**	**4,360,805**	**204,360,804**	**100.00%**	**0.00%**

(ii) Shareholding of Promoter

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1.	Dr. Devi Prasad Shetty	64,700,571	31.66%	0.00%	64,700,571	31.66%	0	0.00%
2.	Mrs. Shakuntala Shetty	62,083,095	30.38%	0.00%	62,083,095	30.38%	0	0.00%
3.	Narayana Health Academy Private Limited	5,745,672	2.81%	0.00%	3,702,064	1.81%	0	-1.00%

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1.	At the beginning of the year			132,529,338	64.85%	132,529,338	64.85%
2.	Changes during the year	28.03.2017	Transfer	2,043,608	1.00%	130,485,730	63.85%
3.	At the end of the year			130,485,730	63.85%	130,485,730	63.85%

(iv) Shareholding Pattern of top ten Shareholders as on 31.03.2017

(Other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name-CDC Group PIC						
	At the beginning of the year			11,765,046	5.76%	11,765,046	5.76%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			11,765,046	5.76%	11,765,046	5.76%
2	Name-Ashoka Investment Holdings Limited						
	At the beginning of the year			10,971,130	5.37%	10,971,130	5.37%
		30.09.2016	Transfer	1,384,668	0.68%	9,586,462	4.69%
	Changes during the year	23.12.2016	Transfer	692,334	0.34%	8,894,128	4.35%
	At the end of the year			8,894,128	4.35%	8,894,128	4.35%
3	Name-JP MORGAN MAURITIUS HOLDINGS IV LIMITED						
	At the beginning of the year			9,549,876	4.67%	9,549,876	4.67%
	Changes during the year	03.02.2017	Transfer	1,527,160	0.74%	8,022,716	3.93%
		17.02.2017	Transfer	40,000	0.02%	7,982,716	3.91%
	At the end of the year			7,982,716	3.91%	7,982,716	3.91%
4	Name-CDC INDIA OPPURTUNITIES LIMITED						
	At the beginning of the year			4,360,804	2.13%	4,360,804	2.13%
	Changes during the year			-	0.00%	-	0.00%
	At the end of the year			4,360,804	2.13%	4,360,804	2.13%
5	Name-Franklin Templeton Investment Funds						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	23.12.2016	Transfer	1,518,300	0.74%	1,518,300	0.74%
		30.12.2016	Transfer	131,700	0.81%	1,650,000	1.55%
		10.02.2017	Transfer	1,840,000	0.16%	3,490,000	1.71%
	At the end of the year			3,490,000	1.71%	3,490,000	1.71%
6	Name-AMBADEVI MAURITIUS HOLDING LIMITED						
	At the beginning of the year			3,290,802	1.61%	3,290,802	1.61%
	Changes during the year	30.09.2016	Transfer	415,332	0.20%	2,875,470	1.41%
		23.12.2016	Transfer	207,666	0.10%	2,667,804	1.31%
	At the end of the year			2,667,804	1.31%	2,667,804	1.31%
7	Name-Ratnakar Shetty						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	31.03.2017	Transfer	2,043,608	1.00%	2,043,608	1.00%
	At the end of the year			2,043,608	1.00%	2,043,608	1.00%
8	Name-MURALI KRISHNAN KN						
	At the beginning of the year			2,040,000	1.00%	2,040,000	1.00%
	Changes during the year	04.11.2016	Transfer	23,807	0.01%	2,016,193	0.99%
		23.12.2016	Transfer	5,163	0.01%	2,011,030	0.98%
		24.03.2017	Transfer	183	0.00%	2,010,847	0.98%
		31.03.2017	Transfer	3,294	0.00%	2,007,553	0.98%
	At the end of the year			2,007,553	0.98%	2,007,553	0.98%
9	Name-SBI BLUE CHIP FUND						
	At the beginning of the year			1,418,431	0.69%	1,418,431	0.69%
	Changes during the year	29.04.2016	Transfer	250,000	0.13%	1,668,431	0.82%
		03.06.2016	Transfer	182,347	0.09%	1,850,778	0.91%
	At the end of the year			1,850,778	0.91%	3,701,556	0.91%
10	Name-ICICI PRUDENTIAL LONG TERM EQUITY FUND (TAX SAVING)						
	At the beginning of the year			-	0.00%	-	0.00%
	Changes during the year	24.03.2017	Transfer	1,779,986	0.87%	1,779,986	0.87%
	At the end of the year			1,779,986	0.87%	1,779,986	0.87%

(v) Shareholding of Directors and Key Managerial Personnel

Sl. No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1.	Name- Dr. Devi Prasad Shetty						
	At the beginning of the year			64,700,571	31.66%	64,700,571	31.66%
	Changes during the year				0.00%		0.00%
	At the end of the year			64,700,571	31.66%	64,700,571	31.66%
2.	Name- Ms. Kiran Mazumdar Shaw						
	At the beginning of the year			4,705,671	2.30%	4,705,671	2.30%
	Changes during the year				0.00%		0.00%
	At the end of the year			4,705,671	2.30%	4,705,671	2.30%
3.	Name- Mr. Muthuraman B						
	At the beginning of the year			0.00	0.00%	0	0.00%
	Changes during the year	09.12.2016	Transfer	425	0.00%	425	0.00%
		03.02.2017	Transfer	195	0.00%	195	0.00%
	At the end of the year			620	0.00%	620	0.00%

V. INDEBTEDNESS AS ON 31.03.2017
Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lakhs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	13,175	2,000		15,175
ii) Interest due but not paid				-
iii Interest accrued but not due	13			13
Total (i+ii+iii)	**13,188**	**2,000**	**-**	**15,188**
Change in Indebtedness during the financial year				
* Addition	2,000			2,000
* Reduction	-3,222	-2,000		-5,222
Net Change	-1,222	-2,000	-	-3,222
Indebtedness at the end of the financial year				
i) Principal Amount	11,953	-		11,953
ii) Interest due but not paid				-
iii) Interest accrued but not due	7			7
Total (i+ii+iii)	**11,960**	**-**	**-**	**11,960**

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 Prasad Shetty	
	Designation	Chairman & WTD	Vice Chairman, Group CEO and MD	WTD	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	39,960,036	28,582,560	8,000,004	76,542,600
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600			39,600
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961				
2	Stock Option	Nil	Nil	Nil	
3	Sweat Equity	NA	NA	NA	
4	Commission	Nil	Nil	Nil	
	- as % of profit				
	- others, specify				
5	Others, please specify (NPS contribution)		1,417,440		1,417,440
	Others, please specify (performance related pay)	3,739,130	2,627,419	1,481,090	7,847,639
	Total	**43,738,766**	**32,627,419**	**9,481,094**	**85,847,279**
	Ceiling as per the Act (10% of profits calculated under section 198 of the Companies Act, 2013)		Within the limit.		

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 B	Mr. K Dinesh	Ms. Kiran Mazumdar Shaw	
1.	Independent Directors							
	Fee for attending board committee meetings	300,000	600,000	400,000	650,000	575,000		2,525,000
	Commission*	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000		5,000,000
	Others, please specify							
	Total (1)							
2.	Other Non-Executive Directors							
	Fee for attending board committee meetings						350,000	350,000
	Commission						1,000,000	1,000,000
	Others, please specify							
	Total (2)							
	Total (B) = (1+2)	1,300,000	1,600,000	1,400,000	1, 650,000	1,575,000	1,350,000	8,875,000
	Total Managerial Remuneration							8,875,000
	Overall Ceiling as per the Act (1% of the profits calculated under section 198 of the Companies Act, 2013)							Within the limit
	* Commission paid of ₹ 10 lakhs pertains to the FY 2015-16.							

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Name of Key Managerial Personnel				Total Amount (₹)
	Name	Dr. Ashutosh Raghuvanshi	Mr. V.Kesavan	Mr. Ashish Kumar- upto Feb, 2017	Mr. Sridhar S from March, 2017	
	Designation	Vice Chairman, Group CEO & MD	CFO	Group Company Secretary & Compliance Officer	Group Company Secretary, Legal & Compliance Officer	
1.	Gross salary	As given above				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		12,582,024	2,699,672	2,15,157	15,496,853
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					-
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					-
2.	Stock Option					-
3.	Sweat Equity					-
4.	Commission					
	– as % of profit					-
	– others, specify					-
5.	Others, please specify					
	(i) Performance related pay		2,196,828	267,871	41,935	2,506,634
	(ii) Retention Bonus		4,000,000	-	-	4,000,000
	(iii) NPS Contribution		419,376	-	-	419,376
	(iv) Employee P/f		21,600	-	1,510	23,110
	Total		19,219,828	2,967,543	258,602	22,445,973

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	-	- -	- -	- -	- -
Punishment	-	- -	- -	- -	- -
Compounding	179 read with 185 of Companies Act, 2013 and Application was made as per Section 629 of the Companies Act, 1956.	The Company granted a loan to its wholly owned subsidiaries to the extent of ₹ 10 Crs without passing a Board Resolution	₹ 24,200	NCLT	NA
B. DIRECTORS					
1. Dr. Ashutosh Raghuvanshi					
Penalty	-	- -	- -	- -	- -
Punishment	-	- -	- -	- -	- -
Compounding	179 read with 185 of Companies Act, 2013 and Application was made as per Section 629 of the Companies Act, 1956.	The Company granted a loan to its wholly owned subsidiaries to the extent of ₹ 10 Crs without passing a Board Resolution	₹ 24,200	NCLT	NA
2. Dr. Devi Prasad Shetty					
Penalty	-	- -	- -	- -	- -
Punishment	-	- -	- -	- -	- -
Compounding	179 read with 185 of Companies Act, 2013 and Application was made as per Section 629 of the Companies Act, 1956.	The Company granted a loan to its wholly owned subsidiaries to the extent of ₹ 10 Crs without passing a Board Resolution	₹ 24,200	NCLT	- NA
3. Mr. Viren Shetty					
Penalty	-	- -	- -	- -	- -
Punishment	-	- -	- -	- -	- -
Compounding	179 read with 185 of Companies Act, 2013 and Application was made as per Section 629 of the Companies Act, 1956.	The Company granted a loan to its wholly owned subsidiaries to the extent of ₹ 10 Crs without passing a Board Resolution	₹ 24,200	NCLT	- NA
C. OTHER OFFICERS IN DEFAULT					
Penalty	-	- -	- -	- -	- -
Punishment	-	- -	- -	- -	- -
Compounding	-	- -	- -	- -	- -

Place: Bengaluru
Date: May 29, 2017

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Annexure IV

REPORT ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

1. Brief outline of Company's CSR Policy and overview of programs undertaken during the financial year 2016-17

The CSR Policy of Narayana Hrudayalaya Limited (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. The main objectives of the policy are 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 and to strive for socio-economic development thereby reducing inequality between rich and poor. NH follows a project based approach for carrying out its CSR initiatives. The various projects undertaken by the Company as discussed in detail in the later section of the report. Further details about the CSR projects and CSR policy are given on our website at the following link http://www.narayanahealth.org/csr-at-narayana-health

Overview of projects/programs undertaken during the financial year 2016-17

a. Rajiv Gandhi Arogya Yojana (RAY)

Background:

This program was initiated on November 25th, 2005 in order 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 and covers the basic healthcare needs of 202 villages, catering to a population of 57,987 people residing in the region. The program focuses on the aspects of primary healthcare service delivery like free consultation, free medicines and dressing of wounds. Each clinic operates for 4 hours a day and 6 days in a week.

Program objective

The objective of the program is to provide free of cost primary healthcare services including free of cost medicines to people from poor socio-economic background in Amethi.

Services provided under project

Free primary healthcare service delivery like free consultation, free medicines and dressing of wounds.

Compliance with the law

Through the RAY program, NH as a healthcare service provider reaches out to multiple beneficiaries in rural areas to provide healthcare free of cost.

As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, enabling access to, or improving the delivery of public health systems falls under the clauses promoting healthcare or measures for reducing inequalities faced by socially & economically backward groups. Hence, this program aligns with item (i) in Schedule VII of the Companies Act, 2013.

Target beneficiaries

The project aims to provide healthcare facilities to Below Poverty Line (BPL) and low-income families in 4 blocks in Amethi district.

Key outcomes

- The program till today has catered to the healthcare related needs of more than 20,52,000 individuals by providing them primary healthcare services.
- In 2016-17, 17,124 patients availed the services of the clinic.
- Patient footfall is around 48 patients /day.

b. Railway Clinics

Background

This program was initiated on 1st July 2011 in the State of Karnataka in collaboration with Southern Railways. Railway Clinic is a much needed step to curb the increasing number of deaths due to railway accidents and provide timely care to the patients in railway stations. The centre provide basic medical assistance and attend to emergency needs before the patient reaches the hospital for the treatment. Currently, we have one railway clinic.

Program objective

The program objective is to provide free basic and emergency healthcare services to the railway passengers.

Services provided under project

- Dressing for minor wound
- Checking vital parameters
- Trans-telephonic ECG networking platform for diagnosing and referring patients for timely medical care
- Bed rest and observation
- Ambulances on standby to fulfill emergency needs are provided by Government of Karnataka through 108 service.
- Patients who require next level of care are referred to the nearest specialty center (NH and non - NH) post diagnosis.

Compliance with the law
Through the 'Railway Clinics' program, NH provides emergency medical treatment to travelling patients and reaches out to a large number of beneficiaries on the move.

As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, enabling access to, or improving the delivery of, public health systems falls under the clause promoting healthcare. Hence, this program aligns with item (i) in Schedule VII of the Companies Act, 2013.

Target beneficiaries
The project is focused on treating general public at railway stations in Karnataka.

Key outcomes
- The program has catered to the healthcare related needs of 12,357 railway passengers since inception.
- In the year 2016-17 the Railway Clinic treated around 1909 railway passengers.

C. Mobile Mammography Screening
Background
Breast cancer is the most common cancer in urban Indian women and second most common in rural women, with 140,000 new breast cancer patients being diagnosed annually (Indian Council of Medical Research, 2001; Ferlay, et al., 2013). Ubiquitous realities such as lack of organized screening programs, paucity of diagnostic aids, patriarchal mind-set, illiteracy and lack of awareness have resulted in majority of women being diagnosed at a locally advanced stage (Agarwal, Pradeep, Aggarwal, Yip, & Cheung, 2007). In resource constrained settings, physical examination by trained personnel has been considered a viable option (Mittra, et al., 2010). In Bengaluru, as per reports from Population Based Cancer Registry (2009-2011), the age adjusted incidence rate for breast cancer in women (34-65 years) rose from 15.9 per 100,000 population (1982-83) to 36.6 per 100,000 population in 2008-2009 and was the leading site of cancer. Keeping in mind the rapidly rising incidence of breast cancer, the mobile mammography screening unit was inaugurated on February 4, 2014.

Program objective
- Creating awareness among the people about breast cancer
- Early diagnosis, as the outcome is much better if treated earlier
- Provide a complete comprehensive check-up services
- Decrease breast cancer morbidity and mortality, and increase survival rates for those diagnosed with breast cancer.

Services provided under project
- Information dissemination on Breast Cancer to the patients.
- Screening, consultation and physical examination of all the participants
- After screening, positive cases are being referred to visit nearby cancer speciality hospital for further investigations i.e. Ultra Scan and FNAC etc.
- Joining hands with various community based organizations, Government schools and other platforms (i.e. Air force station) for increased participation.

Compliance with the law
Through the 'Mobile Mammography Unit' program, NH is creating awareness among the people about breast cancer diagnosis and treatment. As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, enabling access to, or improving the delivery of, public health systems falls under the clause promoting healthcare. Hence, this program aligns with item (i) in Schedule VII of the Companies Act, 2013.

Target beneficiaries
The project caters to the population in and around Bangalore, Karnataka and a few nearby locations in the state of Tamil Nadu.

Key outcomes
- 349 camps have been conducted from inception to March 2017.
- Totally 13,923 women were screened, 3287 mammograms were performed and 18 women were confirmed for malignant breast cancer and treated successfully.
- In financial year 2016-17, 174 camps were conducted, 7706 women were screened, 1714 mammograms were performed and 588 women were diagnosed with suspected abnormality in breast tissues.

d. Care Companion Program
Background
The Care Companion Program (CC Program) was first set up in 2013 in the NH hospital in Mysore. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource. This program is designed to educate patient family members with low or no prior medical knowledge for attending to the needs of patients.

Program objective
The program objective is to harness patient attendant capabilities by creating a position for them within the current hospital personnel framework and through a training process, to become additional in-hospital Care Companions (CC).

The program aims to achieve the following objectives:

- Improved quality of care
- Reduction in hospital re-admission rates
- Reduction in post-surgery complication

Services provided under project

- In-hospital education-cum-training program for patients' family members.
- Multi-lingual group teaching sessions by using interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, providing cardiac care, timely medications etc. These sessions are conducted in Hindi, Tamil, English, Telugu, Bengali, Assamese and Kannada. Currently, educational sessions have been initiated for oncology in Mysore, which deals with side effects of radiation therapy and chemotherapy, stoma care, screening, nutrition, exercise and positive psychology.
- Practical skills testing under the supervision of the nursing staff to build confidence.
- Training on daily activities that aid recovery of the patients and reduce risk.

Compliance with the law

Through this program, NH as healthcare service provider ensures that their patients not only receive quality care within their hospitals but also long after they are discharged.

As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, enabling access to, or improving the delivery of public health systems falls under the clause promoting healthcare. Hence this program aligns with item (i) in Schedule VII of the Companies Act 2013.

Target beneficiaries

The 'Care Companion' program has been implemented in NH Hospitals in Mysore, Health City Bangalore, Jaipur, Shimoga, Ahmedabad, Dharwad, Davangere, Jamshedpur, Kolkata and Raipur, MS Ramaiah Heart Centre and Guwahati. Five more units have been added in the last financial year namely, Jammu, Durgapur, Whitefield, West Bank and Barasat. The program focuses on training family members or friends of patients admitted at NH hospitals, and hence it provides direct and indirect benefits to people at large.

- Direct: The family members of patients who receive caregiving training.
- Indirect: The patients who are in turn benefited with continuous and better care.

Key outcomes

More than 35,000 families have been covered under this program since inception. Around 18,000 care givers were trained in the last financial year.

e. e - Health Centre Program

Background

Narayana Hrudayalaya Limited is the healthcare partner in this program to implement, operate, run & manage the e-Health Centre's (eHC). eHC's are designed to fit and deploy within a standard shipping container, or are retrofitted to work with a pre-existing clinic, depending on a community's existing infrastructure. They are fully equipped with workstations, open electronic medical records (EMR) systems, biometric patient identification and integrated diagnostic devices. The HP cloud enabled technology allows for data, both clinical and administrative, to be monitored across sites via an admin dashboard. 10 centres have now been established across India with centres in Karnataka, West Bengal, Tamil Nadu, Gujarat and Rajasthan.

Program objective

The objective of the programme is to deliver quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. The e-Health Centre's serve communities that often lack qualified doctors, functional clinics, internet access, or even electricity.

Services provided under project

- Reaching semi-urban and rural population with technology enabled healthcare
- Provision of primary healthcare with minimal charges
- Use of information systems including EMR with integrated medical diagnostic services including basic vital (blood pressure, temperature, pulse oximeter), dry chemistry based tests as well as tele-ECG.
- Cloud solutions for collection and analysis of health care data.
- Continuity of health care through telemedicine

Compliance with the Law

Physicians from regional centre support physician assistants and health workers at these centres. As mentioned in the General Circular No. 21/2014 of the Companies Act 2013, enabling access to, or improving the delivery of public health systems falls under the clause promoting healthcare. Hence, this program aligns with item (i) in Schedule VII of the Companies Act, 2013.

Target beneficiaries

The eHC India program caters to lower socio-economic population in semi-urban and rural areas of Karnataka, Rajasthan, Gujarat, West Bengal and Tamil Nadu.

Key Outcomes

- Total 21,765 patients have visited the centre from December 2015 till March 2017. Total 17,388 patients visited eHCs in last financial year.
- Disease profiles have been analysed based on data collected at sites. Acute respiratory infections, Hypertension, Diabetes Mellitus, Arthropathies and related disorders and Disease of Oesophagus, Stomach and Duodenum were the top five diagnosis profiles across the regions.
- In addition, from December 2015 to March 2017, 10,473 patients have been screened in 159 camps held across the eHCs. In last financial year, total 7159 patients were screened in 118 camps. Both general screening and speciality camps have been held across the eHCs. Patients have been screened for gynaecological, cardiac, diabetic, ophthalmic, neurological, urological, orthopaedic as well as dental concerns.
- Several community outreach programmes have also been conducted to educate the local population on life style diseases. This has been done in tandem with local officials, NGOs and philanthropic organizations. Around 110 community meetings were held in last financial year.

f. Udaan

Background

The Indian public healthcare system faces a mammoth 76 percent shortage in doctors. While the shortage of doctors is one problem, their unwillingness to work in the rural hinterland is another. Despite the efforts of the Government and incentives offered, medical students or doctors have not been showing interest in working in rural areas. For many young students, an extra year in a village seems very hard. Apart from the problems of finances and logistics, young city-trained doctors are terrified by the actual daily challenges of working in a village. Given the economic conditions of many of the families of these bright students, most of them do not even consider that they have a chance today to pursue their dreams of becoming a doctor.

It is important to develop a cachet of qualified medical graduates for the future, which will help India administer its healthcare system more effectively for the common man.

Children from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. The student also becomes a role model in the community inspiring others to pursue this path.

Program objective

- Inspire students in high school so that they consider the option of wanting to become future doctors and serving society.
- To select 50 bright students from poor rural backgrounds, who want to become doctors.
- Mentoring:Regular visits to NH Multispecialty Hospitals to keep them motivated and inspired. To interact with doctors who will provide them the encouragement and motivation to pursue their dream of becoming future doctors.
- Monitoring academic performance at regular intervals, to encourage the student to perform better and set higher benchmarks.

Compliance with the Law

Udaan is a comprehensive program that starts with inspiring students to take up the medical profession and those who get selected as part of the program are provided guidance coaching and support to help them achieve this dream. As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, educating the masses falls under the clause promoting education. Hence, this program aligns with item (ii) in Schedule VII of the Companies Act, 2013.

Target beneficiaries

Government schools across the district of rural Kanakapura were identified as the target beneficiary group. From this we selected 56 students for the program with the objective of inspiring, coaching and mentoring bright students from underprivileged rural backgrounds and helping them achieve their dream of becoming future doctors. The social and economic background of the students was evaluated before they became part of our program.

Key outcomes

- This is a long term program with a 9 year tenure. Total 26 students cleared the first milestone i.e. class 10 result and got admission into PUC.
- Collaboration with Jain College which provided free admission to students for their pre-university studies.
- Conducted mentoring session for students at NH campus. Students got a chance to interact with eminent doctors from various disciplines.
- Direct and online classes for students in Physics, Chemistry, Maths and Biology through identified coaching institute.

g. Shorapur Maternal Obstetric Monitoring program

Background

Yadgir District has been identified by the Ministry of Health and Family Welfare as a High Priority District for the implementation of focused healthcare interventions under National Health Mission (NHM). For the pilot, NH CSR team decided to consider Shorapur Taluk in Yadgir District for deployment of technology & process interventions. Shorapura Taluk is located 50 km from Yadgir district head quarter and has the population of 4,42,775. There are 284 villages (200 villages, 84 camps), 13 PHCs (6 bedded), 2 CHCs (30 bedded) and a 100 bedded Taluka Hospital. Most of the PHC and CHC patients are referred to adjacent districts because

of lack of Medical facilities. An average of 900-1000 deliveries per month is conducted in the Taluk (Includes PHCs, CHCs, TH). Of these, around 20% of high risk ante natal cases (ANC) or 200-250 cases are referred to higher centres i.e. Gulbarga GGH, Bijapur GGH, Raichur GGH as well as private institutions. 5% to 10% of all live births are referred for paediatric emergency management. As per statistical records maintained by the District Statistical Officer, the MMR has risen in Shorapur from 56 in 2013-14 to 123 in 2014 -15. A baseline survey conducted by the CSR team found that 43% of pregnant women surveyed didn't know warning symptom/ signs during pregnancy, delivery as well as after delivery. 100 % of women surveyed had got their USG examination done in private facilities, thereby incurring significant out of pocket expenses since the entire District did not have a Government nominated radiologist. 30% of the pregnant women surveyed had iron supplementation on irregular basis. Our study found that anemia was responsible for 80% of high risk pregnancies.

Program Objectives

1. To ensure maximum coverage of ANC clinical evaluation in Shorapur Taluk by ultrasound examination of all ANC cases as well as obstetric evaluation of all high risk ante natal cases.

2. To analyse demographic and clinical data of high risk ANC for statistical correlation to age, parity, literacy and clinical indicators.

3. To leverage on existing NHM infrastructure towards early referral of high-risk ANC cases to the Taluk hospital

4. To strengthen community processes with focus on adolescent health and anaemia in women of reproductive age group

Target beneficiaries

All Ante Natal (pregnant) women in Shorapur Taluk (Yadgir District) undertaking regular consultation or treatment at the Government Health centres would be beneficiaries under the program.

Key outcomes

1. High risk pregnancy (HRP) evaluation instituted by the NH OBGYN team has enabled segregation of high risk cases by cause. Between 30% to 55% of antenatal cases coming to the Taluka hospital have been identified as high risk on a monthly basis and this information is shared with relevant stakeholders for further management.

2. NH Project team has coordinated the blood transfusion of 125 severely anemic high risk pregnancy cases.

3. NH radiologists have conducted 1332 free USG examinations of ANC cases (8th month onwards) over the past 6 months and data of ante natal women identified as high risk (approximately 27% of those scanned) has been shared with relevant medical officers for enhanced supervision and management.

Compliance with the law

Through this program, NH as healthcare partner in a public private partnership ensures that high risk ante natal patients are identified so that they can receive timely and quality care within Government hospitals

As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, enabling access to, or improving the delivery of public health systems falls under the clause promoting healthcare. Hence this program aligns with item (i) in Schedule VII of the Companies Act, 2013.

h. Community Radio program

Narayana Hrudayalaya Foundation acquired the wireless operating license in Jan 2017 and we have been granted the spectrum - 90.4 towards establishing a community radio station in Health City, Anekal. The broader objective of our community radio station would be to serve as a consensus building platform wherein communication processes would help the communities around us to share common understanding and common goals.

Program Objectives

- The specific focus areas of our community radio is on Health, Education, Environment and Culture

- The station would support promotive and preventive health efforts by using local languages to communicate directly with diverse listeners' groups.

- It would also be a portal to disseminate information on ongoing NH CSR activities which directly impact health. Here, the relevant citizens could avail of the benefits of such programs.

- It would enable local Government stakeholders to liaise on broad issues impacting health, education, environment, safety as well as culture.

- It would nurture capacities of local stakeholders including NGOs, Educational institutions, SHGs as well as local organizations to record and broadcast on a range of issues including health needs, awareness of health schemes, education, sensitization to Government programs, participative efforts of youth, cultural and environmental programs in Anekal Taluk.

Target Beneficiaries

The population residing in Anekal Taluk as well as within the primary and secondary zone of our community radio would be beneficiaries under the program. Being an inclusive forum, the initiative is dependent on active participation of myriad stakeholders in Anekal Taluk.

Key outcomes

- Focus on health, environment, culture and education related topics on Radio.

- Developing robust content based on inputs from internal stakeholders in Health City as well as external stakeholders in Anekal Taluk.
- Collaboration with larger network of community radio stations In Karnataka.
- Generating sustained relationship with stakeholders in the community towards the community radio initiative.

Compliance with Law

Community Radio seeks to create an inclusive forum for communities of interest around Anekal taluk with focus on issues such as health, education, environment and culture. The CRS medium would be used to include voices from the field and share their experiences.

As mentioned in the General Circular No. 21/2014 of the Companies Act, 2013, educating the masses falls under the clause promoting education. Hence, this program aligns with item (ii) in Schedule VII of the Companies Act, 2013.

2. Composition of CSR Committee

Mr. K. Dinesh	Chairman
Mr. B N Subramanya	Member
Dr. Ashutosh Raghuvanshi	Member

3. Average Net Profit (before tax) for last three financial years is ₹ 66,08,65,234

4. Prescribed CSR expenditure (i.e. 2% of the amount mentioned in point 3 above) is ₹ 1,32,17,305

5. Details of CSR spent during FY

(₹ in lakhs)

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1) Local area or other 2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Direct Expenditure on projects or programs	Overheads		
1.	Rajiv Gandhi Arogya Yojana (RAY)	Healthcare and Enhancing livelihood	Amethi, Uttar Pradesh	31.61	14.72	0.65	15.37	Direct
2.	Railway Clinics	Healthcare	Karnataka	18.13	6.60	3.62	10.22	Direct
3.	Mobile Mammography Screening	Healthcare	Karnataka	20.44	17.49	5.78	23.27	Direct
4.	Care Companion Program	Healthcare and Enhancing livelihood	Pan India	10.61	6.11	-	6.11	Direct
5.	Udaan – A Scholarship Programme	Promoting Education	Karnataka	12.00	12.00	-	12.00	Direct
6.	E-Health Center	Healthcare and Enhancing livelihood	Pan India	35.31	28.15	18.26	46.41	Direct
7.	Shorapur MOM Program	Healthcare	Karnataka	6.90	18.15	4.49	22.64	Direct
				135.00	**136.02**		**136.02**	

6. 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.

	Mr. K Dinesh	**Dr. Devi Prasad Shetty**	**Dr. Ashutosh Raghuvanshi**
Place: Bengaluru	*Chairman of the Committee*	*Chairman*	*Vice Chairman, Group CEO & Managing Director*
Date: May 29, 2017	DIN: 00041553	DIN: 00252187	DIN: 02775637

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 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	5.48
Mr. K. Dinesh	5.48
Mr. Manohar Dayaram Chatlani	5.48
Mr. Arun Seth	5.48
Ms. Kiran Mazumdar Shaw	5.48
Mr. B N Subramanya	5.48

Executive Directors	Ratio to median remuneration
Dr. Devi Prasad Shetty	239.54
Mr. Viren Prasad Shetty	51.93
Dr. Ashutosh Raghuvanshi	173.97

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#	10.0%
Mr. Viren Prasad Shetty	0.0%
Dr. Ashutosh Raghuvanshi#	10.0%
Mr. Venugopalan Kesavan	35.3%
Mr. Ashish Kumar	12.0%
Mr. Sridhar S**	0.0%

#The increase is effective December 1, 2015 within the limits approved by the shareholders on December 1, 2016

** Mr. Sridhar S was appointed in March 2017

c. The percentage increase in the median remuneration of employees in the financial year: 9.36%

d. The number of permanent employees on the rolls of Company: 10,113

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 10.11% based on individual performance against the managerial remuneration of 11.22%. There was one exceptional case for increase in the remuneration of Mr. Venugopalan Kesavan as the salary was corrected to market standards.

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.

g. Details of employees whose remuneration exceeds the limits prescribed in Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is given on the following page :

Details of employees whose remuneration exceeds the limits prescribed in Rule 5(2) & (3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

Employee Name	Designation	Educational Qualification	Date of Birth	Age (in yrs)	Experience (in yrs)	Date of Joining	Remuneration received (as on 31st March 2017) (in ₹)*	Nature of employment, whether contractual or otherwise.	Previous Employment and Designation	% of equity share held, if any.	Whether such employee is a relative of any director or manager of the Company and if so, name of such director or manager.
Dr. Devi Prasad Shetty	Chairman	MBBS, Master's degree in surgery	08-05-1953	63	35	19-07-2000	485,19,360	Employment	He is the promoter of the company. Refer to Directors Profile section for more details.	31.66	Dr. Devi Prasad Shetty is the father of Mr. Viren Prasad Shetty, Whole Time Director of the Company
Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO & Managing Director	MBBS, MS (General Surgery), MCh, Cardiothoracic Surgery	11-08-1962	54	28	19-07-2000	360,26,127	Employment	He has worked at several renowned hospitals in Mumbai including Balabhai Nanavati Hospital, Breach Candy Hospital and Research Centre, amongst others, Apollo Hospitals in Chennai and Manipal Heart Foundation in Bengaluru.	0	None
Mr. Venugopalan Kesavan	Chief Financial Officer	Bachelors degree in Mathematics, Member of the Institute of Chartered Accountants of India, The Institute of Cost Accountants of India and the Chartered Institute of Management Accountants, United Kingdom.	25-05-1966	50	27	18-02-2013	174,50,300	Employment	Senior Vice President and Corporate Controller at Wipro Limited, an India-based Information Technology Company Listed on the BSE and the NSE.	0	None

* The number indicates the remuneration earned by the employee during 2016-17 and it includes the performance based incentives for 2016-17 which were received in May 2017

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

Various initiatives have been taken by the Company to conserve energy including using alternate source of energy. Some of the initiatives taken by the Company are as under:

a. Energy audits through Industry experts at 2 hospitals located in Jaipur and Mysore.

b. Internal energy audits at 2 hospitals located in Bangalore and Kolkata.

c. Contract signed for renewable energy sourcing (Solar Power) at 6 facilities located in the State of Karnataka.

d. Tied-up with industry experts for Energy Conservation Projects targeting HVAC (Heating, Ventilation and Air Conditioning) System and Pumps at facilities located in Bangalore.

The Company has invested ₹ 18.99 mn on energy conservation equipment

(B) Technology absorption

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

Speed, Access, Quality and Cost are the pillars of Healthcare Technology, which play a huge role in every aspect of healthcare. Last year, the Company laid out a digital strategy on the five dominant themes:

- Reduce complexity
- Transform digitally
- Reduce cost
- Integrate successfully
- Improve productivity

Based on the themes, technology initiatives were identified across Core Infrastructure, Business Applications, End User Computing and Information Security Services. Some of the key initiatives are as follows:

a. All the business and system applications were migrated to Azure Cloud Infrastructure enabled with important tools like Symantec Data center Security and Operational Management Suite. This new platform provides us with improved performance, monitoring, reliability, high availability and security.

b. An initiative to consolidate user identities across various applications was successfully rolled out. Ilantus identity management platform allows users to manage multiple application access through a single username and password together with the ability to manage the passwords on their own. The second phase of the initiative automates user provisioning and de-provisioning in the Company's applications which is underway.

c. Clinical Decision Support System integrated with Electronic Medical Records was implemented to enable healthcare professionals to take informed decisions, provide up to date drug information and improve the safety of prescription for patients.

d. A vendor neutral archive solution from TATA Communications to archive medical images has been implemented and this led to enhanced data retention, reduced infrastructure costs and enabled access to studies from anywhere, anytime, any device in a secure manner.

e. In the journey towards improving Information Technology (IT) services to the internal customers i.e. end users an enterprise grade ticketing tool has been launched to log, track and measure IT issues, incidents and service requests. This helps us implement processes to ensure continuous improvement in IT service delivery. This platform has recently been expanded to handle all patient and employee complaints across the Group.

f. A new patient engagement platform from MPHRx (My Personal Health Record Express) is being developed to allow patients to engage with the Company digitally. This platform allows patients to access their medical records online along with enabling them easy access to appointment scheduling, video consultations, drug dose reminders, etc. The platform also allows the patients to monitor and log their wellness on a continuous basis.

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

- Reduce complexity
- Transform digitally
- Reduce cost
- Improve productivity

(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 by importing them, such as Green light laser – treatment of Benign Prostatic Hyperplasia (BPH), Leica OH 4 Neuro Microscope for the high end Neurosurgery work, Digital Radiology Systems, 3 Tesla MRI and 128 Slice CT scan for high end radiology Imaging services.

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

(C) Foreign exchange earnings and expenditure

(amount in ₹ mn)

Particulars	2016-17	2015-16
Foreign Exchange Earnings	299.21	215.29
Foreign Exchange Expenditure	36.06	36.56
Value of Imports on CIF Basis	217.34	112.48

Annexure - VII

CORPORATE GOVERNANCE REPORT

1. Corporate governance Philosophy

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

The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its employees including the Managing Director and the Executive Directors. In addition, the Company's terms of appointment with Independent Directors suitably incorporate 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, 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 and Non-Executive Independent Directors, representing a judicious mix of in-depth knowledge and experience.

(a) Composition and Category of Directors

The Board comprises of 9 (Nine) Directors viz. 3 (Three) Executive Directors and 6 (Six) Non-Executive Directors including 5 (Five) Independent Directors and one Woman Director.

Composition of the Board and Committee composition as on March 31st, 2017 are given below:

Sl. No.	Name of Director	Designation	Category	Board	Audit, Risk and Compliance Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
1	Dr. Devi Prasad Shetty	Chairman & Whole-time Director	Promoter	√√	-	-	-	-
2	Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO and Managing Director	Executive Director	√	-	√	-	√
3	Mr. Viren Prasad Shetty	Whole-time Director	Executive Director	√	-	-	-	√
4	Ms. Kiran Mazumdar Shaw	Director	Non-Executive Women Director	√	-	-	√	-
5	Mr. Manohar Dayaram Chatlani	Director	Independent Non-Executive	√	-	-	-	-
6	Mr. K Dinesh	Director	Independent Non-Executive	√	√	√√	√	-
7	Mr. Muthuraman Balasubramanian	Director	Independent Non-Executive	√	√	-	-	√√
8	Mr. Arun Seth	Director	Independent Non-Executive	√	-	-	√√	-
9	Mr. B. N. Subramanya	Director	Independent Non-Executive	√	√√	√	-	√

√√-Chairperson

√-Member

(b) Changes in the composition of the Board

Change in designations and appointments

No changes in designations and appointments of the Directors took place during the year under review. Dr. Devi Prasad Shetty, Chairman & Whole-time Director who retired by rotation was reappointed as Director at the Sixteenth Annual General Meeting of the Company held on July 29, 2016

Resignations or removal of the Directors, if any

None of the Directors resigned during the year under review.

(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	Attended	
Dr. Devi Prasad Shetty	09	09	Yes
Dr. Ashutosh Raghuvanshi	09	07	Yes
Ms. Kiran Mazumdar Shaw	09	06	Yes
Mr. Muthuraman Balasubramanian	09	09	Yes
Mr. B N Subramanya	09	07	No
Mr. Manohar Dayaram Chatlani	09	06	Yes
Mr. Viren Prasad Shetty	09	08	Yes
Mr. K Dinesh	09	07	No
Mr. Arun Seth	09	06	No

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

Number of Directorships and Committee chairmanships / memberships held by Directors in other public companies as on March 31, 2017 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Chairmanships / memberships of Board Committees include only Audit Committee and Stakeholders' Relationship Committee.

Sl. No.	Name of the Director	No. of Directorship in other public entities including this entity	No. of memberships in Audit/ Stakeholders' Relationship Committee(s) in other public entities including this entity	No. of post of Chairperson in Audit/ Stakeholders' Relationship Committee held in public entities including this public entity
1	Dr. Devi Prasad Shetty	2	0	0
2	Dr. Ashutosh Raghuvanshi	1	Stakeholders' Relationship Committee-1	0
3	Mr. Viren Prasad Shetty	1	Stakeholders' Relationship Committee-1	0
4	Ms. Kiran Mazumdar Shaw	10	0	0
5	Mr. Manohar Dayaram Chatlani	1	0	0
6	Mr. K Dinesh	1	Audit Committee-1	0
7	Mr. Muthuraman Balasubramanian	3	Audit Committee -1 Stakeholders' Relationship Committee -1	Stakeholders' Relationship Committee -1
8	Mr. Arun Seth	9	Audit Committee-5 Stakeholders' Relationship Committee -1	Audit Committee-1
9	Mr. B. N. Subramanya	1	Audit Committee -1 Stakeholders' Relationship Committee -1	Audit Committee -1

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

During the financial year under review 09 (Nine) Board Meetings were held on May 21, 2016, May 30, 2016, July 29, 2016, August 25, 2016, November 09, 2016, December 22, 2016, January 31, 2017, March 8, 2017, and March 23, 2017. 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 informally 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 taking into account 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 March 23, 2017 and all the Independent Directors, except Mr. K Dinesh and Mr. Manohar Dayaram Chatlani, 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) Ms. Kiran Mazumdar Shaw (Non-executive Director) holds 4705671 equity shares of ₹ 10 each of the company as on March 31, 2017.

c) Mr. Muthuraman Balasubramanian holds 620 equity shares of ₹ 10 each of the Company as on March 31, 2017.

(h) Familiarization Programs for Board Members

The Board members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarize 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, organization structure, finance, human resources, technology, quality and such other areas as may arise from time to time.

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

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, finalizes 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 also on the occasion of the Annual General Meeting additional meetings are held when necessary.

4. Board member evaluation

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of the Chairman, the Board, Board Committees and Executive / Non-executive / Independent Directors.

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 and rigorously 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 Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

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 etc. The Committee also reviews the functioning of whistle blower mechanism, adequacy and effectiveness of internal audit function, risk management and control systems, review of management discussion and analysis of financial condition and results of operation.

As on March 31, 2017, 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. K Dinesh	Independent Director	Member
3. Mr. Muthuraman Balasubramanian	Independent Director	Member

Meetings and attendance during the year

Date of Committee Meetings	Name of the members attended the meeting	No. of meetings held	No. of meetings attended
20.05.2016 30.05.2016 29.07.2016 09.11.2016 31.01.2017 and 23.03.2017	Mr. K Dinesh	6	4
	Mr. Muthuraman Balasubramanian	6	6
	Mr. B N Subramanya	6	6

6. Nomination and Remuneration Committee

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

The terms of reference of the Nomination and Remuneration Committee includes determination of the Company's policy on specific remuneration packages for the Executive Directors, 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, procedure and scheme 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 chairperson of the Nomination and Remuneration Committee are as under:

Director	Nature of Directorship	Designation
1. Mr. Arun Seth	Independent Director	Chairman
2. Mr. K Dinesh	Independent Director	Member
3. Ms. Kiran Mazumdar Shaw	Non-Executive Director	Member

Meetings and attendance during the year:

Date of Committee Meetings	Name of the members attended the meeting	No. of meetings held	No. of meetings attended
21.05.2016 09.11.2016	Ms. Kiran Mazumdar Shaw	4	2
08.03.2017 and 23.03.2017	Mr. Arun Seth	4	4
	Mr. K Dinesh	4	3

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

Meetings and attendance during the year:

Date of Committee Meetings	Name of the members attended the meeting	No. of meetings held	No. of meetings attended
20.05.2016 and 08.11.2016	Mr. Muthuraman Balasubramanian	2	2
	Mr. B.N. Subramanya	2	1
	Dr. Ashutosh Raghuvanshi	2	1
	Mr. Viren Prasad Shetty	2	2

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013. 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 etc.

The details with regard to Stakeholders' grievances as on March 31, 2017 are:

Sl. No.	Particulars	Related Details
1.	Name of the Non-executive Director heading the Committee	Mr. Muthuraman Balasubramanian (Independent Director), Chairman
2.	Name and Designation of Compliance Officer	Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer
3.	No. of Shareholders' complaints received as on March 31, 2017	266
4.	No. not solved to the satisfaction of shareholders as on March 31, 2017	0
5.	No. of pending complaints as on March 31, 2017	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. K. Dinesh	Independent Director	Chairman
2. Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO and Managing Director	Member
3. Mr. B. N. Subramanya	Independent Director	Member

Meetings and attendance during the year

Date of Committee Meetings	Name of the members attended the meeting	No. of meetings held	No. of meetings attended
20.05.2016 09.11.2016 and 23.03.2017	Mr. K Dinesh	3	2
	Mr. B N Subramanya	3	3
	Dr. Ashutosh Raghuvanshi	3	2

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/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 entitles 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.

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 with regard to 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. Remuneration to Directors for the Financial Year 2016- 2017

Directors	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 & Whole-time Directorr	3,99,60,036	0	39,600	37,39,130	4,37,38,766
Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO and Managing Director	2,85,82,560 ##	14,17,440 #	0	26,27,419	3,26,27,419
Mr. Viren Prasad Shetty, Whole time Director	80,00,004	0	0	14,81,090	94,81,094

** Performance related pay pertains to the financial year 2015-16

Towards National Pension Scheme contribution

Includes company leased accommodation (It is part of the salary/CTC)

b. Remuneration to Non-executive, Independent Directors paid as on March 31st, 2017

Directors	All elements of remuneration packages of the Directors.				Total (₹)
	Sitting fees (Board)	Sitting fees (Committees)	Commission*	Other benefits, if any.	
Mr. Arun Seth	3,00,000	1,00,000	10,00,000	-	14,00,000
Ms. Kiran Mazumdar Shaw	3,00,000	50,000	10,00,000	-	13,50,000
Mr. B N Subramanya	3,50,000	2,50,000	10,00,000	-	16,00,000
Mr. Manohar D Chatlani	3,00,000	-	10,00,000	-	13,00,000
Mr. Muthuraman Balasubramanian	4,50,000	2,00,000	10,00,000	-	16,50,000
Mr. K Dinesh	3,50,000	2,25,000	10,00,000	-	15,75,000

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.

* Commission paid of ₹ 10 Lakhs pertains to the FY 2015-16.

c. Service Contracts, Notice and Severance Fees

As at March 31, 2017, the Board comprised 9 members including 3 executive directors and 6 non-executive directors of which 5 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 & Whole-time Director and Mr. Viren Prasad Shetty, Whole-time Director of the Company.

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

Ms. Kiran Mazumdar Shaw holds 4705671 equity shares of ₹ 10 each as on March 31, 2017 and Mr. Muthuraman Balasubramanian holds 620 equity shares of ₹ 10 each as on March 31, 2017.

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
March 31, 2016	Friday, July 29, 2016 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.
March 31, 2015	Saturday, August 8, 2015 11.30 AM	No. 258/A, Bommasandra Industrial Area, Hosur Road, Bengaluru- 560099.
March 31, 2014	Monday, September 29, 2014 11.00 AM	No. 258/A, Bommasandra Industrial Area, Hosur Road, Bengaluru- 560099.

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

Sl. No.	Annual General Meeting held on July 29, 2016	Annual General Meeting held on August 8, 2015	Annual General Meeting held on September 29, 2014
1	Increase in the limits for borrowings under section 180(1) (c) of the Companies Act, 2013 upto ₹ 1,000 Crores	Appointment of Mr. David Michael Easton as Director.	Amendment of Memorandum and Articles of Association the Company
2	Appointment of Dr. Anesh Shetty for office or place of profit in an Associate Company.	Conversion of Private Company into a Public Company.	-
3	Amendment in the Liability Clause of the Memorandum of Association of the Company of the Company.	Adoption of revised Articles of Association of the Company.	-
4	Alteration of Articles of Association of the Company.	-	-

11. Details of Postal Ballots

Sl. No.	August 4, 2016	January 31, 2017
1.	Amendment in the Object Clause of Memorandum of Association of the Company.	Making offer/s or invitation/s to subscribe non-convertible debentures, in one or more series or tranches, aggregating to ₹ 1000 Crore (Rupees One Thousand Crore Only), on a private placement basis, during a period of one year from the date of passing of the Special resolution by the members, within the overall borrowing limits of the company, as may be approved by the Members from time to time.
2.	Increase in the limits for providing Loans, Guarantee, Security and making Investments under Section 186 of the Companies Act, 2013 up to ₹ 1,000 Crores	-
3.	Providing security under Section 180(1)(a) of the Companies Act, 2013 in connection with the borrowings of the Company up to ₹ 1,000 Crores	
4.	Scrutinizer for Postal Ballot Sudhindra KS CP No: 8190 FCS No: 7909 M/s. Kedarnath and Associates Company Secretaries, No. 85, Ojus Apartments, 004, Ground Floor, 04th Main, 13th Cross, Malleswaram Bangalore-560003	Scrutinizer for Postal Ballot M/s. Ganapathi & Mohan, Practising Company Secretaries (Firm Registration No. P2002KR057100), No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore - 560004
5.	**Voting Pattern** As per Annexure A of this Corporate Governance Report.	**Voting Pattern** As per Annexure B of this Corporate Governance Report.

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

Increase in the limits for providing Loans, Guarantee, Security and making Investments under Section 186 of the Companies Act, 2013 upto ₹ 2000 Crores.

13. Procedure for Postal Ballot

In compliance with Sections 108 and 110 and other applicable provisions of the Companies Act, 2013, read with the related Rules, the Company provides electronic voting (e-voting) facility to all its members. The Company engages the services of its Registrar and Transfer Agents; Karvy Computershare Private Limited for the purpose of providing e-voting facility to all its members. The members have the option to vote either by physical ballot or through e-voting.

The Company dispatches the postal ballot notices and forms along with postage prepaid business reply envelopes to its members whose names appear on the register of members / list of beneficiaries as on a cut-off date. The postal ballot notice is also sent to members in electronic form to the email addresses registered with their depository participants (in case of electronic shareholding) / the Company's registrar and share transfer agents (in case of physical shareholding). The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Act and applicable Rules. Voting rights are reckoned on the paid-up value of the shares registered in the names of the members as on the cut-off date. Members desiring to exercise their votes by physical postal ballot forms are requested to return the forms, duly completed and signed, to the scrutinizer on or before the close of the voting period. Members desiring to exercise their votes by electronic mode are requested to vote before close of business hours on the last date of e-voting. The scrutinizer submits his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot are then announced by the Chairman / authorized officer. The results are also displayed on the Company's website, www.narayanahealth.org, besides being communicated to the stock exchanges. The last date for the receipt of duly completed Postal Ballot Forms or e-voting shall be the date on which the resolution would be deemed to have been passed, if approved by the requisite majority.

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

To allow the shareholders 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 National Securities Depository Limited to provide e-voting facility to all the members. Members whose names appear on the register of members as on July 27, 2017 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. The quarterly financial results

The quarterly, half yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. 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 Limited, and on Company's website i.e., 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:

Thursday, August 3, 2017 at 11.30 A.M.

b. Financial Year

Financial Year covers the period from April 1, 2016 to March 31, 2017.

c. Listing on Stock Exchanges

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

d. Stock Exchange Codes

NSE: NH and BSE: 539551

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

ISIN: INE410PO1011

f. Suspension of Trading

None of the securities of the Company were suspended from trading on stock exchanges during the year under review.

g. Registrar and Share Transfer Agents

Karvy Computershare Private Limited situated at Karvy Selenium Tower B, Plot No. 31 & 32, Financial District, Gachibowli, Hyderabad.

h. 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.

i. Distribution of shareholdings as on March 31, 2017.

Number of Equity Shares	No. of Shareholders	% of total Shareholders	Amount in ₹	% of total amount
Upto 1 - 5000	28,320	95.81	20,827,310	1.02
5001 - 10000	738	2.5	4,976,040	0.24
10001 - 20000	260	0.88	3,788,950	0.19
20001 - 30000	57	0.19	1,415,820	0.07
30001 - 40000	33	0.11	1,172,910	0.06
40001 - 50000	22	0.07	1,025,820	0.05
50001 - 100000	36	0.12	2,628,340	0.13
100001 & Above	94	0.32	2,007,772,850	98.25
Total	**29,650**	**100.00**	**2,043,608,040**	**100**

j. Category of Equity Shareholders as on March 31, 2017.

Category	Number of Equity Shares held	Percentage of holding
PROMOTER INDIVIDUALS	2	62.03
FOREIGN BODIES CORPORATES	2	9.66
FOREIGN VENTURE CAPITAL	3	7.79
MUTUAL FUNDS	27	6.33
FOREIGN PORTFOLIO INVESTORS	44	5.73
RESIDENT INDIVIDUALS	27,422	4.93
PROMOTERS BODIES CORPORATE	1	1.81
TRUSTS	1	0.98
BODIES CORPORATES	312	0.28
FOREIGN INSTITUTIONAL INVESTORS	7	0.25
NON RESIDENT INDIANS	522	0.080
H U F	1,006	0.06
CLEARING MEMBERS	75	0.01
NON RESIDENT INDIAN NON REPATRIABLE	130	0.01
NBFC	2	0.00
BANKS	3	0.00
INDIAN FINANCIAL INSTITUTIONS	1	0.00
Total	**29,560**	**100.00**

k. Dematerialization of Shares & Liquidity

As on March 31, 2017, 97.87% of the Paid up Equity Share Capital of the Company is held in dematerialized 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

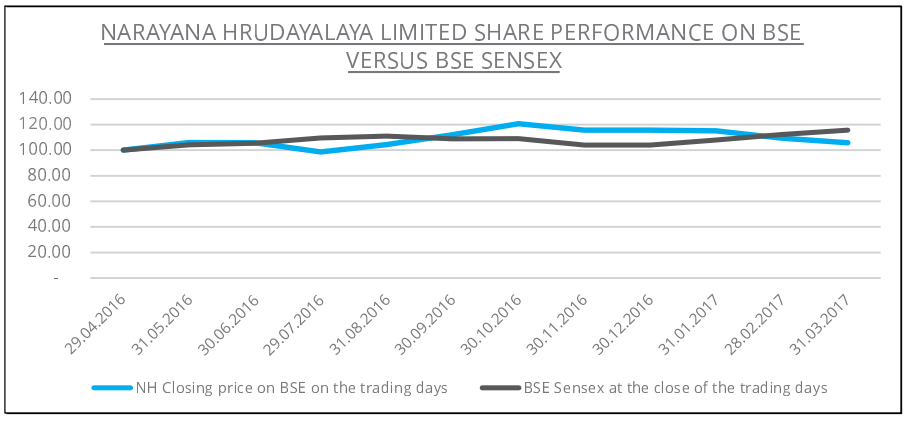
The Company had not issued any ADRs/GDRs Warrants or any Convertible Instruments during the year under services.

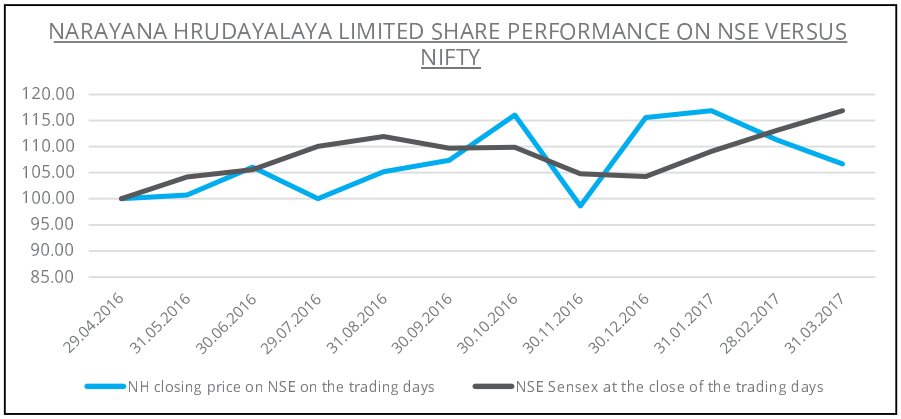
m. Address for correspondence

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

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

n. Performance in comparison to broad-based indices





Note on the above Graph (s):
Base 100, as on April 01, 2016.

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 24 hospitals, 7 heart centres and a network of primary care facilities across India and an international hospital in the Cayman Islands.

p. Market price date high low during each month in last financial year

Monthly High/Low and Volumes

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Total Traded Quantity	High (₹)	Low (₹)	Total Traded Quantity
April 2016	307.95	285.00	14,58,969	307.60	285.40	2,00,000
May 2016	332.00	287.00	13,73,422	331.60	286.00	2,00,000
June 2016	330.40	302.20	6,19,137	330.00	301.15	1,00,000
July 2016	317.75	285.10	17,00,576	316.20	285.00	1,00,000
August 2016	339.90	299.80	20,20,582	339.30	299.85	3,00,000
September 2016	374.00	306.00	44,58,151	373.00	306.05	16,00,000
October 2016	364.00	330.70	9,57,490	363.50	324.85	2,00,000
November 2016	379.00	281.00	7,08,870	375.00	294.50	1,00,000
December 2016	349.95	329.30	24,83,818	375.00	294.50	1,00,000
January 2017	345.00	333.10	8,09,504	349.00	333.75	1,00,000
February 2017	350.00	317.15	11,05,319	348.00	315.00	24,00,000
March 2017	329.90	304.00	8,52,609	331.00	302.00	1,00,000

16. Disclosures

a. Related Party transactions

During 2016-17, there were no materially significant transactions entered into between the Company and its promoters, Directors or the Management, Holding Company, Subsidiaries, Associates or relatives that may have potential conflict with the interest of the Company at large except for those mentioned in the Directors' Report. Further, details of related party transactions form part of notes to the standalone accounts of the Annual Report and a policy about same is available on the Company's website i.e., 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 disclosures of Material Subsidiary Company

The Company does not have any Material Subsidiary Company and hence no. of separate link for making disclosures of material subsidiary is created.

f. Disclosure of commodity price risk and commodity hedging activities

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

g. Disclosures regarding appointment or re-appointment of Directors

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

Ms. Kiran Mazumdar Shaw (DIN 00347229), Non-Executive and woman Director, of the Company, being the longest in the office, retires by rotation at the forthcoming Annual General Meeting and being eligible offers herself for re-appointment.

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

h. Code for Prevention of Insider Trading Practices

During the year under review, the Company adhered to comprehensive Code of Conduct for prevention of Insider Trading for its Director and designated employees. This Code lays down guidelines, through which it advises the designated employees or directors on procedures to be followed and disclosures to be made, while dealing with shares of the Company.

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 March 31, 2017 the Company does not have any material unlisted 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. Details of Unclaimed Shares/Dividends

The Company has not declared / paid any dividends, hence the question of unclaimed shares/dividend does not arise.

l. 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.

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

A message from Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO and MD Narayana Hrudayalaya Limited, on the half-yearly financial performance of the Company including a summary of the financial highlights in the six month period ended September 30, 2016 was uploaded in Stock Exchange and also hosted in the website of the company at www.narayanahealth.org.

The auditors' report on statutory financial statements of the Company are unqualified.

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.

17. CEO and CFO Certification

The Managing Director & Chief Executive Officer ("MD & 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 & 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 published in this Report as Annexure-VII A of Directors' Report.

18. Compliance Certificate on Corporate Governance

Certificate received from M/s. Ganapathi & Mohan, Practising Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bangalore - 560004 (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-VII B.

For and on behalf of the Board

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Place: Bengaluru
Date: May 29, 2017

Annexure - A

Voting Pattern for resolutions passed by postal ballot on August 4th, 2016

Resolution No. 1

Mode of Voting	No. of Votes Polled	No. of votes in Favour	No. of votes Against	No. of Invalid Votes	% of total votes cast in favour of the resolution	% of total votes cast against the resolution
E-Voting	1,69,63,690	1,69,63,155	340	240	11.42	0.02
Postal ballot	13,14,91,282	13,14,91,222	0	0	88.56	0.00
Total	14,84,54,972	14,84,54,377	340	240	99.98	0.02

Resolution No. 2

Mode of Voting	No. of Votes Polled	No. of votes in Favour	No. of votes Against	No. of Invalid Votes	% of total votes cast in favour of the resolution	% of total votes cast against the resolution
E-Voting	1,69,63,690	1,25,63,997	43,99,683	60	8.72	0.01
Postal ballot	13,14,91,282	13,14,91,222	0	0	91.27	0.00
Total	14,84,54,972	14,40,55,219	43,99,683	60	99.99	.01

Resolution No. 3

Mode of Voting	No. of Votes Polled	No. of votes in Favour	No. of votes Against	No. of Invalid Votes	% of total votes cast in favour of the resolution	% of total votes cast against the resolution
E-Voting	1,69,63,690	1,69,46,676	16,909	120	11.41	00.01
Postal ballot	13,14,91,282	13,14,91,222	0	0	88.58	00
Total	14,84,54,972	14,84,37,898	16,909	0	99.99	.01

Annexure - B

Voting Pattern for resolutions passed by postal ballot on January 31st, 2017

Mode of Voting	No. of Votes Polled	No. of votes in Favour	No. of votes Against	No. of Invalid Votes	% of total votes cast in favour of the resolution	% of total votes cast against the resolution
E-Voting	2,03,75,942	2,03,13,431	62,311	200	13.38	0.04
Postal ballot	13,14,90,822	13,14,90,790	32	0	86.58	0.00
Total	15,18,66,764	15,18,04,221	62,343	200	99.96	0.04

Annexure - VIIA

CEO and CFO CERTIFICATION

As per Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Narayana Hrudayalaya Limited
(Formerly known as Narayana Hrudayalaya Private Limited)
Bangalore - 560099.

Dear Sir,

We, Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO & Managing Director and Mr. Venugopalan Kesavan, Chief Financial Officer, certify to the Board that:

A. We have reviewed Financial Statements and Cash Flow Statements for the year ended March 31, 2017 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year under review which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the Auditors and the Audit, Risk and Compliance Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

   i. Significant changes in internal control over financial reporting during the year;

   ii. Significant changes in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. There is no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Mr. Venugopalan Kesavan
Chief Financial Officer
PAN: AEMPK0751N

Place: Bengaluru
Date: May 29, 2017

Annexure - VIIB

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.T.Q., Bangalore - 562158

We have examined the compliance of conditions of Corporate Governance by **Narayana Hrudayalaya Limited (Formerly known as Narayana Hrudayalaya Private Limited)** for the year ended March 31, 2017 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 examinations were 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. This Certificate 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.

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 all the mandatory requirements of Corporate Governance as stipulated in Schedule II of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

For **Ganapathi & Mohan**
Company Secretaries

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

Place: Bengaluru
Date: May 29, 2017

Annexure VIII

BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2)(f) of 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, Bangalore -560099

4. Website: www.narayanahealth.org

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

6. Financial Year reported: 2016-17

7. Sector(s) that the Company is engaged in (industrial activity code-wise): The Company is in the healthcare sector running, operating and maintaing multi-specialty hospitals and heart care centres. 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 Cayman Islands

   b. Number of National Locations

      The Company and its Group has 18 owned hospitals, 4 managed hospitals, 7 heart centers and 19 clinics

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

    National Presence:

    The Company and its Group has its hospitals and clinics in Ahmedabad, Bangalore, Mysore, Davangere, Dharwad, Guwahati, Jaipur, Jamshedpur, Katra, Kolar, Kolkata, Raipur, Shimoga, Bellary, Mahuva, Palanpur, Durgapur.

    International: Cayman Islands.

Section B: Financial Details of the Company

1. Paid up Capital (INR): ₹ 20,436.08 Lakhs

2. Total Turnover (INR): ₹ 164,591.44 Lakhs

3. Total Profit after Taxes (INR): ₹ 9,510.89 Lakhs

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%):

   ₹ 136.02 Lac spent on CSR which is 1.43% of the profit for 2016-17. 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 (2013-14 to 2015-16) which amounts to ₹ 132.17 Lakhs.

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

Sl. No.	CSR Activities	Amount spent (₹ in Lakhs)
1.	Rajiv Gandhi Arogya Yojana (RAY)	15.37
2.	Railway Clinics	10.22
3.	Mobile Mammography Screening	23.27
4.	Care Companion Program	6.11
5.	Udaan – A Scholarship Programme	12.00
6.	e-Health Center	46.41
7.	Shorapur MOM Program	22.64
	Total	**136.02**

Section C: Other Details

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

   Yes, the Company has totally Nine (9) Subsidiaries excluding Asia Healthcare Development Limited which was sold pursuant to a Share Purchase Agreement executed in November, 2016.

   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 & Hospital Limited (India)

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

   g. Narayana Hrudayalaya Hospitals Malaysia Sdn Bhd (Malaysia)

   h. Narayana Cayman Holdings Ltd (Cayman)

   i. Narayana Holdings Private Limited (Mauritius)

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

   Certain business responsibility initiatives in the area of ethics, transparency and accountability, sustainable use of resources, wellbeing of employees are being implemented by three operating subsidiaries:

   a. Narayana Hrudayalaya Surgical Hospital Private Limited (India)

   b. Meridian Medical Research & 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 a 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

(b) Details of the BR head:

Sl. No.	Particulars	Details
1	DIN Number (if applicable)	02775637
2	Name	Dr. Ashutosh Raghuvanshi
3	Designation	Vice Chairman, Group CEO & Managing Director
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 a policy/ policies for	√	√	√	√	√	√	√	√	√
2.	Has the policy being formulated in consultation with the relevant stakeholders?	√	√	√	√	√	√	√	√	√
3.	Does the policy conform 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	√	√	√
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	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: http://www.narayanahealth.org/stakeholder-relations/policy-documents/Anti-Bribery-Policy.pdf
http://www.narayanahealth.org/stakeholders-relations/policy-documents/code-of-conduct-NHL.pdf

Note 2: http://www.narayanahealth.org/stakeholder-relations/policy-documents/code-of-conduct-NHL.pdf

Note 3: http://www.narayanahealth.org/stakeholder-relations/policy-documents/FAW-Policy.pdf

Note 4: http://www.narayanahealth.org/stakeholder-relations/policy-documents/NHL-CSR-PolicyDocument-2016-17.pdf

Note 5: http://www.narayanahealth.org/stakeholder-relations/policy-documents/ESG-Policy.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 BR

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

Considering that this is the first year of the adoption of BR Policy, the BR performance will be reviewed on annual basis going forward.

(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 2016-17 and hence this is the first year of publishing this report. This Report forms part of the Annual Report of the Company hosted on the Website of the Company.

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?

   This policy extends to the Company and all its subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   The details with regard to Stakeholders' Grievances are: 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.

   The demand for radiology services is increasing exponentially due to increasing diagnostic services and shortage of radiologists at every centre round the clock. These shortages are being overcome by imaging facilities by using teleradiology services.

   Teleradiology is a method of sending radiographic images in digital form from one point to another using wide area network (WAN) or local area network (LAN). Images are captured by imaging modalities and are transferred through the network in DICOM format. These images are then studied by radiologist and the report is sent back to the imaging facility. Hence, teleradiology helps in providing timely interpretations of images to even remotely placed imaging centers at any time.

   Company's Teleradiology 24/7 offers a complete suite of teleradiology and business services designed to ensure complete patient and physician satisfaction as well as improving the imaging workflow. We have a team of approximately 70 radiologists. As a Group we read approximately 80000 radiology studies a month, with a variety of all modalities and complexity of studies. This initiative avoids travels, reduces costs of healthcare delivery and enables healthcare services at remote locations.

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?

   Teleradiology facility helps in immediate diagnosis in a remote manner without the creation of multiple expensive facilities across locations.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   The above initiate avoids travel of patients and thereby indirectly addressing environmental concern.

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.

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.

   The Company is engaged in providing healthcare services. In the process of providing the healthcare services, the Company adopts various sustainable initiatives. As part of the water conservation initiatives:

   (a) Waste water from the hospitals is treated in the waste water treatment plants and reused in the hospitals for suitable non-contact purposes like flushing, gardening, etc.

   (b) Due to good quality of Reverse Osmosis reject water, the water is segregated separately and reused at suitable locations.

   By above means more than 30-40% of the waste water is recycled in various process.

Principle 3

1. Please indicate the Total number of employees: 10113

2. Please indicate the Total number of employees hired on temporary/contractual/casual basis: 3280

3. Please indicate the Number of permanent women employees: 6424

4. Please indicate the Number of permanent employees with disabilities: 12

5. Do you have an employee association that is recognized by management? No

6. What percentage of your permanent employees is members of this recognized 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	Zero	Zero
2.	Sexual harassment	Three	Nil
3.	Discriminatory employment	Zero	Zero

8. What percentage of your under mentioned employees were given safety & skill up- gradation training in the last year?

   (a) Permanent Employees: 60.5% (6124 of 10113)

   (b) Permanent Women Employees: 83% (5359 of 6424)

   (c) Casual/Temporary/Contractual Employees: 100% (3280 of 3280) – As per the contract between the Company & Vendor, this is to be managed by the vendor.

   (d) Employees with Disabilities: 58% (7 of 12)

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 & marginalized stakeholders?

   The Company has identified various stakeholders who are less privileged, vulnerable and have taken various initiatives to address the same.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

   ### Shorapur Maternal Obstetric Monitoring program

   Company's program worked on creating awareness by placing emphasis on promotive and preventive aspects of ante natal care apart from focusing on improving the infrastructure at the Taluka hospital at Yadgir District in North Karnataka.

   ### Mobile Mammography Screening

   Keeping in mind the rapidly rising incidence of breast cancer, the company organized screening programs through the mobile mammography screening unit.

   ### e - Health Centre Program

   Company partnered with M/s. Hewlett Packard to implement, operate, run and manage the e-Health Centres fitted with pre-existing clinic depending on

the community's existing infrastructure. These are fully equipped with workstations, open electronic medical records (EMR) systems, biometric patient identification and integrated diagnostic devices and the data generated to be monitored across sites.

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.

   Yes, as part of the sustainability initiatives following activities have been undertaken during 2016-17:

   (a) Water audits at 10 hospitals to identify the scope for water conservation.

   (b) Energy audits through Industry experts at 2 hospitals located in Jaipur and Mysore.

   (c) Internal energy audits at 2 hospitals located in Bangalore and Kolkata.

   (d) Contract signed for renewable energy sourcing at 6 facilities located in the State of Karnataka.

   (e) Tied-up with industry experts for Energy Conservation Projects targeting HVAC system and Pumps at facilities located in Bangalore.

Benefits from the above initiatives

Due to various initiatives carried out in 2016-17, average specific water consumption have reduced by 28.6% year-on-year and 37.1% month-on-month. In the process, up to 36.8 mn litres of water have been saved compared to the 2015-16. Also as an indirect benefit 1.8 lakh units of electricity also saved in the process.

As part of the water conservation initiative, water audits were conducted at hospitals for better understanding of water consumption pattern and to identify scope for water conservation. To further emphasize the need for water conservation, a company-wide awareness campaigns were organised like Report a Water leak campaign on the eve of 'World Water Day' and regular distribution of awareness posters to sensitize the work force.

During the year, the following results were achieved:

(a) More than 30 percent reduction in total water consumption across Company's facilities, resulting in cost savings of more than ₹ 100 Lakhs during 2016-17.

(b) Company's facilities located in Bangalore, Shimoga, Mysore, Kolkata, Jaipur, Jamshedpur and Raipur achieved savings up to a maximum of 49% in specific water consumption.

(c) An annual saving of ₹ 75 Lakhs was achieved at Health City, Company's flagship hospital in Bengaluru, even after a considerable increase in the unit water cost.

(d) Company's facilities also realised estimated energy savings up to ₹ 16.03 Lakhs as a result of less water consumption.

After a successful first year, Company is now targeting further reductions in water use over the next 12 months. The Company is aiming to reduce its water consumption by 40% by March 2018. Water conservation initiatives continue to work because of the organization wide support, including senior management. There is an understanding that effective sustainability policies, like water conservation, have

a positive impact on the environment, they provide cost savings and, ultimately, help deliver better patient care. Looking ahead, the Company is in the process of understanding how climate change will affect water supply in locations where water may pose a material risk to operations and measures that can be implemented now to mitigate the risk.

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 Financial Year.

   We had received two show cause notices from:

   (a) KSPCB dated 29.4.2016 alleging non-compliance with the provisions of the Bio-Medical Waste Management Rules, 2016

   (b) Chhattisgarh Environment Conservation Board pertaining to non-compliance with erstwhile Bio-Medical Waste (Management & Handling) Rules, 1998

   The Management has replied to both these notices.

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, the Company 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. (Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

   The Company has lobbied through AHPI for the following initiatives:

   (i) Medical Education Reforms

   a. Increase in Post Graduate seats in Medical Education and to equalize UG and PG seats; Recognition of Diplomas from College of Physicians and Surgeons (CPS) to convert existing MBBS doctors in Government hospitals to intermediate specialists.

   b. Promoting career progression for Nurses through Nurse Intensivist, Nurse Practitioner and Nurse Anesthetist courses.

   c. Mooted the concept of Global Medical University for Asia, Africa and Latin American countries to address the shortage of doctors, nurses and paramedics.

   d. Convert Government District Hospitals across the country into medical colleges with limited intake.

   e. Promote medical education by establishing 500 medical colleges under Pubic Private Partnership (in North and North-Eastern India).

   f. Working on associating with Royal College of Surgeons to tie up with Indian Hospitals for award of FRCS degree.

   (ii) Primary and Secondary Healthcare, Rural Healthcare

   a. Reducing Maternal and Infant Mortality Rates by 50% within 2020 by having adequate specialists.
   To reduce the shortage of specialists in Community Health Centres and Taluka hospitals through intermediate specialists / Diplomas from CPS.

   b. Empower nurses with Nurse Practitioner certification and limited prescription rights to effectively manage Primary Healthcare Centres.

   c. Bridge courses for AYUSH doctors in pharmacology and granting limited prescription rights to manage clusters of Primary Healthcare Centres under supervision of MBBS doctors.

   (iii) Information Technology in Healthcare

   a. Contributed to National EMR policy with recommendations for desirable EMR standards for India.

   b. Promoting tele-consultations and online consultations to reach wider population base and remote areas.

   c. Patient Health Records in mobile phones.

   d. Prescription rights for online prescriptions.

   e. Paperless hospitals compliant with legal and clinical requirements.

   f. Working towards making doctors seek second opinion online to reduce clinical errors and effective healthcare delivery.

   g. Associating with institutions like IIT-Kharagpur for indigenous development of medical devices.

(iv) Public Health Policy

a. Active contribution to Universal Healthcare Coverage policy by Government of India.

b. Instrumental in formulating Karnataka Public Health Policy under Karnataka Knowledge Commission.

c. Suggestions on short-term, mid-term and long-term healthcare initiatives to Niti Aayog.

d. Played a major role in reduction of electricity tariff for hospitals in major states of India.

e. Have been a prominent opinion maker for various state and central government health schemes.

f. Major contributor for State and National Skill Development initiatives in Healthcare.

g. Infrastructure status for Healthcare Sector.

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 thereof.

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.

(i) e-Health Centre

Keeping in view the need felt for improving technology enabled primary health care in India, the initiative of "e-Health Centre programme" has been taken up by the Company with Hewlett Packard and Council of Scientific & Industrial Research (CSIR), India. The objective of the programme is to deliver quality and affordable health care to people living in resource-deprived locations of India using appropriate technologies. Company has tried to address access, affordability and quality of care at the primary health care level through the e-Health Centre Program.

(ii) Shorapur Maternal Obstetric Monitoring (MOM) Program

The Company is involved in a maternal health program in North Karnataka. The program aims to address the unmet healthcare needs in this high priority district. Set against the background of a low Human Development Index as well as Gender Development Index, our CSR program in Shorapur has focused on creating awareness by placing emphasis on promotive and preventive aspects of ante natal care apart from focusing on improving the infrastructure at the Taluka hospital.

(iii) Mobile Mammography Screening

Through the 'Mobile Mammography Unit' program, the Company is creating awareness among the people about breast cancer diagnosis and treatment. Keeping in mind the rapidly rising incidence of breast cancer, the mobile mammography screening unit was inaugurated at Mazumdar Shaw Multi-specialty Hospital on February 4th, 2014. We have been able to screen more than 13,000 women in rural and urban areas, and 18 women with malignant tumors have been successfully detected and treated through government schemes at Company's facilities.

(iv) Udaan program

Company's social initiative with a focus on educating and mentoring selected students from economically challenged family backgrounds to become doctors is the brainchild of Dr. Devi Prasad Shetty, Chairman of the Company. It offers scholarships to bright students from disadvantaged rural backgrounds to become doctors. It follows a streamlined selection process to ensure that deserving and bright students who aspire to make a career in medicine are given the required support and resources to achieve their dreams.

(v) Care Companion Program

The Care Companion Program was first set up in 2013 in Company's Mysore unit. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource. The program objective is to harness patient attendant capabilities by creating a position for them within the current hospital personnel framework and, through a training process, to become additional in-hospital Care Companions.

(vi) Rajiv Gandhi Arogya Yojana program

The Rajiv Gandhi Arogya Yojana program was initiated on November 25, 2005 in order to develop a model of rural primary health care system in Amethi. The program focuses on the aspects of primary healthcare service delivery like free consultation, free medicines and dressing of wounds. Each clinic operates for 4 hours a day and 6 days in a week. The objective of the program is to provide free of cost primary healthcare services including free of cost medicines to people from poor socio-economic background in Amethi. The program has catered to the healthcare related needs of more than 20,52,000 individuals by providing them primary healthcare services. In 2016-17, 17,124 patients availed the services of the clinic.

(vii) Community Radio station

The Community Radio station is a recent initiative. The broader objective of our community radio station would be to serve as a consensus-building platform wherein communication processes would help the communities around us to share common understanding and common goals. The focus areas of the program would be health, education, environment and culture.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

The Company has a CSR team which is involved in various programs with focus on health, education and vocational training. Company follows a project based approach for carrying out its CSR initiatives. In the CSR programs, Company also collaborates, with external NGOs on ground.

3. Have you done any impact assessments of your initiative?

The Company conducts impact assessments where feasible.

In the Shorapur MOM program which began in April 2016, the Company's radiologists have conducted 2302 free USG scans in the Taluka hospital of which 27% were detected to be high risk pregnancies owing to a combination of causes- high parity, previous complications, liquor insufficiency, placental disorders, breech presentation etc. In addition, antenatal cases with moderate and severe anemia have been tracked by the program team for packed red blood cells transfusion in the Taluka hospital. 125 antenatal women with severe anemia have been treated so far. The program team has also managed to track the number of high risk pregnancies from regular ante natal care Out Patient Department in the Taluka hospital. The High Risk Pregnancy Form formulated by the CSR team has been able to detect that between 30% to 55% of the Ante Natal care cases coming in are high risk pregnancies compared to far lower statistics captured by the maternal and child tracking system, which varies between 2% to 10%. The details of these high risk pregnancies are further shared with all stakeholders including frontline healthcare workers, who ensure regular monitoring and early referral of these cases.

Company's mobile mammography program has successfully screened over 13,000 women and detected 18 women with malignant breast tumor's. All of these women have been successfully treated at Company's facilities through government schemes.

4. What is your company's direct contribution to community development projects- Amount in ₹ and the details of the projects undertaken?

Details of CSR spent during FY 16-17:

(₹ in Lakhs)

Sl. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs		Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
					Direct Expenditure on projects or programs	Overheads		
1.	Rajiv Gandhi Arogya Yojana (RAY)	Healthcare and Enhancing livelihood	Amethi, Uttar Pradesh	31.61	14.72	0.65	15.37	Direct
2.	Railway Clinics	Healthcare	Karnataka	18.13	6.60	3.62	10.22	Direct
3.	Mobile Mammography Screening	Healthcare	Karnataka	20.44	17.49	5.78	23.27	Direct
4.	Care Companion Program	Healthcare and Enhancing livelihood	Pan India	10.61	6.11	-	6.11	Direct
5.	Udaan – A Scholarship Programme	Promoting Education	Karnataka	12.00	12.00	-	12.00	Direct
6.	e-Health Center	Healthcare and Enhancing livelihood	Pan India	35.31	28.15	18.26	46.41	Direct
7.	Shorapur MOM Program	Healthcare	Karnataka	6.90	18.15	4.49	22.64	Direct
				135.00	136.02		136.02	

5. 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 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 program. We have also reached out to Gram Panchayat representatives, NGOs and SHGs in the adjoining areas. Based on these regular interactions, our program has gained traction and most frontline healthcare workers in the region are aware of the program.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   75 cases have been filed before consumer forums and civil courts pertaining to customers and 8 criminal matters have been filed pertaining to medical negligence.

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. The Company also conducted a patient satisfaction study through an agency to understand the experience of patients about the treatment process. Further, researchers from Imperial College, London visited the Company to carry out a project concerning the impact of private healthcare providers. It was an independent project commissioned by CDC Group, which has invested in the Company. The team had developed a health investment impact framework for understanding the impact private hospitals can have on the local health system, and the purpose of the visit was to test out this framework on the Company.

Annexure IX

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2017
[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]

To,
The Members,
M/s. NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bengaluru - 562158

We have conducted the secretarial audit of the compliance of applicable statutory provisions and adherence to good corporate practices by **"M/s. NARAYANA HRUDAYALAYA LIMITED" (CIN: L85110KA2000PLC027497)** (Formerly known as Narayana Hrudayalaya Private Limited) having its registered office at No. 258/A, Bommasandra Industrial Area, Anekal.T.Q., Bangalore - 562158 (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 authorized 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 March 31, 2017, 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 March 31, 2017 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. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
    b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
    c. The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009;
    d. Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.
    e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
    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;
    g. The Securities and Exchange Board Of India (Delisting of Equity Shares) Regulations, 2009; and
    h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;
6. Other laws specifically applicable to the Company;
    a. Employees Provident Fund and Miscellaneous Provisions Act, 1952.
    b. Employees State Insurance Act, 1948.

c. Environment Protection Act, 1986 and other applicable environmental laws.
d. Indian Contract Act, 1872.
e. Income Tax Act, 1961 and other related laws.
f. Indian Stamp Act, 1999.
g. Payment of Bonus Act, 1965.
h. Payment of Gratuity Act, 1972 and such other applicable labour laws.
i. Clinical Establishments (Registration & Regulations) Act, 2010.
j. Karnataka Private Medical Establishments Act, 2007.
k. Drugs and Cosmetics Act, 1940 and Rules 1945.
l. Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (Ethics Regulations).
m. Atomic Energy Act, 1962 and Rules thereunder.
n. Narcotic Drugs and Psychotropic Substance Act, 1985.
o. Medical Termination of Pregnancy Act, 1971.
p. Pre-Natal Diagnostic Techniques (Regulations & Preventions of Misuse) Act, 1994.
q. Transplantation of Human Organs Act, 1994.
r. Registration of Births and Deaths Act, 1969.
s. Water (Prevention and Control of Pollution) Act, 1974.
t. Air (Prevention and Control of Pollution) Act, 1981.
u. Environment Protection Act, 1986.
v. Bio-medical Waste (Management and Handling) Rules, 1998.
w. Hazardous Wastes (Management, Handling and Trans boundary Movement) Rules, 2008.
x. Pre-conception and Prenatal Diagnostic Techniques (Prohibition of Sex Selection) Rules, 1996.

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.
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 and Independent Directors. There is no change in the composition of the Board of Directors during the period under review.
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 are 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 & processes which would be made functional 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 Shareholders was taken at the Annual General Meeting held on July 29, 2016 by way of special resolutions on the following items :

   a. Increase in the Borrowing limit under Section 180(1)(c) of the Companies Act, 2013 upto Rs. 1000 Crores.

   b. Amendment to Liability Clause of Memorandum of Association of the Company in order to comply with the provisions of Companies Act, 2013.

   c. Amendment to Article 59 of the Articles of Association of the Company, relating to compulsory retirement by rotation of director at the Annual General Meeting.

ii. Approval of Shareholders were taken through Postal ballot on August 04, 2016 by way of special resolutions on the following items :

   a. Amendment of the Object Clause of Memorandum of Association with respect to Clause III (A) "The Main Objects to be pursued by the Company on its Incorporation" by insertion of new clause 8 after the existing Clause 7.

   b. Providing loan, guarantee and security including deposits and to make investments in securities of wholly owned subsidiaries, subsidiary companies and other body corporate not exceeding ₹ 1000 crores under Section 186 of the Companies Act, 2013.

   c. Increasing the limits for providing security under Section 180(1)(a) of the Companies Act, 2013 in connection with borrowings of the Company upto ₹ 1000 Crores.

iii. The Company has obtained approval of Shareholders for Issue of Non-Convertible Debentures upto ₹ 1000 Crores by way of Special Resolution through Postal ballot on January 31, 2017. However, as on the date of our report, the Company has not issued any debentures.

iv. Pursuant to the approval on April 21, 2017 by the Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement and acquired 100% equity in New Rise Healthcare Private Limited, a wholly owned subsidiary of Panacea Biotech Limited.

v. The Company has sold its wholly owned subsidiary "Asia Healthcare Development Limited" through a sale agreement dated November 10, 2016.

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. Merger / amalgamation / reconstruction etc.,

d. 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: May 29, 2017

Annexure - A

To,
The Members,
M/s. NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal.T.Q., Bengaluru - 562158

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: May 29, 2017

INDEPENDENT AUDITOR'S REPORT

To
The Members of
Narayana Hrudayalaya Limited

Report on the Standalone Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Standalone Ind AS financial statements of Narayana Hrudayalaya Limited ('the Company'), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Standalone Ind AS financial statements").

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS 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 accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in the paragraphs 3 and 4 of the Order.

2. As required by Section 143 (3) of the Act, 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, the Statement of Cash Flows and the 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 Ind AS financial statements comply with the Indian Accounting Standards specified under Section

133 of the Act, read with relevant rules issued thereunder;

(e) on the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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 B"; and

(g) 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, 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 Ind AS financial statements – Refer Note 27 to the Standalone Ind AS financial statements;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. the Company has provided requisite disclosures in its Standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016. However, as stated in Note 48 to the Standalone Ind AS financial statements amount aggregating to ₹ 0.06 lakhs as represented to us by the Management have been utilized for other than permitted transactions and received amount aggregating ₹ 57.24 lakhs from transactions which are not permitted.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

Annexure - A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 in 'Report on Other Legal and Regulatory Requirements' of the Independent Auditor's Report to the members of Narayana Hrudayalaya Limited ("the Company") on the standalone Ind AS financial statements for the year ended March 31, 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of property, plant and equipment.

(b) The Company has a regular programme of physical verification of its property, plant and equipment by which all property, plant and equipment are verified in a phased manner over a period of three years. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. In accordance with this programme, certain property, plant and equipment were verified during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations give to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory has been physically verified by the Management during the year. In our opinion, the frequency of such verification is reasonable and no material discrepancies were noticed on such verification.

(iii) The Company, in the previous years and the current year, has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). However, no loan, secured or unsecured, has been granted by the Company to firms or other parties covered in the register maintained under section 189 of the Act. Further, there are no Limited Liability Partnerships covered in the register maintained under section 189 of the Act.

(a) The terms and conditions on which the loan has been granted during the current year is not prejudicial to the interest of the Company.

(b) The loans granted are repayable on demand and the Company has not sought repayment of these loans during the current year. Accordingly, paragraph 3(iii)(b) of the Order in respect of the receipt of the principal amounts of such loans is not applicable to the Company. The interest on such loans has been received regularly during the year.

(c) There are no overdue amounts in relation to the principal and the interest on such loans.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of section 185 and section 186 of the Act, in respect of loans, investments, guarantees and security made.

(v) According to information and explanations given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government of India for maintenance of cost records under sub-section (1) of section 148 of the Act in respect of services rendered and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the accounts and records.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income-Tax, Sales Tax, Value Added Tax, Duty of Customs, Service Tax and other material statutory dues have generally been regularly deposited during the year with the appropriate authorities. As explained to us, the Company did not have any dues on account of Duty of Excise.

According to the information and explanations given to us, no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income Tax, Sales Tax, Value Added Tax, Duty of Customs, Service Tax and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

Annexure - A to the Independent Auditor's Report (contd.)

(b) According to the information and explanations given to us, there are no dues of Sales Tax, Value Added Tax, Service Tax and Duty of Customs which have not been deposited with the appropriate authorities on account of any dispute. The following dues of Income tax have not been deposited by the Company on account of disputes.

Name of the statute	Nature of dues	Amount disputed (₹ in lakhs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax	21.72*	AY 2009-10	High Court of Karnataka

* The amounts disclosed above is net of ₹ 100 lakhs paid under protest.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks. The Company did not have any dues to debenture holders and loans outstanding from financial institutions and Government during the year.

(ix) According to the information and explanations given to us and based on our examination of the records of the Company, the monies raised by the Company by way of term loan during the year was not utilised till the year end. No monies were raised, during the year, by the Company by way of initial public offer or further public offer (including debt instruments).

(x) According to the information and explanations given to us, no fraud by the Company or any material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Act.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the standalone Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, paragraph 3(xiv) of the Order is not applicable.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

Annexure - B to the Independent Auditor's Report

Report on the Internal Financial Controls 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, 2017 in conjunction with our audit of the Standalone Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ("Guidance Note") issued by the Institute of Chartered Accountants of India ('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 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 Act.

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 and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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 Standalone Ind AS 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, 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, 2017, 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 issued by the ICAI.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

BALANCE SHEET as at March 31, 2017

(₹ in lakhs)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4	67,986.84	64,705.12	66,185.85
Capital work-in-progress	4	5,157.43	1,273.14	885.37
Intangible assets	4	259.03	269.54	316.29
Financial assets				
Investments	5	35,399.60	33,358.85	24,082.08
Loans	6(a)	3,845.70	3,230.93	5,191.77
Other financial assets	7(a)	299.54	227.38	956.26
Income tax assets (net)	8	1,297.20	2,904.13	3,143.17
Other non-current assets	9(a)	5,832.94	5,844.79	5,583.11
Total non-current assets		**120,078.28**	**111,813.88**	**106,343.90**
Current assets				
Inventories	10	4,343.82	4,391.17	4,826.29
Financial assets				
Trade receivables	11	13,761.59	13,795.60	14,379.88
Cash and cash equivalents	12(a)	2,069.91	830.44	1,469.75
Bank balances other than above	12(b)	745.80	988.99	867.30
Loans	6(b)	1,779.75	553.22	237.81
Other financial assets	7(b)	3,848.71	2,172.93	1,702.68
Other current assets	9(b)	1,978.82	2,225.94	1,950.72
		28,528.40	**24,958.29**	**25,434.43**
Assets held for sale	13	-	**1,411.30**	-
Total current assets		**28,528.40**	**26,369.59**	**25,434.43**
TOTAL ASSETS		**148,606.68**	**138,183.47**	**131,778.33**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	14	20,436.08	20,436.08	20,000.00
Other equity		85,411.10	75,271.64	59,409.57
Total equity		**105,847.18**	**95,707.72**	**79,409.57**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	15(a)	9,570.32	9,537.49	15,933.60
Other financial liabilities	16(a)	591.93	317.43	382.33
Provisions	17(a)	1,434.24	1,249.18	977.85
Deferred tax liabilities (net)	40	2,296.51	2,146.97	2,712.33
Other non-current liabilities	18(a)	2,047.73	2,150.60	2,283.56
Total non-current liabilities		**15,940.73**	**15,401.67**	**22,289.67**
Current liabilities				
Financial liabilities				
Borrowings	15(b)	448.82	3,690.65	9,434.68
Trade payables	19	15,388.77	13,799.07	12,091.87
Other financial liabilities	16(b)	7,847.76	6,147.73	6,021.78
Other current liabilities	18(b)	2,043.78	2,336.86	1,871.75
Provisions	17(b)	1,089.64	1,099.77	659.01
Total current liabilities		**26,818.77**	**27,074.08**	**30,079.09**
TOTAL EQUITY AND LIABILITIES		**148,606.68**	**138,183.47**	**131,778.33**
Significant accounting policies	3			

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 29, 2017

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 29, 2017

STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

(₹ in lakhs)

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Revenue from operations	20	164,591.44	147,002.58
Other income	21	1,814.62	1,371.03
Total income		**166,406.06**	**148,373.61**
EXPENSES			
Purchase of medical consumables, drugs and surgical equipments		38,655.06	35,039.33
Changes in inventories of medical consumables, drugs and surgical equipments	22	47.35	435.12
Employee benefits expense	23	32,982.97	30,633.10
Other expenses	24	71,667.47	63,876.70
Total expenses		**143,352.85**	**129,984.25**
Earnings before finance costs, depreciation and amortisation, exceptional items and tax		**23,053.21**	**18,389.36**
Finance costs	25	1,180.82	1,982.85
Depreciation and amortisation expense	26	6,820.57	6,675.11
Profit before exceptional items and tax		**15,051.82**	**9,731.40**
Exceptional items	45	319.08	1,084.59
Profit before tax		**14,732.74**	**8,646.81**
Tax expense:			
Current tax		5,091.94	3,513.59
Deferred tax charge / (credit)		129.91	(535.12)
Total tax expense		**5,221.85**	**2,978.47**
Profit for the year		**9,510.89**	**5,668.34**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		57.63	(87.38)
Income tax effect		(19.62)	30.24
Other comprehensive income for the year, net of income tax		**38.01**	**(57.14)**
Total comprehensive income for the year		**9,548.90**	**5,611.20**
Earnings per share	38		
Basic (₹)		4.70	2.83
Diluted (₹)		4.69	2.83
Significant accounting policies	3		

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

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Managing Director
DIN: 02775637

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 29, 2017

CASH FLOW STATEMENT for the year ended March 31, 2017

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	14,732.74	8,646.81
Adjustments :	-	-
Depreciation and amortisation	6,820.57	6,675.11
Provision for other than temporary diminution in long-term investments	34.25	26.88
Interest income	(428.98)	(245.18)
Finance costs	1,180.82	1,982.85
Share based payment expenses	587.32	336.07
Government grant	(162.62)	(162.62)
Assets / Capital-work-in-progress written off	267.83	-
Loss on sale of fixed assets	136.00	70.88
Profit on sale of investment	(51.09)	-
Exceptional items	319.08	1,084.59
Unrealised foreign exchange gain (net)	(39.55)	(28.98)
Loss on slump sale	-	31.99
Operating cash flow before working capital changes	23,396.97	18,418.40
Changes in trade receivables	59.83	602.55
Changes in inventories	(36.82)	432.35
Changes in loans, other financial assets and other assets	43.39	(1,624.30)
Changes in trade payables and other financials liabilities	1,619.32	2,552.77
Changes in provision	232.55	624.72
Cash generated from operations	**25,314.64**	**21,006.49**
Income taxes paid (net of refund)	(3,485.01)	(3,274.55)
Net cash generated from operating activities (A)	**21,829.63**	**17,731.94**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(12,571.78)	(7,528.55)
Proceeds from slump sale (refer note 45(b))	1,557.00	232.02
Proceeds from sale of property, plant and equipment	74.14	733.37
Investment in equity shares of subsidiaries	(1,405.85)	(5,595.80)
Proceeds from sale of investment in subsidiaries (refer note 45)	38.34	-
Share application money paid during the year	(1,129.44)	(3,599.21)
Proceeds from refund of share application money	18.06	-
Purchase of mutual fund	(27,300.00)	-
Proceeds from sale of mutual fund	25,351.09	-
Unsecured loan given to related parties	(1,502.79)	-
Proceeds from repayment of loan by a related party	-	1,957.41
Redemption of investment in debentures	-	552.12
Investment in bank deposit	(2,696.69)	(89.03)
Repayment of bank deposit	2,952.38	34.43
Interest received	423.09	327.33
Net cash (used in) investing activities (B)	**(16,192.45)**	**(12,975.91)**

CASH FLOW STATEMENT for the year ended March 31, 2017

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from financing activities		
Proceeds from long-term borrowings	2,000.00	5,847.96
Repayment of long-term borrowings	(1,980.62)	(3,782.95)
Repayment of working capital loan	-	(2,500.00)
Repayment of commercial papers	(2,000.00)	(6,000.00)
Proceeds from commercial papers	-	8,000.00
Expenses paid in relation to issue of equity shares	-	(114.50)
Proceeds from exercise of share options	3.24	-
Interest and other borrowing costs	(1,185.94)	(1,602.53)
Net cash (used in) financing activities (C)	**(3,163.32)**	**(152.02)**
Net increase in cash and cash equivalents (A+B+C)	**2,473.86**	**4,604.01**
Cash and cash equivalents at the beginning of the year (refer note 12)*	(860.21)	(5,464.93)
Effects of exchange gain on restatement of foreign currency cash and cash equivalent	7.44	0.71
Cash and cash equivalents at the end of the year (refer note 12)	**1,621.09**	**(860.21)**

* 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 these financial statements.

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 29, 2017

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 29, 2017

Statement of changes in equity for the year ended March 31, 2017

(a) Equity share capital

(₹ in lakhs)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2015	200,000,000	20,000.0
Changes in equity share capital during 2015-16 (refer note 14)	4,360,804	436.08
Balance as at March 31, 2016	204,360,804	20,436.08
Changes in equity share capital during 2016-17 (refer note 14)	-	
Balance as at March 31, 2017	**204,360,804**	**20,436.08**

(b) Other equity

(₹ in lakhs)

	Reserves and Surplus							Items of OCI	Total other equity
	Capital Reserve	Securities Premium Reserve	Debenture Redemption Reserve	Treasury Shares	Share based payments	General Reserve	Retained earnings	Remeasurements of the net defined benefit Plans	
Balance at April 1, 2015	**15.38**	**38,893.64**	**2,500.00**	**-**	**-**	**-**	**18,000.55**	**-**	**59,409.57**
Profit for the year	-	-	-	-	-	-	5,668.34	-	5,668.34
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	-	(57.14)	(57.14)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**5,668.34**	**(57.14)**	**5,611.20**
Transaction recorded directly in equity									
Premium on issue of equity shares	-	10,233.30	-	-	-	-	-	-	10,233.29
Share-based payments (refer note 44)	-	-	-	(204.00)	336.07	-	-	-	132.07
Share issue expenses (refer note 36)	-	(114.50)	-	-	-	-	-	-	(114.50)
Transfer from debenture redemption reserve	-	-	-	-	-	2,500.00	-	-	2,500.00
Transfer to general reserve	-	-	(2,500.00)	-	-	-	-	-	(2,500.00)
Balance as at March 31, 2016	**15.38**	**49,012.44**	**-**	**(204.00)**	**336.07**	**2,500.00**	**23,668.89**	**(57.14)**	**75,271.64**
Profit for the year	-	-	-	-	-	-	9,510.89	-	9,510.89
Other comprehensive income (net of tax)	-	-	-	-	-	-	-	38.01	38.01
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**-**	**9,510.89**	**38.01**	**9,548.90**
Transaction recorded directly in equity									
Exercise of share options	-	-	-	3.24	-	-	-	-	3.24
Share-based payments	-	-	-	-	587.32	-	-	-	587.32
Balance as at March 31, 2017	**15.38**	**49,012.44**	**-**	**(200.76)**	**923.39**	**2,500.00**	**33,179.78**	**(19.13)**	**85,411.10**

Capital reserve
Capital reserve was created at the time of acquisition of Barasat unit.

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.

Debenture redemption reserve (refer note 43)
The Company issued optionally convertible debenture in India and as per the provisions of the Companies Act, 2013, it is required to create debenture redemption reserve out of the profits of the Company available for payment of dividend which has been transferred to general reserve during the previous financial year 2015-16.

Treasury reserve
Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity.

Share based payment reserve
The Company has established share based payment for eligible employees of the Company, its subsidiaries or an associate. Also refer note 44 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.

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

As per our report of even date attached
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Firm's registration number : 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

for and on behalf of the Board of Directors of
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Chief Financial Officer

Place: Bengaluru
Date: May 29, 2017

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 29, 2017

NOTES to the financial statements for the year ended March 31, 2017 (continued)

1. Company overview

Narayana Hrudayalaya Limited ('the Company') was incorporated on 19 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 March 31, 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 Maurtitius 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 million and equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on January 6, 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 Company's financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance of the Company is provided in Note 50.

The financial statements were authorised for issue by the Company's Board of Directors on May 29, 2017.

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 in Indian Rupees lakhs 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 recognised prospectively.

Judgments

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

Note 35 - Leases and lease classification;

Note 27 - Provision for Income tax and other contingencies

Note 49 - Financial instruments

Note 44 - 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 March 31, 2017 is included in the following notes:

Note 40- recognition of deferred tax assets

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

Note 27- recognition and measurement of provisions

NOTES to the financial statements for the year ended March 31, 2017 (continued)

and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

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

Note 5 to 7, 11, 12 and 49 - 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 categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

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

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

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

Note 49 – financial instruments;

Note 44 – share based payment arrangement; and

Note 39 – asset held for sale

3. Significant accounting polices

3.1. Financial instruments

a. Recognition and initial measurement

Trade receivables and debt securities issued 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

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

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.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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 currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.2. Inventories

The inventories of medical consumables, drugs and surgical equipments 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 realisible is made on an item by item basis. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for value added tax wherever applicable, applying the first in first out method.

3.3. Cash and cash equivalents

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

3.4. 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.

3.5. 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 equivalent, as they form an integral part of an entity's cash management.

3.6. Revenue recognition

Revenue from operations

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

Revenue is recognised net of discounts given to the patients.

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

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

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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.

'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 the excess of earnings.

Interest

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised 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 finance income in the statement of profit and loss.

Dividend

Dividend income is recognised when the Company's right to receive dividend is established.

Learning and development income

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

3.7. 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 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 life are as prescribed under Part C of Schedule II of the Companies Act, 2013 except vehicles where useful life considered by management is lower.

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

3.8. Goodwill and other 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

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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.

3.9. Government grants

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

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

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

Defined benefit plans

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

The gratuity scheme is administered by third party. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are 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 recognised 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 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 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.

3.11. 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

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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.

3.12. 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 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 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 recognised 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.

3.13. 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.

3.14. 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 or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the 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.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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

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

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

3.15. 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.

3.16. Impairment

a. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost;

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) 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 reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

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

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

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

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

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

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

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

Company's historical experience and informed credit assessment and including forward- looking information.

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 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 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 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.

3.17. 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 recognised in the statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated.

3.18. Provisions and contingencies

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

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

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

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

NOTES to the financial statements for the year ended March 31, 2017 (continued)

3.19. Share and debenture 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.

3.20. Measurement of Profit/ Earnings before interest, tax, depreciation and amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (which is considered to be applicable even in the context of Schedule III to the Companies Act, 2013) the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement of EBITDA, the Company includes other income but does not include depreciation and amortization expense, finance costs and tax expenses.

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

(₹ in lakhs)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at April 1, 2016	Additions	Deletions	As at March 31, 2017	As at April 1, 2016	Depreciation	Deletions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
(A) Tangible assets (owned)										
Freehold land (i) (ii)	3,558.34	-	29.83	3,528.51	-	-	-	-	3,528.51	3,558.34
Building (ii)	3,968.29	-	-	3,968.29	1,268.26	86.66	-	1,354.92	2,613.37	2,700.03
Building	9,547.28	796.52	40.41	10,303.39	776.11	166.29	1.58	940.82	9,362.57	8,771.17
Building (iii)	10,453.88	359.88	47.12	10,766.64	1,596.99	395.65	4.71	1,987.93	8,778.71	8,856.89
Leasehold improvements	2,305.31	195.63	0.85	2,500.09	558.22	202.14	0.04	760.32	1,739.77	1,747.09
Electrical installation	6,524.88	423.33	82.43	6,865.78	3,040.82	727.02	19.39	3,748.45	3,117.33	3,484.06
Medical equipments	38,808.03	6,195.58	13.62	44,989.99	14,299.61	3,102.99	5.33	17,397.27	27,592.72	24,508.42
Office equipments	1,369.19	159.55	1.86	1,526.88	740.15	218.16	1.49	956.82	570.06	629.04
Other equipment including air conditioners	9,929.01	1,115.48	38.14	11,006.35	3,557.25	750.32	28.57	4,279.00	6,727.35	6,371.76
Furniture and fixtures	6,612.06	573.31	23.85	7,161.52	2,903.37	710.08	7.07	3,606.38	3,555.14	3,708.69
Computers	1,747.45	181.39	2.92	1,925.92	1,429.42	197.58	2.93	1,624.07	301.85	318.03
Vehicles	236.61	80.31	64.65	252.27	185.01	32.46	64.66	152.81	99.46	51.60
Total tangible assets (A)	**95,060.33**	**10,080.98**	**345.68**	**104,795.63**	**30,355.21**	**6,589.35**	**135.77**	**36,808.79**	**67,986.84**	**64,705.12**
(B) Capital work-in-progress	**1,273.14**	**11,598.11**	**7,713.82**	**5,157.43**	-	-	-	-	**5,157.43**	**1,273.14**
(C) Intangible assets										
Computer software	1,727.03	220.91	2.76	1,945.18	1,457.49	231.20	2.54	1,686.15	259.03	269.54
Total intangible assets (C)	**1,727.03**	**220.91**	**2.76**	**1,945.18**	**1,457.49**	**231.20**	**2.54**	**1,686.15**	**259.03**	**269.54**
Grand total (A+B+C)	**98,060.50**	**21,900.00**	**8,062.26**	**111,898.24**	**31,812.70**	**6,820.55**	**138.31**	**38,494.94**	**73,403.30**	**66,247.80**

Notes on 4(ii) to be referred here.

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

(₹ in lakhs)

Particulars	Gross block					Accumulated depreciation / amortisation					Net block	
	As at April 1, 2015	Additions/ adjustments	Deletions/ adjustments	Reclassification to assets held for sale (refer note 45(b))	As at March 31, 2016	As at April 1, 2015	Depreciation/ Amortisation for the year	Depreciation/ Amortisation on disposals	Reclassification to assets held for sale (refer note 45(b))	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
(A) Tangible assets (owned)												
Freehold land (i) (ii)	3,441.05	117.29	-	-	3,558.34	-	-	-	-	-	3,558.34	3,441.05
Land (ii)	173.31	-	173.31	-	-	49.10	6.92	56.02	-	-	-	124.21
Building (ii)	3,919.06	49.23	-	-	3,968.29	1,161.57	106.69	-	-	1,268.26	2,700.03	2,757.49
Building	9,175.56	371.72	-	-	9,547.28	619.59	156.52	-	-	776.11	8,771.17	8,555.97
Building (iii)	9,874.75	579.13	-	-	10,453.88	1,260.42	336.57	-	-	1,596.99	8,856.89	8,614.33
Leasehold improvements	2,299.24	389.48	12.81	370.60	2,305.31	458.71	209.87	1.02	109.34	558.22	1,747.09	1,840.53
Electrical installation	6,389.24	365.02	41.50	187.88	6,524.88	2,427.51	718.02	12.55	92.16	3,040.82	3,484.06	3,961.73
Medical equipments	37,945.98	4,755.35	1,312.62	2,580.68	38,808.03	12,724.01	2,998.28	334.05	1,088.63	14,299.61	24,508.42	25,221.97
Office equipments	1,273.51	142.77	9.73	37.36	1,369.19	557.01	212.58	3.78	25.66	740.15	629.04	716.50
Other equipment including air conditioners	9,593.45	1,017.78	16.04	666.18	9,929.01	3,117.62	706.77	4.10	263.04	3,557.25	6,371.76	6,475.83
Furniture and fixtures	6,490.41	432.97	56.87	254.45	6,612.06	2,394.94	674.76	20.55	145.78	2,903.37	3,708.69	4,095.47
Computers	1,579.56	274.89	26.58	80.42	1,747.45	1,273.74	259.45	20.18	83.59	1,429.42	318.03	305.82
Vehicles	236.50	4.34	0.47	3.76	236.61	161.55	27.13	0.47	3.20	185.01	51.60	74.95
Total tangible assets (A)	**92,391.62**	**8,499.97**	**1,649.93**	**4,181.33**	**95,060.33**	**26,205.77**	**6,413.56**	**452.72**	**1,811.40**	**30,355.21**	**64,705.12**	**66,185.85**
(B) Capital work-in-progress	**885.37**	**2,133.34**	**1,745.57**	**-**	**1,273.14**	**-**	**-**	**-**	**-**	**-**	**1,273.14**	**885.37**
(C) Intangible assets												
Computer software	1,522.52	216.75	2.48	9.76	1,727.03	1,206.23	261.55	1.73	8.56	1,457.49	269.54	316.29
Total intangible assets (C)	**1,522.52**	**216.75**	**2.48**	**9.76**	**1,727.03**	**1,206.23**	**261.55**	**1.73**	**8.56**	**1,457.49**	**269.54**	**316.29**
Grand Total (A+B+C)	**94,799.51**	**10,850.06**	**3,397.98**	**4,191.09**	**98,060.50**	**27,412.00**	**6,675.11**	**454.45**	**1,819.96**	**31,812.70**	**66,247.80**	**67,387.51**

(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 March 31, 2017.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated November 26, 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on January 6, 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) represents the cost of construction of building on 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 certain assets under the finance lease.

	31-Mar-17	31-Mar-16	1-Apr-15
Cost or deemed cost	230.48	-	-
Accumulated depreciation	117.21	-	-
Net carrying amount	**113.27**	-	-

(v) During the financial year 2016-17, project salary cost amounting to ₹ 157.89 lakhs (2015-16: ₹ 160.80 lakhs; 2014-15: ₹ 112.62 lakhs) has been capitalised through CWIP.

(vi) The additions in property, plant and equipments includes CWIP deletion amount which are capitalized from CWIP during the year.

(vii) As at March 31, 2017, properties with a carrying amount of ₹ 53,938.97 lakhs (March 31, 2016: ₹ 45,749.69 lakhs; April 1, 2015: ₹ 27,530.53 lakhs) are subject to first charge to secure bank loans.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

5. Non-current investments

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unquoted equity instruments			
In subsidiary company:			
Narayana Institute for Advanced Research Private Limited	576.00	576.00	576.00
[1,038,382 (March 31, 2016 : 1,038,387 ; April 1, 2015 : 1,038,387) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 45.47 per equity share]			
Narayana Hrudayalaya Surgical Hospital Private Limited	4,650.58	4,450.58	200.00
[16,952,704 (March 31, 2016 : 14,952,704 ; April 1, 2015 : 2,000,000) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 420.56 per equity share on 702,704 equity shares]			
Narayana Hospitals Private Limited	5,326.14	5,326.14	5,326.14
[53,261,437 (March 31, 2016 : 53,261,442 ; April 1, 2015 : 53,261,442) equity shares of ₹ 10 each fully paid up]			
Narayana Health Institutions Private Limited	-	-	1.98
[1,104,035 (March 31, 2016 : 1,104,040 ; April 1, 2015 : 1,104,040) equity shares of ₹ 10 each fully paid up [{Net-off provision for other than temporary diminution ₹ 110.40 lakhs (March 31, 2016 : ₹ 110.40 lakhs; April 1, 2015: ₹ 108.42 lakhs)}]			
Narayana Cayman Holdings Ltd	13,400.26	12,373.69	8,113.72
[22,027 (March 31, 2016: 20,496 ; April 1, 2015: 13,615) equity shares of USD 0.01 each fully paid up with a premium of USD 999.99 per share]*			
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	141.04	175.30	200.20
[2,585,136 (March 31, 2016 : 2,585,136 ; April 1, 2015 : 2,585,136) equity shares of MYR 1 each fully paid up {Net-off provision other than temporary diminution ₹ 363.79 lakhs (March 31, 2016: ₹ 329.53 lakhs ; April 1, 2015: ₹ 304.64 lakhs)}(refer note 42) *			
Asia Healthcare Development Limited	-	357.42	237.42
[Nil (March 31, 2016 : 2,966,648 ; April 1, 2015 : 1,766,648) equity shares of ₹ 10 each fully paid up with a premium of ₹ 3.44 per share on 1,766,648 equity shares]			
Meridian Medical Research & Hospital Limited	10,671.49	9,969.71	8,839.50
[27,740,647 (March 31, 2016: 25,905,647 ; April 1, 2015: 22,933,232) equity shares of ₹ 10 each fully paid up with a premium of ₹ 28.75 per share on 16,717,070 equity shares, ₹ 28 per shares on 9,188,577 equity shares, ₹ 28.51 per share on 1,835,000 shares, ₹ 28.75 per share on 16,649,252 equity shares and ₹ 28 per share on 6,283,980 equity shares)			
Narayana Vaishno Devi Specialty Hospitals Private Limited	100.00	100.00	5.00
[999,995 (March 31, 2016: 1,000,000 ; April 1, 2015: 50,000) equity shares of ₹ 10 each fully paid up]			
Narayana Holdings Private Limited	504.08	-	-
[75,000 (March 31, 2016: Nil ; April 1, 2015: Nil) equity shares of USD 10 each fully paid up]			
In associate:			
TriMedx India Private Limited	30.01	30.01	30.01
[30,005 equity shares (March 31, 2016: 30,005; April 1, 2015: 30,005) equity shares of ₹ 100 each fully paid up]			
Unquoted debt instruments			
In a subsidiary company:			
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	-	-	552.11
[Nil (March 31, 2016: Nil; April 1, 2015: 2,960,786) 6% partly convertible debentures of 1 MYR each fully paid up]			
	35,399.60	**33,358.85**	**24,082.08**
Aggregate value of unquoted investments	35,873.79	33,798.79	24,495.14
Aggregate amount of impairment in value of investments	474.19	439.94	413.06
Net investments	**35,399.60**	**33,358.85**	**24,082.08**

* 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 March 31, 2017 (continued)

6. Loans

(Unsecured, considered good unless otherwise stated)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
To parties other than related parties			
Security deposits	1,144.03	748.39	952.25
To related parties (refer note 29)			
Unsecured loan	200.00	200.00	2,157.41
Security deposits	2,501.67	2,282.54	2,082.11
	3,845.70	**3,230.93**	**5,191.77**
(b) Current			
To parties other than related parties			
Security deposits	276.96	553.22	237.81
To related parties (refer note 29)			
Unsecured loan	1,502.79	-	-
	1,779.75	**553.22**	**237.81**

7. Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
To parties other than related parties			
Bank deposits (due to mature after 12 months from the reporting date)	5.50	18.00	85.09
Interest accrued but not due on fixed deposits	1.33	1.48	2.51
To related parties (refer note 29)			
Share application money pending allotment	292.71	207.90	868.66
	299.54	**227.38**	**956.26**
(b) Current			
To parties other than related parties			
Interest accrued on fixed deposits but not due	43.59	67.00	46.79
Interest accrued on security deposit	28.42	18.05	10.11
Unbilled revenue	1,157.97	1,237.55	1,004.63
Others	2,000.00	-	-
To related parties (refer note 29)			
Interest accrued on debentures	-	-	17.40
Interest accrued on unsecured loan	38.45	19.39	111.25
Due for reimbursement of expenses	580.28	830.94	512.50
	3,848.71	**2,172.93**	**1,702.68**

8. Income tax assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance income tax and tax deducted at source, net	1,197.20	2,804.13	3,043.17
Income-tax paid under protest	100.00	100.00	100.00
	1,297.20	**2,904.13**	**3,143.17**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

9. Other assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
To parties other than related parties			
Prepaid rent	1,166.86	755.84	705.94
Less: provision for prepaid rent	(192.41)	-	-
Prepaid rent (net)	974.45	755.84	705.94
Security deposits	300.00	300.00	557.35
Capital advances	38.98	146.02	366.98
Prepaid expenses	995.62	772.97	713.80
Advance to vendors	-	-	35.15
To related parties (refer note 29)			
Prepaid expenses	2,341.76	2,428.70	1,503.50
Prepaid rent	1,182.13	1,441.26	1,700.39
	5,832.94	**5,844.79**	**5,583.11**
(b) Current			
To parties other than related parties			
Prepaid rent	91.27	38.29	28.68
Less: provision for prepaid rent	(2.41)	-	-
Prepaid rent (net)	88.86	38.29	28.68
Other assets	-	67.22	-
Prepaid expenses	500.94	606.94	281.57
Security deposits	-	251.35	-
Balances with statutory/ government authorities	44.39	44.39	44.39
Advance to vendors	531.30	487.31	670.46
Other loans and advances	182.18	178.40	566.15
To related parties (refer note 29)			
Prepaid expenses	157.16	152.72	88.64
Prepaid rent	259.13	259.13	259.84
Due for reimbursement of expenses	214.86	140.19	10.99
	1,978.82	**2,225.94**	**1,950.72**

10. Inventories

(Valued at lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Medical consumables, drugs and surgical equipments	4,412.21	4,465.08	4,927.50
Less: Provision for write-down to net realisable value	(68.39)	(73.91)	(101.21)
	4,343.82	**4,391.17**	**4,826.29**

The inventories are subject to first charge to secure bank loans

11. Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good	13,761.59	13,795.60	14,379.88
Unsecured, considered doubtful	1,158.14	1,750.59	1,792.31
	14,919.73	**15,546.19**	**16,172.19**
Loss allowance			
Unsecured, considered doubtful	(1,158.14)	(1,750.59)	(1,792.31)
	(1,158.14)	(1,750.59)	(1,792.31)
Net trade receivables	**13,761.59**	**13,795.60**	**14,379.88**
Of the above, trade receivables from related parties are as below:			
Total trade receivable from related parties (refer note 29)	675.85	348.23	909.31
Loss allowance	(32.90)	(4.94)	(41.51)
Net trade receivables from related parties	**642.95**	**343.29**	**867.80**

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 49

The receivables are subject to first charge to secure bank loans.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

12. Cash and bank balances

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Cash and cash equivalents			
Cash on hand	89.09	75.41	200.96
Cheques, drafts on hand	-	-	31.01
Balance with banks			
– On current accounts	1,980.82	755.03	1,237.78
	2,069.91	**830.44**	**1,469.75**
(b) Bank balances other than above			
– On deposit accounts (due to mature within 12 months of the reporting date) *	745.80	988.99	867.30
	745.80	**988.99**	**867.30**

* The above deposits are restrictive as it pertain to bank guarantee.

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

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	89.09	75.41	200.96
Cheques, drafts on hand	-	-	31.01
Balance with banks			
-On current accounts	1,980.82	755.03	1,237.78
	2,069.91	**830.44**	**1,469.75**
Less: Bank overdraft used for cash management purposes	448.82	1,690.65	6,934.68
Cash and cash equivalents in the statement of cash flows	**1,621.09**	**(860.21)**	**(5,464.93)**

13. Assets held for sale

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Property, plant and equipments held for sale (refer note 39)	-	1,411.30	-
	-	**1,411.30**	-

14. Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
300,000,000 (March 31, 2016: 300,000,000; April 1, 2015: 300,000,000) equity shares of ₹ 10 each	30,000.00	30,000.00	30,000.00
Issued, subscribed and paid up			
204,360,804 equity shares (March 31, 2016: 204,360,804 ; April 1, 2015:200,000,000) equity shares of ₹ 10 each, fully paid up	20,436.08	20,436.08	20,000.00
	20,436.08	**20,436.08**	**20,000.00**

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

(₹ in lakhs, except no. of shares)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	204,360,804	20,436.08	200,000,000	20,000.00
Issued during the year (refer note 37)	-	-	4,360,804	436.08
At the end of the year	**204,360,804**	**20,436.08**	**204,360,804**	**20,436.08**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Rights, preferences and restrictions attached to equity shares (refer note 41):

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

Particulars of shareholders holding more than 5% equity shares:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	% holding	Number of shares	% holding
Dr Devi Prasad Shetty	64,700,571	31.66%	64,700,571	31.66%
Shakuntala Shetty	62,083,095	30.38%	62,083,095	30.38%
CDC Group PLC	11,765,046	5.76%	11,765,046	5.76%
Ashoka Investment Holdings Limited	10,971,130	5.37%	10,971,130	5.37%
	149,519,842	**73.17%**	**149,519,842**	**73.17%**

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 March 25, 2015 and conversion of Optionally Convertible Debentures along with accrued interest into 4,360,804 equity shares on December 1, 2015.

During the previous year ended March 31, 2016, pursuant to the shareholders' agreement dated January 28, 2008, Narayana Health Academy Private Limited (NHAPL) transferred 480,656 equity shares of the Company to Ashoka Investment Holdings Limited, 144,184 equity shares to Ambadevi Mauritius Holdings Limited, 624,840 shares to J P Morgan Mauritius Holdings VIII Limited and 2,040,000 equity shares to Narayana Health Employees Benefit Trust.

15. Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
(i) Unsecured			
Debentures	-	-	10,000.00
Nil (31 March 16: Nil ; April 1, 2015: 10,000,000) 10.5% optionally convertible debentures of ₹ 100 each fully paid up			
(ii) Secured			
Term loans			
From banks (refer note I)	9,570.32	9,537.49	5,912.51
From others (refer note II)	-	-	21.09
Total non-current borrowings	**9,570.32**	**9,537.49**	**15,933.60**
(b) Current			
(i) Secured			
Loans repayable on demand			
From banks (refer note III (ii))	-	-	2,500.00
Bank overdrafts (refer note III (i))	448.82	1,690.65	6,934.68
(ii) Unsecured			
Commercial papers (refer note III (iii))	-	2,000.00	-
(iii) Current portion of term loans (secured)			
From banks (refer note I)	1,933.55	1,947.00	3,113.32
From others (refer note II)	-	-	373.65
	2,382.37	**5,637.65**	**12,921.65**
Less: Amount included under "other financial liabilities"(current) [refer note 16(b)]	(1,933.55)	(1,947.00)	(3,486.97)
Total current borrowings	**448.82**	**3,690.65**	**9,434.68**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

I. Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ 990 lakhs (March 31, 2016 : ₹ 1,650 lakhs; April 1, 2015 : ₹ 2,310 lakhs). It is repayable in 6 quarterly instalments from the reporting date, (March 31, 2016 : 10 quarterly instalments; April 1, 2015 : 14 quarterly instalments). Interest is charged at 8.80% p.a. (March 31, 2016 : 9.50% p.a ; April 1, 2015 : 10.20% p.a.)	
(ii)	Term loan from HSBC Bank : ₹ 875 lakhs (March 31, 2016: ₹ 1,375 lakhs; April 1, 2015: ₹ 1,875 lakhs). It is repayable in 7 quarterly instalments from the reporting date (March 31, 2016 : 11 quarterly instalments; April 1, 2015 : 15 quarterly instalments). Interest is charged at 8.80% p.a. (March 31, 2016 : 9.50% p.a ; April 1, 2015 : 10.25% p.a.)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(iii)	Term loan from HSBC Bank : ₹ 380 lakhs (March 31, 2016 : ₹ 570 lakhs; April 1, 2015 : ₹ 760 lakhs). It is repayable in 8 quarterly instalments from the reporting date (March 31, 2016 : 12 quarterly instalments; April 1, 2015 : 16 quarterly instalments). Interest is charged at 9.50% p.a, (March 31, 2016: 9.50% p.a; April 1, 2015: 10.25% p.a.)	
(iv)	Term loan from ICICI Bank: ₹ 5,800 lakhs (March 31, 2016 : ₹ 5,800 lakhs ; April 1, 2015 : NIL). Repayable in 96 monthly instalments from January 31, 2019 after 3 years Moratorium from date of 1st Disbursement. Date of 1st Disbursement January 19th, 2016. Interest is charged at 9.35% p.a., (March 31, 2016 9.65%; April 1, 2015 : NIL)	Movable Fixed Assets created out of the loan
(v)	Foreign currency loan taken EXIM Bank : ₹ 1,458.87 lakhs ($ 22.50 lakhs) (March 31, 2016 : ₹ 2,089.49 lakhs ; April 1, 2015 : ₹ 2,534.93 lakhs]. It is repayable in 10 quarterly instalments from the reporting date, (March 31, 2016: 14 quarterly instalments ; April 1, 2015 : 18 quarterly instalments). Interest was linked to the Libor (6 month) + 340 base points. (March 31, 2016 : Libor (6 month) + 340 base points; April 1, 2015 : Libor (6 month) + 375 base points)	Exclusively charge on land and building located over Sy NO:135/1 and 135/2 Kittiganahalli Attibele Hobli, Anekal Bengaluru.
(vi)	Term loan from Canara Bank : ₹ NIL (March 31, 2016 : NIL; April 1, 2015 : ₹ 1,545.90 lakhs). It was fully repaid on March 19th, 2016. Interest is NIL (March 31, 2016 : 9.65% p.a.; April 1, 2015 : 10.20% p.a.).	Prime security: exclusive first charge on machineries/ equipments purchased out of the term loan. Collateral security (1) charge on land and building located over Kittiganahalli Attibele Hobli, Anekal Taluk Bengaluru. Collateral security (2)charge on commercial land measuring 1 acre and 6 gunta for land and building situated in Kittiganahalli Attibele Hobli, Anekal Taluk Bengaluru. .
(vii)	Term loan from SBI: ₹ 2,000 lakhs (March 31, 2016 : NIL; April 1, 2015 : NIL). Repayable in 96 monthly instalments from 31 March 2019 after 2 years Moratorium from date of 1st Disbursement. Date of 1st Disbursement March 31st, 2017. Interest is charged at 8.35% p.a.	Movable Fixed Assets created out of the loan

II Term loans from others :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Equipment loan from Philips Electronics India Private Limited : ₹ NIL (March 31, 2016 : NIL; April 1, 2015 : ₹ 61.03 lakhs). It was fully repaid on September 11, 2015. Interest was charged at NIL (March 31, 2016 :7.26% p.a.; April 1, 2015: 7.26% p.a.)	
(ii)	Equipment loan from SREI Equipment Finance Private Limited : ₹ NIL (March 31, 2016 : NIL; April 1, 2015 : ₹ 57.96 lakhs). It was fully repaid on July 1, 2015. Interest was charged at NIL (March 31, 2016 :7.25% p.a.; April 1, 2015: 7.25% p.a.)	Term loan from other parties were secured by hypothecation of equipments as purchased
(iii)	Equipment loan from Wipro GE Healthcare Private Limited : ₹ NIL (March 31, 2016 : NIL; April 1, 2015 : ₹ 275.76 lakhs). It was fully repaid on January 10, 2016. Interest was charged at NIL (March 31, 2016 :7.25% p.a.; April 1, 2015: 7.25% p.a.)	

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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

(i) Overdraft facilities from banks carry interest ranging between 8.40% -10.25% (March 31, 2016: 9% p.a. - 12% p.a.; April 1, 2015: 10% p.a. - 12% p.a.) computed on a monthly basis on the actual amount utilised and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock, book debts and specific charge on fixed assets of the Company.

(ii) Working capital loan from Kotak Bank : ₹ NIL (March 31, 2016 : Nil ; April 1, 2015 : ₹ 2,500 lakhs). The original loan amount was repaid in 10 monthly instalments during the previous year. Interest was at 10.40% p.a. Working capital loan from Kotak Bank were secured by subservient charge over current assets (both present and future) of the Company.

(iii) Commercial papers had been issued to HDFC Bank. These were for a period of 137 days at interest rate of 8.60% p.a.

16. Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
Interest accrued but not due on debentures (net of tax deducted at source)	-	-	253.72
Creditors for capital goods	-	113.43	128.61
Payable towards share purchased for ESOP Trust	204.00	204.00	-
Finance lease liability	387.93	-	-
	591.93	**317.43**	**382.33**
(b) Current			
To parties other than related parties			
Current maturities of long-term borrowings with banks (refer note 15(b))**	1,933.55	1,947.00	3,486.97
Interest accrued but not due on borrowings	7.41	12.53	42.84
Accrued salaries and benefits	1,642.60	1,705.98	1,343.94
Creditors for capital goods	3,683.86	1,795.22	557.53
Book overdraft	-	48.20	10.16
Other financial liabilities	-	58.46	-
To related parties (refer note 29)			
Creditors for capital goods	580.34	580.34	580.34
	7,847.76	**6,147.73**	**6,021.78**

**The Company's exposure to liquidity risk are disclosed in note 49

17. Provisions (refer note 32)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
Provision for employee benefits			
Gratuity	1,434.24	1,249.18	977.85
	1,434.24	**1,249.18**	**977.85**
(b) Current			
Provision for employee benefits			
Gratuity	123.62	140.27	30.31
Compensated absences	966.02	959.50	628.70
	1,089.64	**1,099.77**	**659.01**

18. Other liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(a) Non-current			
Unearned revenue	187.48	198.88	208.47
Deferred government grant*	1,493.97	1,656.59	1,819.21
Rent equalisation reserve	355.73	295.13	255.88
Others	10.55	-	-
	2,047.73	**2,150.60**	**2,283.56**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
(b) Current			
To parties other than related parties			
Advance from patients	966.75	1,307.34	835.27
Unearned revenue	12.59	12.52	12.41
Deferred government grant*	162.62	162.62	162.62
Balances due to statutory/ government authorities	880.15	819.43	675.99
Others	21.67	33.95	185.46
To related parties (refer note 29)			
Other payables	-	1.00	-
	2,043.78	**2,336.86**	**1,871.75**

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

(₹ in lakhs)

Nature	Original grant amount	Annual amortisation
Monetary grant received for purchasing Property, plant and equipment	2,200.00	162.62

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 2200 lakhs 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.

19. Trade payables

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total outstanding dues of micro enterprises and small enterprises (refer note 33)	114.95	11.95	-
Total outstanding dues of creditors other than micro and small enterprises*	15,273.82	13,787.12	12,091.87
	15,388.77	**13,799.07**	**12,091.87**
*payables to related parties (refer note 29 (c))	615.87	621.60	591.15

All trade payables are 'current.' The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 49.

20. Revenue from operations

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Income from medical and healthcare services	156,878.51	140,201.73
Sale of medical consumables and drugs	6,252.61	5,491.85
Other operating revenue:		
Learning and development income	398.45	349.46
Teleradiology income	168.16	136.72
Income from sale of food	593.36	639.16
Revenue share income	300.35	183.66
	164,591.44	**147,002.58**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

21. Other income

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Donations received	0.57	13.83
Foreign exchange gain, net	82.62	-
Interest income on	-	
- Bank deposits	62.63	144.12
- Unsecured loan	21.92	79.45
- Others	344.43	21.61
Interest income from financial asset at amortised cost	251.65	211.04
Government grant	162.62	162.62
Guarantee commission	149.54	161.18
Profit on sale of investment	51.09	-
Miscellaneous income	687.55	577.18
	1,814.62	**1,371.03**

22. Changes in inventories of medical consumables, drugs and surgical equipments

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventory at the beginning of the year	4,391.17	4,826.29
Inventory at the end of the year	4,343.82	4,391.17
	47.35	**435.12**

23. Employee benefits expense

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	29,182.00	27,528.48
Contribution to provident and other funds	2,411.84	2,093.91
Share based payment to employees (refer note 44)	587.32	336.07
Staff welfare expenses	801.81	674.64
	32,982.97	**30,633.10**

During the financial year 2016-17, project salary cost amounting to ₹ 157.89 lakhs (2015-16: ₹ 160.80 lakhs) has been capitalised through CWIP (Refer note 4)

24. Other expenses

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Hospital operating expenses		
Professional fees to doctors	32,741.68	28,411.30
Power and fuel	4,068.55	4,167.48
Hospital general expenses	1,877.50	1,774.51
House keeping expenses	4,320.93	3,454.79
Patient welfare expenses	2,512.68	2,344.68
Rent	4,680.06	4,921.52
Medical gas charges	563.94	525.78
Biomedical wastage expenses	99.62	101.42
Repairs and maintenance		
- Hospital equipments	3,805.27	2,750.14
- Buildings	460.91	538.87
- Others	2,305.84	2,426.98
	57,436.98	**51,417.47**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Administrative expenses		
Travel and conveyance	1,377.58	1,332.85
Security charges	1,484.90	1,308.74
Printing and stationery	938.54	929.80
Rent	687.80	643.36
Advertisement and publicity	2,657.44	2,152.76
Legal and professional fees (refer note (i) below)	1,711.73	1,690.05
Business promotion	1,688.13	1,405.60
Telephone and communication	455.14	448.36
Bank charges	520.93	359.56
Insurance	378.28	351.25
Corporate social responsibility (refer note (ii) below)	136.02	99.02
Rates and taxes	304.79	262.49
Books and periodicals	125.82	83.86
Provision for loss allowance	(592.45)	(41.72)
Bad debts written off	1,218.94	873.38
Donations paid	-	15.80
Loss on sale of fixed assets	136.00	70.88
Foreign exchange loss, (net)	-	43.35
Advances written off	-	195.47
Provision for other than temporary diminution in non current investments	34.25	26.88
Loss on slump sale	-	31.99
Provision for prepaid rent	194.81	-
Assets / Capital-work-in-progress written off	267.83	-
Miscellaneous expenses	504.01	175.50
	14,230.49	**12,459.23**
	71,667.47	**63,876.70**

(i) Payment to auditors*

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
As an auditor		
Audit fee	63.50	63.50
Limited review	20.00	7.50
In other capacity:	-	-
Audit/Limited review fee in relation to IPO	-	107.00
Other services (certification fees)	2.50	3.50
Reimbursement of expenses	6.93	4.54
Reimbursement of expenses in relation to IPO	-	7.07
Less: Reimbursed by selling shareholders	-	(114.07)
	92.93	**79.04**

*excluding service tax

(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 ₹ 132.17 lakhs (2015-16: ₹ 95.29 lakhs)

b) Amount spent during the year ended March 31, 2017 on corporate social responsibility activities:

Particulars	In cash	Yet to be paid in cash	Total
Construction/acquisition of any asset	-	-	-
	(-)	(-)	(-)
On purposes other than above	136.02	-	136.02
	(99.02)	(-)	(99.02)

Figures in brackets are for the previous year.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

25. Finance costs

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	901.60	664.89
- bank overdraft	32.27	427.80
- debentures	-	505.58
- commercial papers	5.02	185.74
- others	-	11.73
Other borrowing costs	8.19	59.83
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	76.29	127.28
Finance cost on finance lease obligations	157.45	-
	1,180.82	**1,982.85**

26. Depreciation and amortisation expense

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of property, plant and equipment (refer note 4)	6,589.37	6,413.56
Amortisation of intangible assets (refer note 4)	231.20	261.55
	6,820.57	**6,675.11**

27. Contingent liabilities and commitments

(i) Contingent liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Claims against the Company not acknowledged as debts in respect of:-		
a) Income tax (see note below)	121.72	121.72
Guarantees:		
a) Bank guarantee	4,656.54	5,238.90
b) Corporate guarantee	11,776.38	10,578.02

Note:

For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on December 28, 2011 with a demand of ₹ 121.72 lakhs. Against this demand, the Company had paid ₹ 100 lakhs under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CITA). 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 January 23, 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.

Additionally, the Company believes that other disputes, lawsuits and claims, including commercial matters, which arise from time to time in the ordinary course of business will not have any material adverse effect on its financial statements in any given accounting year.

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 i.e. till March 31, 2018.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(ii) Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for amounts to ₹ 1821.18 lakhs (previous year: ₹ 458.19 lakhs).

28. Management agreement

The Company has management agreement for the management, operation and utilization of their hospital facilities. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trust at free of cost / concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue amounting to ₹ 121.07 lakhs (previous year: ₹ 121.07 lakhs) with a corresponding charge to rent expense.

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)
	Asia Healthcare Development Limited (AHDL) (till November 2016)
	Meridian Medical Research & Hospital Limited (MMRHL) (with effect from November 24, 2014)
	Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) (with effect from September 5, 2014)
	Narayana Holdings Private Limited (with effect from April 11, 2016)
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty- Chairman
	Dr. Ashutosh Raghuvanshi - Managing Director
	Mrs. Shakuntala Shetty - (uptill May 5, 2015)
	Dr. Varun Shetty (uptill May 5, 2015)
	Mr. Viren Shetty - Whole-time Director
	Mr. Kesavan Venugopalan - Chief Financial Officer (with effect from July 16, 2015)
Relatives of KMP	Dr. Varun Shetty (with effect from May 6, 2015)
	Dr. Anesh Shetty (with effect from December 1, 2015)
	Mrs. Shakuntala Shetty - (with effect from May 6, 2015)
Associate of subsidiaries	Health City Cayman Islands Ltd (HCCI)
	Cura Technologies INC.(with effect from November 15, 2016)
	ISO Healthcare (with effect from July 5, 2016)
Associate	TriMedx India Private Limited (TriMedx)
Enterprises under control or joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Kateel Software Private Limited
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Daya Drishti Charitable Trust
	Narayana Hrudayalaya Charitable Trust (NHCT) (uptill March 20, 2017)
	Akkayya Hospitality Services (AHS) (uptill May 5, 2015) (formerly known as Akkayya Consultancy Services)
	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 March 31, 2017

(₹ in lakhs)

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	1,129.44	-	-	-	-	1,129.44
	(3,599.21)	(-)	(-)	(-)	(-)	(3,599.21)
Donations given						
NHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(13.50)	(13.50)
Unsecured loan						
NHSHPL	1,502.79	-	-	-	-	1,502.79
	(-)	(-)	(-)	(-)	(-)	(-)
Interest income on security deposit						
NHPL	155.29	-	-	-	-	155.29
	(142.04)	(-)	(-)	(-)	(-)	(142.04)
Charmakki Infrastructures	-	-	-	-	63.84	63.84
	(-)	(-)	(-)	(-)	(58.39)	(58.39)
TOTAL	**155.29**	-	-	-	**63.84**	**219.13**
	(142.04)	**(-)**	**(-)**	**(-)**	**(58.39)**	**(200.43)**
Advance on account of discount entitlement						
AHF	-	-	-	-	79.09	79.09
	(-)	(-)	(-)	(-)	(1,010.00)	(1,010.00)
Sale / transfer of medical consumables and drugs						
HCCI-associate of NCHL	-	-	-	1,389.28	-	1,389.28
	(-)	(-)	(-)	(641.72)	(-)	(641.72)
MMRHL	-	-	-	-	-	-
	(16.34)	(-)	(-)	(-)	(-)	(16.34)
TOTAL	-	-	-	**1,389.28**	-	**1,389.28**
	(16.34)	**(-)**	**(-)**	**(641.72)**	-	**(658.06)**
Lab outsourcing expense						
MSMF	-	-	-	-	48.76	48.76
	(-)	(-)	(-)	(-)	(40.05)	(40.05)
Rent expense						
NHPL	283.91	-	-	-	-	283.91
	(283.98)	(-)	(-)	(-)	(-)	(283.98)
Charmakki Infrastructures	-	-	-	-	124.21	124.21
	(-)	(-)	(-)	(-)	(119.50)	(119.50)
AHF	-	-	-	-	100.64	100.64
	(-)	(-)	(-)	(-)	(100.64)	(100.64)
MSMF	-	-	-	-	250.00	250.00
	(-)	(-)	(-)	(-)	(250.00)	(250.00)
TOTAL	**283.91**	-	-	-	**474.85**	**758.76**
	(283.98)	**(-)**	**(-)**	**(-)**	**(470.14)**	**(754.12)**

Figures in brackets are for the previous year.

(₹ in lakhs)

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
Discount entitlement (excluding tax)						
AHF	-	-	-	-	121.07	121.07
	(-)	(-)	(-)	(-)	(121.07)	(121.07)
Reimbursement of expenses						
NHPL	17.34	-	-	-	-	17.34
	(77.14)	(-)	(-)	(-)	(-)	(77.14)
NVDSHPL	15.34	-	-	-	-	15.34
	(254.26)	(-)	(-)	(-)	(-)	(254.26)
HCCI-associate of NCHL	-	-	-	149.13	-	149.13
	(-)	(-)	(-)	(267.99)	(-)	(267.99)
AHF	-	-	-	-	4.78	4.78
	(-)	(-)	(-)	(-)	(0.50)	(0.50)
AHDL	24.15	-	-	-	-	24.15
	(74.92)	(-)	(-)	(-)	(-)	(74.92)
Hrudayalaya Pharmacy	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.22)	(0.22)
NHSHPL	6.05	-	-	-	-	6.05
	(8.50)	(-)	(-)	(-)	(-)	(8.50)
Daya Drishti Charitable Trust	-	-	-	-	2.54	2.54
	(-)	(-)	(-)	(-)	(-)	(-)
Others	2.51	-	-	-	-	2.51
	(3.62)	(-)	(-)	(-)	(-)	(3.62)
TOTAL	**65.39**	**-**	**-**	**149.13**	**7.32**	**221.84**
	(418.44)	**(-)**	**(-)**	**(267.99)**	**(0.72)**	**(687.15)**
Revenue from healthcare services						
NHCT	-	-	-	-	63.07	63.07
	(-)	(-)	(-)	(-)	(75.81)	(75.81)
NHF	-	-	-	-	0.98	0.98
	(-)	(-)	(-)	(-)	(0.11)	(0.11)
TOTAL	**-**	**-**	**-**	**-**	**64.05**	**64.05**
	(-)	**(-)**	**(-)**	**(-)**	**(75.92)**	**(75.92)**
Advance given for payment to employees						
HCCI-associate of NCHL	-	-	-	19.85	-	19.85
	(-)	(-)	(-)	(7.92)	(-)	(7.92)
Rental income net of tax						
NHSHPL	44.10	(-)	(-)	-	(-)	44.10
	(43.89)	(-)	(-)	(-)	(-)	(43.89)

Figures in brackets are for the previous year.

(₹ in lakhs)

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
Interest income net of tax						
NHHM	-	-	-	-	-	-
	(4.76)	(-)	(-)	(-)	(-)	(4.76)
MMRHL	-	-	-	-	-	-
	(52.43)	(-)	(-)	(-)	(-)	(52.43)
NHPL	19.06	-	-	-	-	19.06
	(19.08)	(-)	(-)	(-)	(-)	(19.08)
NHSHPL	0.67	-	-	-	-	0.67
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**19.73**	**-**	**-**	**-**	**-**	**19.73**
	(76.27)	**(-)**	**(-)**	**(-)**	**(-)**	**(76.27)**
Investment in equity instruments						
MMRHL	701.78	-	-	-	-	701.78
	(1,130.31)	(-)	(-)	(-)	(-)	(1,130.31)
NVDSHPL	-	-	-	-	-	-
	(95.00)	(-)	(-)	(-)	(-)	(95.00)
AHDL	-	-	-	-	-	-
	(120.00)	(-)	(-)	(-)	(-)	(120.00)
NHSHPL	200.00	-	-	-	-	200.00
	(4,250.58)	(-)	(-)	(-)	(-)	(4,250.58)
NCHL	1,026.57	-	-	-	-	1,026.57
	(4,259.97)	(-)	(-)	(-)	(-)	(4,259.97)
Narayana Holdings Pvt Ltd.	504.08	-	-	-	-	504.08
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	**2,432.43**	**-**	**-**	**-**	**-**	**2,432.43**
	(9,855.86)	**(-)**	**(-)**	**(-)**	**(-)**	**(9,855.86)**
Sale of fixed assets						
MMRHL		-	-	-	-	-
	(773.47)	(-)	(-)	(-)	(-)	(773.47)
Guarantee commission						
HCCI-associate of NCHL	-	-	-	149.54	-	149.54
	(-)	(-)	(-)	(161.18)	(-)	(161.18)
Software license fees						
HCCI-associate of NCHL	-	-	-	98.12	-	98.12
	(-)	(-)	(-)	(78.65)	(-)	(78.65)
Purchases of medical stores						
Hrudayalaya Pharmacy	-	-	-	-	9.50	9.50
	(-)	(-)	(-)	(-)	(8.38)	(8.38)
Maintenance of medical equipment						
TriMedx -associate	-	-	-	3,899.30	-	3,899.30
	(-)	(-)	(-)	(2,550.13)	(-)	(2,550.13)

Figures in brackets are for the previous year.

(₹ in lakhs)

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
Patents transferred						
Cura Technologies INC.-associate of NCHL	-	-	-	65.64	-	65.64
	(-)	(-)	(-)	(-)	(-)	(-)
Nomination deposit received						
Dr. Devi Prasad Shetty	-	-	-	-	-	-
	(-)	(1.00)	(-)	(-)	(-)	(1.00)
Guarantees given						
NHSHPL	399.88	-	-	-	-	399.88
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	250.00	-	-	-	-	250.00
	(-)	(-)	(-)	(-)	(-)	(-)
MMRHL	548.48	-	-	-	-	548.48
	(3,416.19)	(-)	(-)	(-)	(-)	(3,416.19)
TOTAL	**1,198.36**	**-**	**-**	**-**	**-**	**1,198.36**
	(3,416.19)	**(-)**	**(-)**	**(-)**	**(-)**	**(3,416.19)**
Security given						
NHSHPL	-	-	-	-	-	-
	(3,200.00)	(-)	(-)	(-)	(-)	(3,200.00)

Figures in brackets are for the previous year.

(₹ in lakhs)

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
Short-term employee benefits*						
Dr. Devi Prasad Shetty	-	437.39	-	-	-	437.39
	(-)	(343.10)	(-)	(-)	(-)	(343.10)
Mrs. Shankuntala Shetty	-	-	-	-	-	-
	(-)	(1.49)	(-)	(-)	(-)	(1.49)
Mr. Viren Shetty	-	94.81	-	-	-	94.81
	(-)	(90.78)	(-)	(-)	(-)	(90.78)
Dr. Varun Shetty	-	-	30.00	-	-	30.00
	(-)	(3.13)	(20.83)	(-)	(-)	(23.96)
Dr. Anesh Shetty	-	-	20.36	-	-	20.36
	(-)	(-)	(6.09)	(-)	(-)	(6.09)
Dr. Ashutosh Raghuvanshi	-	326.27	-	-	-	326.27
	(-)	(290.61)	(-)	(-)	(-)	(290.61)
Mr. Kesavan Venugopalan	-	152.20	-	-	-	152.20
	(-)	(136.53)	(-)	(-)	(-)	(136.53)
TOTAL	**-**	**1,010.67**	**50.36**	**-**	**-**	**1,061.03**
	(-)	**(865.64)**	**(26.92)**	**(-)**	**(-)**	**(892.56)**
Long-term employee benefits*						
Mr. Kesavan Venugopalan	-	40.00	-	-	-	40.00
	(-)	(-)	(-)	(-)	(-)	(-)
Share based payments						
Dr. Ashutosh Raghuvanshi	-	379.89	-	-	-	379.89
	(-)	(217.08)	(-)	(-)	(-)	(217.08)

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 Company has sold certain equity shares to KMP to relatives of KMP which are not disclosed above since the amounts are rounded off to Rupees lakhs.

*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 lakhs)

Balances	Year	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	March 31, 2017	6.17	-	-	-	-	6.17
	March 31, 2016	4.93	-	-	-	-	4.93
	April 01, 2015	3.34	-	-	-	-	3.34
NCHL	March 31, 2017	350.18	-	-	-	-	350.18
	March 31, 2016	293.36	-	-	-	-	293.36
	April 01, 2015	276.81	-	-	-	-	276.81
NVDSHPL	March 31, 2017	5.23	-	-	-	-	5.23
	March 31, 2016	228.54	-	-	-	-	228.54
	April 01, 2015	16.02	-	-	-	-	16.02
NHHM	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	0.14	-	-	-	-	0.14
	April 01, 2015	0.13	-	-	-	-	0.13
NIARPL	March 31, 2017	8.40	-	-	-	-	8.40
	March 31, 2016	7.13	-	-	-	-	7.13
	April 01, 2015	5.11					5.11
HCCI-associate of NCHL	March 31, 2017	-	-	-	157.08	-	157.08
	March 31, 2016	-	-	-	207.50	-	207.50
	April 01, 2015				189.79		189.79
Hrudayalaya Pharmacy	March 31, 2017	-	-	-	-	9.25	9.25
	March 31, 2016	-	-	-	-	16.11	16.11
	April 01, 2015	-	-	-	-	9.33	9.33
NHF	March 31, 2017	-	-	-	-	11.19	11.19
	March 31, 2016	-	-	-	-	9.57	9.57
	April 01, 2015	-	-	-	-	9.57	9.57
Daya Drishti Charitable Trust	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	0.60	0.60
MMRHL	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	9.24	-	-	-	-	9.24
	April 01, 2015	-	-	-	-	-	-
AHDL	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	44.67	-	-	-	-	44.67
	April 01, 2015	-	-	-	-	-	-
AHS	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	1.80	1.80

(₹ in lakhs)

Balances	Year	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
TriMedx -associate	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	9.75	-	9.75
	April 01, 2015	-	-	-	-	-	-
NHSHPL	March 31, 2017	32.78	-	-	-	-	32.78
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	-	-
TOTAL	March 31, 2017	**402.76**	**-**	**-**	**157.08**	**20.44**	**580.28**
	March 31, 2016	**588.01**	**-**	**-**	**217.25**	**25.68**	**830.94**
	April 01, 2015	**301.41**	**-**	**-**	**189.79**	**21.30**	**512.50**
Other Current assets- Due for reimbursement of expense							
AHF	March 31, 2017	-	-	-	-	214.86	214.86
	March 31, 2016	-	-	-	-	140.19	140.19
	April 01, 2015	-	-	-	-	10.99	10.99
Financial assets- loans (Non current)- Unsecured Loan							
NHPL	March 31, 2017	200.00	-	-	-	-	200.00
	March 31, 2016	200.00	-	-	-	-	200.00
	April 01, 2015	200.00	-	-	-	-	200.00
MMRHL	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	1,957.41	-	-	-	-	1,957.41
TOTAL	March 31, 2017	**200.00**	**-**	**-**	**-**	**-**	**200.00**
	March 31, 2016	**200.00**	**-**	**-**	**-**	**-**	**200.00**
	April 01, 2015	**2,157.41**	**-**	**-**	**-**	**-**	**2,157.41**
Financial assets- loans (Current)- Unsecured Loan							
NHSHPL	March 31, 2017	1,502.79	-	-	-	-	1,502.79
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	-	-
Other financial liabilities - (Current) Creditors for capital goods							
NIARPL	March 31, 2017	580.34	-	-	-	-	580.34
	March 31, 2016	580.34	-	-	-	-	580.34
	April 01, 2015	580.34	-	-	-	-	580.34
Other financial assets(current) - Share application money pending allotment							
NCHL	March 31, 2017	292.71	-	-	-	-	292.71
	March 31, 2016	189.84	-	-	-	-	189.84
	April 01, 2015	850.60	-	-	-	-	850.60

(₹ in lakhs)

Balances	Year	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
TriMedx -associate	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	18.06	-	18.06
	April 01, 2015	-	-	-	18.06	-	18.06
TOTAL	March 31, 2017	**292.71**	-	-	-	-	**292.71**
	March 31, 2016	**189.84**	-	-	**18.06**	-	**207.90**
	April 01, 2015	**850.60**	-	-	**18.06**	-	**868.66**
Other non-current assets - Prepaid expense							
AHF	March 31, 2017	-	-	-	-	2,341.76	2,341.76
	March 31, 2016	-	-	-	-	2,428.70	2,428.70
	April 01, 2015	-	-	-	-	1,503.50	1,503.50
Other current assets - Prepaid expense							
AHF	March 31, 2017	-	-	-	-	157.16	157.16
	March 31, 2016	-	-	-	-	152.72	152.72
	April 01, 2015	-	-	-	-	88.64	88.64
Other non-current assets - Prepaid rent							
NHPL	March 31, 2017	755.06	-	-	-	-	755.06
	March 31, 2016	944.47	-	-	-	-	944.47
	April 01, 2015	1,133.89	-	-	-	-	1,133.89
Charmakki Infrastructures	March 31, 2017	-	-	-	-	427.07	427.07
	March 31, 2016	-	-	-	-	496.79	496.79
	April 01, 2015	-	-	-	-	566.50	566.50
TOTAL	March 31, 2017	**755.06**	-	-	-	**427.07**	**1,182.13**
	March 31, 2016	**944.47**	-	-	-	**496.79**	**1,441.26**
	April 01, 2015	**1,133.89**	-	-	-	**566.50**	**1,700.39**
Other current assets - Prepaid rent							
NHPL	March 31, 2017	189.42	-	-	-	-	189.42
	March 31, 2016	189.42	-	-	-	-	189.42
	April 01, 2015	189.93	-	-	-	-	189.93
Charmakki Infrastructures	March 31, 2017	-	-	-	-	69.71	69.71
	March 31, 2016	-	-	-	-	69.71	69.71
	April 01, 2015	-	-	-	-	69.91	69.91
TOTAL	March 31, 2017	**189.42**	-	-	-	**69.71**	**259.13**
	March 31, 2016	**189.42**	-	-	-	**69.71**	**259.13**
	April 01, 2015	**189.93**	-	-	-	**69.91**	**259.84**
Financial assets- loans (non current)- Security deposit							
NHPL	March 31, 2017	1,772.85	-	-	-	-	1,772.85
	March 31, 2016	1,617.56	-	-	-	-	1,617.56
	April 01, 2015	1,475.52	-	-	-	-	1,475.52

(₹ in lakhs)

Balances	Year	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Charmakki Infrastructures	March 31, 2017	-	-	-	-	728.82	728.82
	March 31, 2016	-	-	-	-	664.98	664.98
	April 01, 2015	-	-	-	-	606.59	606.59
TOTAL	March 31, 2017	**1,772.85**	**-**	**-**	**-**	**728.82**	**2,501.67**
	March 31, 2016	**1,617.56**	**-**	**-**	**-**	**664.98**	**2,282.54**
	April 01, 2015	**1,475.52**	**-**	**-**	**-**	**606.59**	**2,082.11**
Trade payables							
NHPL	March 31, 2017	190.97	-	-	-	-	190.97
	March 31, 2016	113.81	-	-	-	-	113.81
	April 01, 2015	114.90	-	-	-	-	114.90
HCCI-associate of NCHL	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	2.79	-	-	2.79
TriMedx -associate	March 31, 2017	-	-	-	420.68	-	420.68
	March 31, 2016	-	-	-	237.61	-	237.61
	April 01, 2015	-	-	-	268.79	-	268.79
Charmakki Infrastructures	March 31, 2017	-	-	-	-	4.22	4.22
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	4.67	4.67
MSMF	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	269.58	269.58
	April 01, 2015	-	-	-	-	200.00	200.00
Daya Drishti Charitable Trust	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	0.60	0.60
	April 01, 2015	-	-	-	-	-	-
TOTAL	March 31, 2017	**190.97**	**-**	**-**	**420.68**	**4.22**	**615.87**
	March 31, 2016	**113.81**	**-**	**-**	**237.61**	**270.18**	**621.60**
	April 01, 2015	**114.90**	**-**	**2.79**	**268.79**	**204.67**	**591.15**
Trade receivables							
MMRHL	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	597.63	-	-	-	-	597.63
HCCI-associate of NCHL	March 31, 2017	-	-	-	672.70	-	672.70
	March 31, 2016	-	-	-	332.45	-	332.45
	April 01, 2015	-	-	-	288.49	-	288.49
NHF	March 31, 2017	-	-	-	-	3.15	3.15
	March 31, 2016	-	-	-	-	3.15	3.15
	April 01, 2015	-	-	-	-	3.04	3.04
NHCT	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	12.63	12.63
	April 01, 2015	-	-	-	-	17.10	17.10

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(₹ in lakhs)

Balances	Year	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
AHF	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	3.05	3.05
TOTAL	March 31, 2017	**-**	**-**	**-**	**672.70**	**3.15**	**675.85**
	March 31, 2016	**-**	**-**	**-**	**332.45**	**15.78**	**348.23**
	April 01, 2015	**597.63**	**-**	**-**	**288.49**	**23.19**	**909.31**
Other financial assets (current) - Interest accrued on debentures							
NHHM	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	17.40	-	-	-	-	17.40
Other financial assets (current) - Interest accrued on unsecured loan							
MMRHL	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	110.93	-	-	-	-	110.93
NHSHPL	March 31, 2017	0.67	-	-	-	-	0.67
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	-	-
NHPL	March 31, 2017	37.78	-	-	-	-	37.78
	March 31, 2016	19.39	-	-	-	-	19.39
	April 01, 2015	0.31	-	-	-	-	0.31
TOTAL	March 31, 2017	**38.45**	**-**	**-**	**-**	**-**	**38.45**
	March 31, 2016	**19.39**	**-**	**-**	**-**	**-**	**19.39**
	April 01, 2015	**111.25**	**-**	**-**	**-**	**-**	**111.25**
Other current liabilities - Other payables							
Dr Devi Prasad Shetty	March 31, 2017	-	-	-	-	-	-
	March 31, 2016	-	1.00	-	-	-	1.00
	April 01, 2015	-	-	-	-	-	-
Share based payments							
Dr. Ashutosh Raghuvanshi	March 31, 2017	-	596.97	-	-	-	596.97
	March 31, 2016	-	217.08	-	-	-	217.08
	April 01, 2015	-	-	-	-	-	-
Guarantees outstanding							
MMRHL	March 31, 2017	7,200.00	-	-	-	-	7,200.00
	March 31, 2016	6,651.52	-	-	-	-	6,651.52
	April 01, 2015	3,235.33	-	-	-	-	3,235.33
NHSHPL	March 31, 2017	4,326.38	-	-	-	-	4,326.38
	March 31, 2016	3,926.50	-	-	-	-	3,926.50
	April 01, 2015	4,112.13	-	-	-	-	4,112.13

(₹ in lakhs)

Balances	Year	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
HCCI-associate of NCHL	March 31, 2017	-	-	-	4,656.54	-	4,656.54
	March 31, 2016	-	-	-	5,238.90	-	5,238.90
	April 01, 2015	-	-	-	5,370.29	-	5,370.29
NVDSHPL	March 31, 2017	250.00	-	-	-	-	250.00
	March 31, 2016	-	-	-	-	-	-
	April 01, 2015	-	-	-	-	-	-
TOTAL	March 31, 2017	**11,776.38**	-	-	**4,656.54**	-	**16,432.92**
	March 31, 2016	**10,578.02**	-	-	**5,238.90**	-	**15,816.92**
	April 01, 2015	**7,347.46**	-	-	**5,370.29**	-	**12,717.75**
Guarantees received							
NHPL	March 31, 2017	17,191.06	-	-	-	-	17,191.06
	March 31, 2016	17,191.06	-	-	-	-	17,191.06
	April 01, 2015	17,191.06	-	-	-	-	17,191.06
Security outstanding							
NHSHPL	March 31, 2017	3,200.00	-	-	-	-	3,200.00
	March 31, 2016	3,200.00	-	-	-	-	3,200.00
	April 01, 2015	-	-	-	-	-	-

Note:

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over those entities.

A number of these entities transacted with the Company during the reporting period. The terms and conditions of the transactions with key management personnel and their 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 non-key management personnel related entities on an arm's length basis.

NOTES to the financial statements for the year ended March 31, 2017 (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 disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

Geographical information

Geographical information analyses the company's revenue and non current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets.

(i) Revenue from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
India	163,202.16	146,360.86
Cayman	1,389.28	641.72
	164,591.44	**147,002.58**

(ii) Non current assets *

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
India	80,533.44	74,996.72	76,113.79
	80,533.44	**74,996.72**	**76,113.79**

*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 lakhs)

Entity	As at March 31, 2016	Payment / (refund) during the year	Allotment during the year	As at March 31, 2017
Narayana Cayman Holdings Ltd	189.84	1,129.44	1,026.57	292.71
TriMedx India Private Limited	18.06	(18.06)	-	-
	207.90	**1,111.38**	**1,026.57**	**292.71**

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

(₹ in lakhs)

Entity	As at March 31, 2016	Allotment / Purchases during the year	Sold during the year	Provision for diminution	As at March 31, 2017
Investment in equity instruments					
Narayana Institute for Advanced Research Private Limited^	576.00	-	-	-	576.00
Narayana Hrudayalaya Surgical Hospital Private Limited^	4,450.58	200.00	-	-	4,650.58
Narayana Hospitals Private Limited^	5,326.14	-	-	-	5,326.14
Narayana Health Institutions Private Limited^#	-	-	-	-	-
Narayana Cayman Holdings Ltd	12,373.69	1,026.57	-	-	13,400.26
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	175.30	-		(34.26)	141.04

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(₹ in lakhs)

Entity	As at March 31, 2016	Allotment / Purchases during the year	Sold during the year	Provision for diminution	As at March 31, 2017
Asia Healthcare Development Limited*	357.42	-	357.42	-	-
Narayana Holdings Private Limited**	-	504.08	-	-	504.08
Meridian Medical Research & Hospital Limited	9,969.71	701.78	-	-	10,671.49
Narayana Vaishno Devi Specialty Hospitals Private Limited^	100.00		-	-	100.00
TriMedx India Private Limited	30.01	-	-	-	30.01
	-	-	-	-	-
	33,358.85	**2,432.43**	**357.42**	**(34.26)**	**35,399.60**

* The Company has sold its Wholly owned Subsidiary "Asia Healthcare Development Limited" through a sale agreement dated November 10, 2016.

** During the financial year 2016-17, the Company has invested ₹ 504.08 lakhs in Narayana holdings private limited a company incorporated in Mauritius.

^ The Company has sold certain equity shares to KMP and relatives of KMP which are not disclosed above since the amounts are rounded off to Rupees lakhs.

The Company has received provision for diminution which are not disclosed above since the amounts are rounded off to Rupees lakhs.

(c) The Company has given unsecured loans to its following subsidiaries:

(₹ in lakhs)

Entity	As at March 31, 2016	Movement	As at March 31, 2017	Purpose of loans
Narayana Hospitals Private Limited	200.00	-	200.00	Financial assistance
Narayana Hrudayalaya Surgical Hospital Private Limited	-	1,502.79	1,502.79	Financial assistance
	200.00	**1,502.79**	**1,702.79**	

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

(₹ in lakhs)

Entity	As at March 31, 2016	Movement	As at March 31, 2017	Purpose of guarantees
Health City Cayman Islands Ltd	5,238.90	(582.36)	4,656.54	Bank guarantee through Canara Bank given to Bank of America to give term loan to Health City Cayman Islands Limited
Narayana Hrudayalaya Surgical Hospital Private Limited	3,926.50	399.88	4,326.38	Corporate guarantee given to Yes Bank and GE Capital Services for giving term loan/working capital loan/equipment loan to Narayana Hrudayalaya Surgical Hospital Private Limited
Narayana Vaishno Devi Specialty Hospitals Private Limited	-	250.00	250.00	Corporate guarantee given to Yes Bank and loan/working capital loan/equipment loan to Narayana Vaishno Devi Specialty Hospitals Private Limited.
Meridian Medical Research & Hospital Limited	6,651.52	548.48	7,200.00	Corporate guarantee given to State Bank of India for giving term loan/working capital loan to Meridian Medical Research & Hospital Limited
	15,816.92	**616.00**	**16,432.92**	

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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

(₹ in lakhs)

Entity	As at March 31, 2016	Movement	As at March 31, 2017	Purpose of security
Narayana Hrudayalaya Surgical Hospital Private Limited	3,200.00	-	3,200.00	Security given to Yes Bank for giving term loan to Narayana Hrudayalaya Surgical Hospital Private Limited
	3,200.00	**-**	**3,200.00**	

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

(₹ in lakhs)

Entity	As at April 1, 2015	Payment during the year	Allotment during the year	As at March 31, 2016
Narayana Cayman Holdings Ltd	850.60	3,599.21	4,259.97	189.84
TriMedx India Private Limited	18.06	-	-	18.06
	868.66	**3,599.21**	**4,259.97**	**207.90**

(g) The Company has made investment in the following Companies:

(₹ in lakhs)

Entity	As at April 1, 2015	Allotment / Purchases during the year	Sold during the year	Provision for diminution	As at March 31, 2016
Investment in equity instruments					
Narayana Institute for Advanced Research Private Limited	576.00	-	-	-	576.00
Narayana Hrudayalaya Surgical Hospital Private Limited *	200.00	4,250.58	-	-	4,450.58
Narayana Hospitals Private Limited	5,326.14	-	-	-	5,326.14
Narayana Health Institutions Private Limited	1.98	-	-	(1.98)	-
Narayana Cayman Holdings Ltd	8,113.72	4,259.97	-	-	12,373.69
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	200.20	-	-	(24.90)	175.30
Asia Healthcare Development Limited	237.42	120.00	-	-	357.42
Meridian Medical Research & Hospital Limited	8,839.50	1,130.31	0.10	-	9,969.71
Narayana Vaishno Devi Specialty Hospitals Private Limited	5.00	95.00	-	-	100.00
TriMedx India Private Limited	30.01	-	-	-	30.01
Investment in debentures					
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	552.11	(552.11)	-	-	-
	24,082.08	**9,303.75**	**0.10**	**(26.88)**	**33,358.85**

* The Board of Directors of the Company vide their meeting held on September 19, 2015 approved the purchase of 26% equity shares, held by Infrastructure Development Corporation (Karnataka) Limited (IDECK) in Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL), by the Company. The purchase of equity shares has been done at a price which gave IDECK 11.25% pre-tax rate of return on compounded basis. On February 2, 2016, the company has paid an amount of ₹ 3,025.58 lakhs towards purchase of 26% stake held by IDECK in NHSHPL. As a consequence NHSHPL has become a wholly owned subsidiary of the Company.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(h) The Company has given unsecured loans to its following subsidiaries:

(₹ in lakhs)

Entity	As at April 1, 2015	Movement	As at March 31, 2016	Purpose of loans
Narayana Hospitals Private Limited	200.00	-	200.00	Financial assistance
Meridian Medical Research & Hospital Limited	1,957.41	(1,957.41)	-	Working capital requirement
	2,157.41	**(1,957.41)**	**200.00**	

During financial year 2014-15 the Company had given a loan of ₹ 1,957.41 lakhs to Meridian Medical Research & Hospital Limited ("MMRHL") in which it had 98.62% equity share holding. The Company based on external legal advice, believes that loan advanced to MMRHL was in compliance with Section 185 of the Act. The same has been repaid by MMRHL during the year ended March 31, 2016.

(i) The Company has provided the guarantees to the following entities:

(₹ in lakhs)

Entity	As at April 1, 2015	Movement	As at March 31, 2016	Purpose of guarantees
Health City Cayman Islands Ltd	5,370.29	(131.39)	5,238.90	Bank guarantee through Canara Bank given to Bank of America to give term loan to Health City Cayman Islands Limited
Narayana Hrudayalaya Surgical Hospital Private Limited	4,112.13	(185.63)	3,926.50	Corporate guarantee given to Yes Bank, Canara Bank and GE Capital Services for giving term loan/ working capital loan/equipment loan to Narayana Hrudayalaya Surgical Hospital Private Limited
Meridian Medical Research & Hospital Limited	3,235.33	3,416.19	6,651.52	Corporate guarantee given to State Bank of India for giving term loan/ working capital loan to Meridian Medical Research & Hospital Limited
	12,717.75	**3,099.17**	**15,816.92**	

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

(₹ in lakhs)

Entity	As at April 1, 2015	Movement	As at March 31, 2016	Purpose of security
Narayana Hrudayalaya Surgical Hospital Private Limited	-	3,200.00	3,200.00	Security given to Yes Bank for giving term loan to Narayana Hrudayalaya Surgical Hospital Private Limited
	-	**3,200.00**	**3,200.00**	

32. Employee benefits

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 standalone statement of profit and loss. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to ₹ 10 lakhs.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Defined benefit obligations liability	1,690.73	1,374.89	1,008.16
Plan assets	(195.55)	(67.94)	-
Net defined benefit liability	1,495.18	1,306.95	1,008.16
Full & final settlement cases*	62.68	82.50	-
Liability for compensated absences	966.02	959.50	628.70
Total employee benefit liability	**2,523.88**	**2,348.95**	**1,636.86**
Non-current	1,434.24	1,249.18	977.85
Current	1,089.64	1,099.77	659.01

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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation as at 1 April	1,374.89	1,008.16
Benefits paid	(109.84)	(123.07)
Current service cost	363.11	310.77
Interest cost	99.00	85.18
Actuarial (gains) losses recognised in other comprehensive income		
– changes in demographic assumptions	47.78	-
– changes in financial assumptions	136.39	1.58
– experience adjustments	(220.60)	114.51
– due to other reason	-	(22.24)
Defined benefit obligations as at 31 March*	**1,690.73**	**1,374.89**

* The above amount does not include ₹ 62.68 lakhs (March 31, 2016: ₹ 82.50 lakhs) pertaining to employees who left the organisation but full and final settlement was not done till March 31, 2017. The same was computed on actual basis.

ii) Reconciliation of fair values of plan assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Plan assets at beginning of the year	67.94	-
Contributions paid into the plan	211.15	184.54
Interest income	5.10	-
Benefits paid	(109.84)	(123.07)
Return on plan assets	21.20	6.47
Plan assets at the end of the year	**195.55**	**67.94**
Net defined benefit liability	**1,495.18**	**1,306.95**

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

(₹ in lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current service cost	363.11	310.77
Interest cost	99.00	85.18
Interest income	(5.10)	-
	457.01	**395.95**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

ii) Remeasurements recognised in other comprehensive income

(₹ in lakhs)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Actuarial (gain) loss on defined benefit obligation	(36.43)	93.85
Return on plan assets excluding interest income	(21.20)	(6.47)
	(57.63)	**87.38**

D. Plan Assets

Plan assets comprises of the following:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Government securities & debt instrument	195.55	67.94	-
	195.55	**67.94**	**-**

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

E. Defined benefit obligation

i) Actuarial assumptions

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

Principal actuarial assumptions	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Attrition rate	52%	46%	46%
Discount rate	7.5%	8%	8%
Expected rate of return on plan assets	7.5%	8%	-
Mortality table	IALM 2006-2008	IALM 2006-2008	IALM 2006-2008
Future salary increases	6%	6%	6%

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

As of March 31, 2017 and March 31, 2016, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31 March 2018, is approximately ₹ 1,980.89 lakhs (March 31, 2017: Nil).

Maturity profile of defined benefit obligation

(₹ in lakhs)

Particulars	Amount
1st following year	63.93
2nd following year	48.28
3rd following year	42.06
4th following year	59.73
5th following year	60.35
Year 6 to 10	364.87
More than 10 years	7,226.86

At March 31, 2017, the average duration of the defined benefit obligations was 27 years (March 31, 2016: 26 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.

Particulars	Year ended March 31, 2017		Year ended March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(136.39)	153.37	(111.78)	125.67
Future salary increases (0.5% movement)	147.29	(132.59)	119.83	(108.20)
Attrition rate (0.5% movement)	33.45	(33.45)	21.17	(21.17)
Mortality rate (10% movement)	14.71	(14.71)	12.99	(12.99)

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 March 31, 2017 (continued)

33. Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at March 31, 2017 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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
-Principal	114.22	11.94	-
-Interest	0.73	0.01	-
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	0.73	0.01	-
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 ₹ 2,498.92 lakhs (March 31, 2016: ₹ 2,581.42 lakhs; April 1, 2015: ₹ 1,592.14 lakhs). During the previous year ended March 31, 2016, the Company had entered into an agreement with Asia Heart Foundation to pay ₹ 1,089.09 lakhs by converting the future outflow of ₹ 10 lakhs p.m. towards discount entitlement of 214 months into present value. ₹ 1,089.09 lakhs is being amortized over the period of 214 months beginning from April 1, 2015.

Prepaid expense includes rent paid to Modern Medical Institute amounting to ₹ 661.63 lakhs (March 31, 2016: ₹ 707.88 lakhs; April 1, 2015:754.13 lakhs) 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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Not later than 1 year	819.48	769.32	724.09
Later than 1 year and not later than 5 years	3,342.27	3,076.24	3,037.59
Later than 5 years	5,051.50	5,841.84	7,301.18

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(ii) Amounts recognised in statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cancellable lease expense	4,454.04	4,787.73
Non-cancellable lease expense	913.82	777.15
	5,367.86	**5,564.88**

36. Adjustment of shares and debentures issue expenses with securities premium

During the financial year 2015-16, the Company paid fees amounting to ₹ 114.50 lakhs (2014-15 ₹ 730.34 lakhs) for professional services in connection with the funds raised from CDC Group PLC and CDC India Opportunities Limited. The same has been adjusted from securities premium account as per Section 52(2) of the Companies Act, 2013.

37. Investment by CDC in equity shares and debentures

During the financial year 2014-15, the Company had issued 20,339 equity shares of ₹ 10 each at a premium of ₹ 98,326 per share to CDC Group PLC on December 24, 2014 (face value of ₹ 10 per share) aggregating ₹ 20,000.61 lakhs. The Company had also issued 10,000,000 10.50% optionally convertible debentures (OCD) aggregating ₹ 10,000 lakhs to CDC India Opportunities Limited.

As per the amended agreement dated September 25, 2015, the above mentioned debentures are convertible as per the terms of the agreement.

The shareholders of the Company in their meeting dated December 1, 2015, passed a resolution approving the conversion of OCDs along with accrued coupon into the said number of equity shares. Hence, the OCDs along with accrued interest got converted into 4,360,804 equity shares.

38. Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended March 31, 2017 was based on profit attributable to equity shareholders of ₹ 9,510.89 lakhs (previous year ₹ 5,668.34 lakhs) and weighted average number of equity shares outstanding 202,361,490 (previous year 200,433,601).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2017 was based on profit attributable to equity shareholders of ₹ 9510.89 lakhs (previous year ₹ 5,998.95 lakhs) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 202,835,183 (previous year 203,626,498) .

(₹ in lakhs)

Earnings	As at March 31, 2017	As at March 31, 2016
Profit after tax	9,510.89	5,668.34
Add: Interest on debenture, net of tax	-	330.61
Net profit adjusted for effects of dilutive potential equity shares for calculation of diluted EPS	9,510.89	5,998.95

Weighted average number of equity shares (basic)

Shares	As at March 31, 2017	As at March 31, 2016
Opening balances	204,360,804	200,000,000
Effects of optionally convertible debentures	-	1,453,601
Effect of Treasury shares	(1,999,314)	(1,020,000)
Weighted average number of equity shares for the year	**202,361,490**	200,433,601

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Weighted average number of equity shares (diluted)

Shares	As at March 31, 2017	As at March 31, 2016
Weighted average number of equity shares(basic)	202,361,490	200,433,601
Effect of dilutive potential equity shares in respect of optionally convertible debentures	-	2,907,203
Effect of exercise of share option	473,693	285,694
Weighted average number of equity shares (diluted) for the year	**202,835,183**	**203,626,498**
Basic earnings per share	4.70	2.83
Diluted earnings per share	4.69	2.83

Basic and diluted earnings per share for the year ended March 31, 2016 is same since the potential equity shares (Optionally Convertible Debentures) are anti-dilutive in nature.

39. Assets held for sale (refer note 45 (b) (i))

The Company entered into a business transfer agreement on April 1, 2016 ('the Agreement') with Chandramma Educational Society for sale of its business on a slump sale basis. Assets held for sale during the F.Y. 2015-16 was measured at the lower of its carrying value and realisable value i.e. fair value.

Property, plant and equipments held for sale

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Assets		
Property, plant and equipment	-	2,371.16
Net loss on slump sale recorded as an exceptional item	-	(959.86)
Assets held for sale	**-**	**1,411.30**

40. Income tax

(a) Amount recognised in statement of profit and loss

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Current income tax	5,091.94	3,513.59
Deferred tax liability / (asset)		
Origination and reversal of temporary differences	129.91	(535.12)
Deferred tax charge/ (credit)	**129.91**	**(535.12)**
Tax expense for the year	**5,221.85**	**2,978.47**

(b) Amount recognised in other comprehensive income

(₹ in lakhs)

	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Re-measurement on defined benefit plans	57.63	(19.62)	38.01	(87.38)	30.24	(57.14)
	57.63	**(19.62)**	**38.01**	**(87.38)**	**30.24**	**(57.14)**

(c) Reconciliation of effective tax rate

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax	14,732.74	8,646.81
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	5,099.00	2,992.66
Tax effect of:		
Non-deductible tax expenses	183.90	92.37
Share issue expense allowed as deduction	(58.48)	(58.48)
Others	(2.57)	(48.08)
	5,221.85	**2,978.47**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(d) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax asset			
Provision for doubtful receivables	400.81	606.30	609.21
Provision for gratuity	539.14	480.89	342.68
Provision for compensated absences	334.32	332.08	213.69
Provision for diminution in the long term investment	164.11	152.25	140.40
On non current financial liabilities	95.05	-	-
On land indexation of freehold land	187.26	152.11	106.07
On security deposit at amortised cost	97.97	80.25	56.81
Others	366.89	211.86	164.83
Total deferred tax asset	**2,185.55**	**2,015.74**	**1,633.69**
Deferred tax liability			
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(4,482.06)	(4,162.71)	(4,346.02)
Total deferred tax liability	**(4,482.06)**	**(4,162.71)**	**(4,346.02)**
Deferred tax liability (net)	**(2,296.51)**	**(2,146.97)**	**(2,712.33)**

(ii) Movement in temporary differences

(₹ in lakhs)

Particulars	Balances as at April 1, 2015	Recognised in Profit and loss during 2015-16	Recognise in OCI during 2015-16	Balances as at March 31, 2016	Recognised in Profit and loss during 2016-17	Recognise in OCI during 2016-17	Balances as at March 31, 2017
Provision for doubtful receivables	609.21	(2.91)	-	606.30	(205.49)	-	400.81
Provision for gratuity	342.68	107.97	30.24	480.89	77.87	(19.62)	539.14
Provision for compensated absences	213.69	118.39	-	332.08	2.24	-	334.32
Provision for diminution in the long term investment	140.40	11.85	-	152.25	11.86	-	164.11
On non current financial liabilities	-	-	-	-	95.05	-	95.05
On land indexation of freehold land	106.07	46.04	-	152.11	35.15	-	187.26
On security deposit at amortised cost	56.81	23.44	-	80.25	17.72	-	97.97
Others	164.83	47.03	-	211.86	155.03	-	366.89
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(4,346.02)	183.31	-	(4,162.71)	(319.35)	-	(4,482.06)
	(2,712.33)	**535.12**	**30.24**	**(2,146.97)**	**(129.92)**	**(19.62)**	**(2,296.51)**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

41. Shareholders and investment agreement

Pursuant to the Shareholders and Investment Agreement dated 28 January 2008 (the agreement) entered amongst the Company; Ashoka Investments Holdings Private Limited, Ambadevi Mauritius Holdings Limited, JP Morgan Mauritius Holdings IV Limited (hereinafter collectively referred to as "Investors"); Dr. Devi Shetty and Mrs. Shakuntala Shetty, (hereinafter collectively referred to as 'Sponsors') and Narayana Health Academy Private Limited; the Investors invested in 75,414 equity shares (aggregates 43,623,049 equity shares including 43,547,635 bonus equity shares allotted on March 25, 2015). The terms of the agreement inter alia provided for certain exit options to the Investors before August 4, 2015. All the aforesaid parties have entered into an amendment agreement dated July 16, 2015 vide which the time to comply with the exit options was extended to December 31, 2015. The time limit to comply with the exit option was further extended to January 31, 2016 vide amended agreement dated December 17, 2015. The equity shares of the Company got listed on NSE and BSE on January 6, 2016. Hence, the Company has adhered to the time limits as per the Shareholders and Investment Agreement.

42. Investment in Narayana Hrudayalaya Hospitals Malaysia SDN. BHD

Based on the net assets of Narayana Hrudayalaya Hospitals Malaysia SDN. BHD as at March 31, 2017, the Company has recorded provision other than temporary diminution in the value of investment aggregating ₹ 363.79 lakhs (March 31, 2016: ₹ 329.53 lakhs;April 1, 2015: ₹ 304.64 lakhs).

43. Debenture Redemption Reserve

As per Section 71 of the Companies Act 2013, and Companies (Share Capital and Debenture) Rules, 2014 the Company, in the year 2014-2015 created Debenture Redemption Reserve (DRR) amounting to ₹ 2,500 lakhs for the purpose of redemption of debentures, which is 25 % of the value of the debentures issued. The DRR was created out of the profits of the company available for the payment of dividend. In the shareholders meeting on December 1, 2015, a resolution was passed approving the conversion of debentures into equity shares of the company. Hence the amount in the debenture redemption reserve has been transferred to the general reserve.

44. Share based payments

During the previous year ended March 31, 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and an associates, as approved by the Board of Directors in its meeting held on September 12, 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. 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.

Pursuant to NH ESOP, the Company granted 805,670 shares options till March 31, 2017 (previous year: 805,670). The Stock compensation cost is computed under the Fair value method. For the year ended March 31, 2017, the Company has recorded stock compensation expenses of ₹ 587.32 lakhs (previous year: ₹ 336.07 lakhs).

The activity in this stock option plan is summarized below:

Particulars	As at March 31, 2017	As at March 31, 2016
Outstanding as at the beginning of the year	805,670	-
Option granted during the year	-	805,670
Forfeited during the year	(1,100)	-
Exercised during the year	(32,447)	-
Expired during the year	-	-
Outstanding at the end of the year	772,123	805,670
Exercisable at the end of the year		
Weighted average share price at the date of exercise	336.23	-

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 3.50 years (previous year: 4.50 years). The exercise price for the stock options outstanding as at March 31, 2017 is ₹ 10 (previous year : ₹ 10).

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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 March 31, 2017	As at March 31, 2016
No. of options granted	805,670	805,670
Date of grant	October 1, 2015	October 1, 2015
Vesting period (years)	4	4
Expected life of option (years)	5	5
Expected volatility	35%	35%
Risk free rate	7.63%	7.63%
Expected dividends expressed as a dividend yield	-	-
Weighted-average fair values of options per shares (₹)	208.73	208.73

45. Exceptional items

(a) Exceptional item amounting to ₹ 319.08 lakhs represents loss on sale of its investment in wholly owned subsidiary "Asia Healthcare Development Limited" through a sale Agreement dated November 10, 2016.

(b) Exceptional items for the previous year ended March 31, 2016 amounting to ₹ 1,084.59 lakhs represents loss on slump sale of Hyderabad unit of ₹ 959.86 lakhs and provision for bonus of ₹ 124.73 lakhs.

(i) The Company entered into a business transfer agreement on April 1, 2016 ('the Agreement') with Chandramma Educational Society for sale of its business on a slump sale basis, without values being assigned to the individual assets and liabilities.

As per the terms of the agreement, the Company had sold the following assets and liabilities pertaining to health care business of Hyderabad unit for an aggregate consideration of ₹ 1,575 lakhs. The shortage of the aggregate value of the assets and liabilities sold over the sales consideration has been accounted as an exceptional item in the standalone statement of profit and loss account. As per the requirement of Ind AS 105 : Non-current Assets Held for Sale and Discontinued Operations, the resultant loss have been allocated to property, plant and equipment and it has been stated at the net realisable value of ₹ 1,411.30 lakhs.

(₹ in lakhs)

Particulars		Amount	Amount
Assets			
Property, plant and equipment		2,371.16	
Inventories		84.17	
Financial assets-loans(current)		85.00	
Financial assets-loans(non-current)		20.37	
Other current assets		1.22	
Total Assets	A		2,561.92
Liabilities			
Trade payables	B		(27.06)
Net assets	C = A+B		2,534.86
Sales consideration*	D		1,575.00
Net loss on slump sale recorded as an exceptional item	C - D		959.86

* The Company has received ₹ 1,557 lakhs during the current financial year as the final sales consideration.

Provision for bonus

(ii) Exceptional item also represents additional provision for bonus amounting to ₹ 124.73 lakhs for the period from April 1, 2014 to March 31, 2015 pursuant to the retrospective application of "The Payment of Bonus (Amendment) Act, 2015" effective April 1, 2014.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

46. Capital management

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

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

The capital structure as of March 31, 2017, March 31, 2016 and April 1, 2015 was as follows:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Total equity attributable to the equity shareholders of the Company	105,847.18	95,707.72	79,402.57
As a percentage of total capital	90%	86%	73%
Long-term borrowings including current maturities	11,503.87	11,484.49	19,420.57
Short-term borrowings	448.82	3,690.65	9,434.68
Total borrowings	11,952.69	15,175.14	28,855.25
As a percentage of total capital	10%	14%	27%
Total capital (Equity and Borrowings)	117,799.87	110,882.86	108,257.82

47. Pursuant to the approval on April 21, 2017 by the Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement and acquired 100% equity in New Rise Healthcare Private Limited, a wholly owned subsidiary of Panacea Biotech Limited for a consideration of ₹ 1,364.85 lakhs payable in cash.

48. During the year, the Company had Specified Bank Notes (SBNs) or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of SBN held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below :-

(₹ in lakhs)

Particulars	Specified Bank Notes (SBNs)	Other Denomination notes	Total
Closing cash in hand as on November 8, 2016	82.02	9.31	91.33
(+) Permitted receipts	24.88	4,521.50	4,546.38
(-) Permitted payments	-	372.63	372.63
(+) Not permitted receipts	57.24	-	57.24
(-) Not permitted payments	0.06	-	0.06
(-) Amount deposited in Banks	164.08	4,020.15	4,184.23
Closing cash in hand as on December 30, 2016	**-**	**139.03**	**139.03**

For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407 (E), dated the November 8, 2016.

49. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in lakhs)

As at March 31, 2017	Amortised Cost	Total
Financial assets		
Trade receivables	13,761.59	13,761.59
Cash and cash equivalents	2,069.91	2,069.91
Bank balances other than above	745.80	745.80
Loans	5,625.45	5,625.45
Other financial assets	4,148.26	4,148.26
	26,351.01	**26,351.01**
Financial liabilities		
Borrowings	10,019.14	10,019.14
Trade payables	15,388.77	15,388.77
Other financial liabilities	8,439.68	8,439.68
	33,847.59	**33,847.59**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(₹ in lakhs)

As at March 31, 2016	Amortised Cost	Total
Financial assets		
Trade receivables	13,795.60	13,795.60
Cash and cash equivalents	830.44	830.44
Bank balances other than above	988.99	988.99
Loans	3,784.15	3,784.15
Other financial assets	2,400.31	2,400.31
	21,799.49	**21,799.49**
Financial liabilities		
Borrowings	13,228.14	13,228.136
Trade payables	13,799.07	13,799.07
Other financial liabilities	6,465.17	6,465.17
	33,492.38	**33,492.38**

(₹ in lakhs)

As at April 1, 2015	Amortised Cost	Total
Financial assets		
Trade receivables	14,379.88	14,379.88
Cash and cash equivalents	1,469.75	1,469.75
Bank balances other than above	867.30	867.30
Loans	5,429.57	5,429.57
Other financial assets	2,658.94	2,658.94
	24,805.44	**24,805.44**
Financial liabilities		
Borrowings	25,368.27	25,368.27
Trade payables	12,091.87	12,091.87
Other financial liabilities	6,404.11	6,404.11
	43,864.25	**43,864.25**

Measurement of fair values

The carrying value 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 March 31, 2017 (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 ₹ 13,761.59 lakhs (March 31,2016 : ₹ 13,795.60 lakhs; April 1, 2015: ₹ 14,379.88 lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in lakhs)

Allowance for credit loss	As at March 31, 2017	As at March 31, 2016	As atApril 1, 2015
Opening balance	1,750.59	1,792.31	1,792.31
Credit loss reversed	(592.45)	(41.72)	-
Closing balance	**1,158.14**	**1,750.59**	**1,792.31**

No single customer accounted for more than 10% of the revenue as of March 31, 2017, March 31, 2016 and April 1, 2015. There is no significant concentration of credit risk.

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

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation. In addition, the Company maintains line of credit as stated in Note 15a.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Non current borrowings	-	1,595.73	2,716.67	5,257.92	9,570.32
Current borrowings	448.82	-	-	-	448.82
Trade payables	15,388.77	-	-	-	15,388.77
Other financial liabilities	7,847.76	-	-	591.93	8,439.69
Total	**23,685.35**	**1,595.73**	**2,716.67**	**5,895.85**	**33,847.59**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2016:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Non current borrowings	-	1,954.98	2,978.76	4,603.75	9,537.49
Current borrowings	3,690.65				3,690.65
Trade payables	13,799.07				13,799.07
Other financial liabilities	6,147.73		113.43	204.00	6,465.16
Total	**23,637.45**	**1,954.98**	**3,092.19**	**4,807.75**	**33,492.37**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of April 1, 2015:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Non current borrowings	10,000.00	2,280.30	3,653.29	-	15,933.59
Current borrowings	9,434.68	-	-	-	9,434.68
Trade payables	12,091.87	-	-	-	12,091.87
Other financial liabilities	6,021.77	253.73	128.61	-	6,404.11
Total	**37,548.32**	**2,534.03**	**3,781.90**	**-**	**43,864.25**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

(iv) Market risk

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

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 March 31, 2017	(USD in lakhs)
Financial assets	
Trade receivables	10.37
Cash and cash equivalents	6.97
Other financial assets	6.85
Financial liabilities	
Borrowings	22.50
Trade payables	3.12
Other financial liabilities	0.09
Net assets / (liabilities)	**(1.52)**

As at March 31, 2016	(USD in lakhs)
Financial assets	
Trade receivables	5.01
Cash and cash equivalents	1.26
Other financial assets	7.55
Financial liabilities	
Borrowings	31.50
Trade payables	2.30
Other financial liabilities	0.12
Net assets / (liabilities)	**(20.10)**

As at April 1, 2015	(USD in lakhs)
Financial assets	
Trade receivables	4.61
Cash and cash equivalents	0.60
Other current financial assets	7.45
Financial liabilities	
Borrowings	40.50
Trade payables	5.31
Other financial liabilities	0.13
Net assets / (liabilities)	**(33.28)**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

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 lakhs)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
USD Sensitivity				
₹/USD - Increase by 1%	(0.99)	(13.36)	(0.99)	(13.36)
₹/USD - Decrease by 1%	0.99	13.36	0.99	13.36

Cash flow and fair value interest rate risk

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

(a) Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Variable rate long term borrowings including current maturities	11,503.87	11,484.49	9,025.83
Total borrowings	**11,503.87**	**11,484.49**	**9,025.83**

(b) Sensitivity

(₹ in lakhs)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Sensitivity				
1% increase in MCLR rate	115.04	114.84	115.04	114.84
1% decrease in MCLR rate	(115.04)	(114.84)	(115.04)	(114.84)

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

50. Explanation of transition to Ind AS:

As stated in Note 2.1, these are the first standalone financial statements prepared in accordance with Ind AS. For the year ended March 31, 2016, the Company had prepared its standalone financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('Previous GAAP'). For the purpose of transition from Previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101-first time adoption of Indian Accounting Standards ("Ind AS-101"), with effect from April 1, 2015 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these standalone financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening standalone Ind AS balance sheet on the date of transition i.e. April 1, 2015.

In preparing its standalone Ind AS balance sheet as at April 1, 2015 and in presenting the comparative information for the year ended March 31, 2016, the Company has adjusted amounts reported previously in standalone financial statement prepared in accordance with the Previous GAAP. This note explains how the transition from Previous GAAP to Ind AS has affected the Company's financial position and financial performance.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Explanation of transition to Ind AS (continued)

Optional exemptions availed and mandatory exceptions

In preparing these standalone financial statements, the Company has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemption availed

Business combination

Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ("Ind As 103") prospectively from the transition date or from a specific date prior to the transition date.

The Company has elected to apply Ind AS 103 from transition date. Business combinations occurring prior to the transition date have not been restated.

B. Mandatory exceptions

1. Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the Previous GAAP unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under Previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the standalone financial statements that were not required under the Previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Fair valuation of financial instruments carried at FVTPL.

2. Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Explanation of transition to Ind AS (continued)

The following reconciliation provide the effect of transition to Ind AS from Previous GAAP in accordance with Ind AS 101: First-time Adoption of Indian Accounting Standards

(i) Reconciliation of equity as at April 1, 2015

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS			
Non-Current Assets			
Property, plant and equipment	64,794.90	1,390.95	66,185.85
Capital work in progress	885.37	-	885.37
Intangible assets	316.29	-	316.29
Financial assets			
Investments	24,082.08	-	24,082.08
Loans	7,462.85	(2,271.08)	5,191.77
Other financial assets	956.26	-	956.27
Income tax assets (net)	3,143.17	-	3,143.17
Other non-current assets	3,176.78	2,406.33	5,583.11
Total non-current assets	**104,817.70**	**1,526.20**	**106,343.90**
Current Assets			
Inventories	4,826.29	-	4,826.29
Financial Assets			
Trade receivables	14,306.49	73.39	14,379.88
Cash and cash equivalents	1,469.75	-	1,469.75
Bank balances other than above	867.30	-	867.30
Loans	237.81	-	237.81
Other financial assets	1,702.68	-	1,702.68
Other current assets	1,662.20	288.52	1,950.72
Total current assets	**25,072.52**	**361.91**	**25,434.43**
TOTAL ASSETS	**129,890.22**	**1,888.11**	**131,778.33**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20,000.00	-	20,000.00
Other equity	59,496.99	(87.42)	59,409.57
Total equity	**79,496.99**	**(87.42)**	**79,409.57**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15,933.60	-	15,933.60
Other financial liabilities	382.33	-	382.33
Provisions	977.85	-	977.85
Deferred tax liabilities (net)	2,918.06	(205.73)	2,712.33
Other non-current liabilities	264.92	2,018.64	2,283.56
Total non-current liabilities	**20,476.76**	**1,812.91**	**22,289.67**
Current Liabilities			
Financial liabilities			
Borrowings	9,434.68	-	9,434.68
Trade payables	12,091.87	-	12,091.87
Other financial liabilities	6,021.78	-	6,021.78
Other current liabilities	1,709.13	162.62	1,871.75
Provisions	659.01	-	659.01
Total current liabilities	**29,916.47**	**162.62**	**30,079.09**
TOTAL EQUITY AND LIABILITIES	**129,890.22**	**1,888.11**	**131,778.33**

*The Previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Explanation of transition to Ind AS (continued)

(ii) Reconciliation of equity as at March 31, 2016

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS			
Non-Current Assets			
Property, plant and equipment	63,455.74	1,249.38	64,705.12
Capital work in progress	1,273.14	-	1,273.14
Intangible assets	269.54	-	269.54
Financial assets			
Investments	33,358.85	-	33,358.85
Loans	5,387.51	(2,156.58)	3,230.93
Other financial assets	227.38	-	227.38
Income tax assets (net)	2,904.13		2,904.13
Other non-current assets	3,647.69	2,197.10	5,844.79
Total non-current assets	**110,523.98**	**1,289.90**	**111,813.88**
Current Assets			
Inventories	4,391.17	-	4,391.17
Financial assets			
Trade receivables	13,823.46	(27.86)	13,795.60
Cash and cash equivalents	830.43	0.01	830.44
Bank balances other than above	988.99	-	988.99
Loans	553.22	-	553.22
Other financial assets	2,172.93	-	2,172.93
Other current assets	1,928.52	297.42	2,225.94
	24,688.72	**269.57**	**24,958.29**
Assets held for sale	1,411.30	-	1,411.30
Total current assets	**26,100.02**	**269.57**	**26,369.59**
TOTAL ASSETS	**136,624.00**	**1,559.47**	**138,183.47**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20,436.08	-	20,436.08
Other equity	75,624.47	(352.83)	75,271.64
TOTAL EQUITY	**96,060.55**	**(352.83)**	**95,707.72**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	9,537.49	-	9,537.49
Other financial liabilities	113.43	204.00	317.43
Provisions	1,249.18	-	1,249.18
Deferred tax liabilities (net)	2,459.01	(312.04)	2,146.97
Other non-current liabilities	292.95	1,857.65	2,150.60
Total non-current liabilities	**13,652.06**	**1,749.61**	**15,401.67**
Current Liabilities			
Financial liabilities			
Borrowings	3,690.65	-	3,690.65
Trade payables	13,799.01	0.06	13,799.07
Other financial liabilities	6,147.73	-	6,147.73
Other current liabilities	1,099.76	0.01	1,099.77
Provisions	2,174.24	162.62	2,336.86
Total current liabilities	**26,911.39**	**162.69**	**27,074.08**
TOTAL EQUITY AND LIABILITIES	**136,624.00**	**1,559.47**	**138,183.47**

*The Previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Explanation of transition to Ind AS (continued)

(iii) Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
INCOME			
Revenue from operations**	147,002.58	-	147,002.58
Other income	997.37	373.66	1,371.03
Total income	**147,999.95**	**373.66**	**148,373.61**
EXPENSES			
Purchase of medical consumables, drugs and surgical equipments	35,039.33	-	35,039.33
Changes in inventories of medical consumables, drugs and surgical equipments	435.12	-	435.12
Employee benefits expense**	30,715.35	(82.25)	30,633.10
Other expenses**	63,476.90	399.80	63,876.70
Total expenses	**129,666.70**	**317.55**	**129,984.25**
Earnings before finance cost, depreciation and amortisation, exceptional items and tax	**18,333.25**	**57.11**	**18,390.36**
Finance costs	1,982.85	-	1,982.85
Depreciation and amortisation expense	6,533.56	141.55	6,675.11
Profit before exceptional items and tax	**9,816.84**	**(85.44)**	**9,731.40**
Exceptional items	1,084.59	-	1,084.59
Profit before tax	**8,732.25**	**(85.44)**	**8,646.81**
Tax expenses:			
Current tax	3,513.59	-	3,513.59
Deferred tax credit	(459.06)	(76.06)	(535.12)
Total tax expense	**3,054.53**	**(76.06)**	**2,978.47**
Profit for the year	**5,677.72**	**(9.38)**	**5,668.34**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans	-	(87.38)	(87.38)
Income Tax effect	-	30.24	30.24
Other comprehensive income for the year, net of income tax	**-**	**(57.14)**	**(57.14)**
Total comprehensive income for the year	**5,677.72**	**(66.52)**	**5,611.20**

* The Previous GAAP figure have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

** Revenue from operations, employee benefits expense and other expenses includes ₹ 639.16 lakhs which have been reinstated and presented on gross basis.

(iv) Reconciliation of total equity as at March 31, 2016 and April 1, 2015

(₹ in lakhs)

Particulars	Note	As at March 31, 2016	As at April 1, 2015
Equity under Previous GAAP		96,060.55	79,496.99
Summary of Ind AS adjustments			
Impact due to expected credit loss provision on trade receivables, net of tax	1	(18.76)	48.45
Employee benefits expense (share based payments and actuarial loss), net of tax	2	5.10	-
Impact due to fair valuation of security deposits, net of tax	3	(151.63)	(110.30)
Income on recognition of government grant	4	380.79	218.17
Impact on property, plant and equipment including depreciation due to government grant	4	(380.79)	(218.17)
Impact due to straightlining and others	5	(135.65)	(131.64)
Impact of ESOP trust consolidation	8	(204.00)	-
Deferred tax on cost indexation of land	7	152.11	106.07
Total Ind AS adjustments		**(352.83)**	**(87.42)**
Equity under Ind AS		**95,707.72**	**79,409.57**

NOTES to the financial statements for the year ended March 31, 2017 (continued)

Explanation of transition to Ind AS (continued)

(v) Reconciliation of net profit for the year ended on March 31, 2016

(₹ in lakhs)

Particulars	Note	As at March 31, 2016
Profit after tax (PAT) as per Previous GAAP		5,677.72
Summary of Ind AS adjustments		
Impact due to expected credit loss provision on trade receivables	1	(101.25)
Employee benefits expense (share based payments and actuarial loss)	2	82.27
Impact due to fair valuation of security deposits	3	(64.78)
Income on recognition of government grant	4	162.62
Increase in depreciation due to recognition of government grant	4	(162.62)
Others	5	(1.69)
Tax impact on the above adjustments	6	30.03
Tax impact due to the cost indexation of the land	7	46.04
Total Ind AS adjustments		**(9.38)**
PAT as per Ind AS		**5,668.34**
Other comprehensive income		
Actuarial loss on defined benefit obligation - Gratuity, net of tax		(57.14)
Total comprehensive income		**5,611.20**

Notes to the reconciliation:

1. This represents impact of impairment of trade receivable based on the life time expected credit loss as required under Ind AS.
2. This represents accounting of share based payment based on fair valuation and reclassification of actuarial loss on defined benefit obligations (gratuity) to other comprehensive income.
3. This represents impact on account of fair valuation of non-current deposits as per the Ind AS requirement.
4. This represents amortisation of government grant recognised as deferred income at fair value and proportionate depreciation on the corresponding assets recognised at fair value.
5. This represents straight lining of minimum commitment of lease payment under Ind AS.
6. This represents tax impact of Ind AS adjustments.
7. This represents deferred tax asset on cost indexation of freehold land.
8. This represents consolidation of ESOP trust as per the Ind AS requirement

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

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 29, 2017

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 29, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of
Narayana Hrudayalaya Limited

Report on the Consolidated Indian Accounting Standards ('Ind AS') Financial Statements

We have audited the accompanying Consolidated Ind AS financial statements of Narayana Hrudayalaya Limited ('the Holding Company'), its subsidiaries and associates (collectively referred to as "the Group") which comprise the Consolidated Balance Sheet as at March 31, 2017, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows and the Consolidated Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Consolidated Ind AS financial statements").

Management's Responsibility for the Consolidated Ind AS Financial Statements

The Holding Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Consolidated Ind AS financial statements that give a true and fair view of the Consolidated financial position, Consolidated financial performance including other comprehensive income, Consolidated cash flows and Consolidated changes in equity of the Group in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS 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 Ind AS financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated Ind AS financial statements based on our audit.

While conducting the audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the Consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (i) and (ii) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Consolidated Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associates referred to in the 'Other Matters' below, the aforesaid Consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles

INDEPENDENT AUDITOR'S REPORT (Continued)

generally accepted in India including the Ind AS, of the Consolidated financial position of the Group as at March 31, 2017, and its Consolidated financial performance including other comprehensive income, its Consolidated cash flows and the Consolidated changes in equity for the year ended on that date.

Other Matters

(i) We did not audit the financial statements of four subsidiaries included in the Consolidated Ind AS financial statements. These subsidiaries account for ₹ 10,025.45 lakhs of total assets and ₹ 9357.94 lakhs of net assets as at March 31, 2017, total income of ₹ 498.35 lakhs and net cash outflow of ₹ 195.96 lakhs for the year ended on that date, as considered in these Consolidated Ind AS financial statements. Our opinion on the Consolidated Ind AS 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 sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, is based solely on the report of the other auditor.

(ii) The Consolidated Ind AS financial statements also includes the Group's share of net loss of ₹ 590.93 lakhs for the year ended March 31, 2017 in respect of two associates incorporated outside India which is not audited by us. The audited financial statements of the associates as drawn up in accordance with the generally accepted accounting principles in India including Ind AS has been audited by other auditors whose reports has been furnished to us by the Management of the Holding Company. Our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the reports of the other auditors.

(iii) The Consolidated Ind AS financial statements additionally includes the Group's share of net loss of ₹ 202.48 lakhs for the year ended March 31, 2017 in respect of two associates. The financial statements of the associates have not been audited and is based on the financial statements provided by the Management of the Holding Company. Our opinion on the Consolidated Ind AS financial statements, in so far as it relates to the amounts and disclosures included in respect of these associates and our report in terms of sub-section (3) and (11) of Section 143 of the Act, in so far as it relates to the aforesaid associates, is based solely on the financial statements furnished to us by the Management of the Holding Company.

Our opinion on the Consolidated Ind AS financial statements, 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 and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, 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 of the aforesaid Consolidated Ind AS financial statements;

   (b) in our opinion, proper books of account as required by law 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, the Consolidated Statement of Cash Flows 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 Ind AS financial statements;

   (d) in our opinion, the aforesaid Consolidated Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with relevant rules issued thereunder;

   (e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the report of the auditor of the subsidiary companies incorporated in India, none of the directors of the Holding Company and its subsidiaries incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

INDEPENDENT AUDITOR'S REPORT (Continued)

Report on Other Legal and Regulatory Requirements (Continued)

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Group and the operating effectiveness of such controls, refer to our separate report in "Annexure A"; and

(g) 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, in our opinion and to the best of our information and according to the explanations given to us:

i. the Holding Company has disclosed the impact of pending litigations on the financial position of the Group in the Consolidated Ind AS financial statements – Refer Note 32 to the Consolidated Ind AS financial statements;

ii. the Group did not have material foreseeable losses on long-term contracts including derivative contracts;

iii. there were no amounts during the year which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiaries incorporated in India; and

iv. the Group has provided requisite disclosures in its Consolidated Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from November 08, 2016 to December 30, 2016. However, as stated in Note 59 to the Consolidated Ind AS financial statements amount aggregating to ₹ 0.82 lakhs as represented to us by the Management have been utilized for other than permitted transactions and received amount aggregating ₹ 69.59 lakhs from transactions which are not permitted.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

ANNEXURE - 'A' TO THE INDEPENDENT AUDITOR'S REPORT

Report on the Internal Financial Controls 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 Ind AS financial statement of Narayana Hrudayalaya Limited ("the Holding Company"), its subsidiaries and associates as at and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of the Holding Company, its subsidiaries ("Indian subsidiaries") and an associate which are companies incorporated in India as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company, its Indian subsidiaries and the associate are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Holding Company, its Indian subsidiaries and the associate considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting ('Guidance Note') issued by the Institute of Chartered Accountants of India ('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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Holding Company, its Indian subsidiaries and the associate's internal financial controls over financial reporting, based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, 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 judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditor in terms of their report referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Holding Company, its Indian subsidiaries and the associate 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 Consolidated Ind AS 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 Consolidated Ind AS 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

ANNEXURE - 'A' TO THE INDEPENDENT AUDITOR'S REPORT (Continued)

or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Consolidated Ind AS 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 and to the best of our information and according to the explanations given to us and based on the consideration of the report of the other auditor referred to in the Other Matters paragraph below, the Holding Company, its Indian subsidiaries and the associate have, 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, 2017, based on the internal control over financial reporting criteria established by the Holding Company, its Indian subsidiaries and the associate considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Other Matters

Our aforesaid report under section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to one associate, which is a company incorporated in India, is based on the corresponding report of the auditor of such company incorporated in India.

Our opinion is not modified in respect of the above matters.

for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

CONSOLIDATED BALANCE SHEET as at March 31, 2017

(₹ in lakhs)

	Note	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
ASSETS				
Non-current assets				
Property, plant and equipment	4 (a)	102,094.57	99,265.57	98,253.39
Capital work-in-progress	4 (a)	5,303.56	1,380.34	2,040.67
Goodwill	4 (b)	5,814.74	5,902.06	5,902.06
Other intangible assets	4 (b)	269.21	282.72	316.66
Equity accounted investees	5	9,282.83	8,685.38	5,188.14
Financial assets				
Investments	6	325.40	30.01	30.01
Loans	7 (a)	2,025.61	1,491.15	1,638.13
Other financial assets	8 (a)	200.02	232.41	2,438.85
Income tax assets (net)	9	1,987.47	3,445.67	3,485.91
Other non-current assets	10 (a)	7,218.06	6,327.54	5,646.20
Total non-current assets		**134,521.47**	**127,042.85**	**124,940.02**
Current assets				
Inventories	11	5,235.97	4,974.72	5,122.44
Financial assets				
Investments	12	-	-	3.78
Trade receivables	13	15,691.01	15,183.15	14,372.61
Cash and cash equivalents	14 (a)	2,624.29	1,377.34	2,084.55
Bank balances other than above	14 (b)	787.75	1,029.54	867.50
Loans	7 (b)	300.72	580.38	260.42
Others financial assets	8 (b)	3,527.08	1,634.54	1,334.22
Income tax assets (net)	15	-	6.51	7.05
Other current assets	10 (b)	1,991.18	2,397.96	2,185.76
		30,158.00	**27,184.14**	**26,238.33**
Assets held for sale	16	-	1,411.30	-
Total current assets		**30,158.00**	**28,595.44**	**26,238.33**
TOTAL ASSETS		**164,679.47**	**155,638.29**	**151,178.35**
EQUITY AND LIABILITIES				
Equity				
Equity share capital	17	20,436.08	20,436.08	20,000.00
Other equity		75,872.10	67,162.10	57,421.14
Equity attributable to owners of the Company		**96,308.18**	**87,598.18**	**77,421.14**
Non-controlling interests	18	23.61	27.29	68.07
Total equity		**96,331.79**	**87,625.47**	**77,489.21**
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	19 (a)	17,980.11	18,756.99	20,657.81
Other financial liabilities	20 (a)	591.93	317.43	382.34
Provisions	21 (a)	1,508.36	1,298.72	1,062.81
Deferred tax liabilities (net)	61	2,480.32	2,316.03	2,858.00
Other non-current liabilities	22 (a)	13,531.35	13,847.30	14,193.34
Total non-current liabilities		**36,092.07**	**36,536.47**	**39,154.30**
Current liabilities				
Financial liabilities				
Borrowings	19 (b)	902.22	4,457.92	9,852.72
Trade payables	23	18,854.60	16,103.45	13,455.36
Other financial liabilities	20 (b)	8,731.33	6,880.01	8,103.91
Other current liabilities	22 (b)	2,540.81	2,816.97	2,371.99
Provisions	21 (b)	1,222.32	1,182.44	688.39
Income tax liabilities (net)	24	4.33	35.56	62.47
Total current liabilities		**32,255.61**	**31,476.35**	**34,534.84**
TOTAL EQUITY AND LIABILITIES		**164,679.47**	**155,638.29**	**151,178.35**
Significant accounting policies	3			

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer

Place: Bengaluru
Date: May 29, 2017

Sridhar S
Company Secretary

Place: Bengaluru
Date: May 29, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS for the year ended March 31, 2017

(₹ in lakhs)

	Note	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	25	187,816.49	161,384.57
Other income	26	1,748.24	1,468.90
Total income		**189,564.73**	**162,853.47**
Expenses			
Purchase of medical consumables, drugs and surgical equipments		43,887.90	38,563.01
Changes in inventories of medical consumables, drugs and surgical equipments	27	(298.09)	147.71
Employee benefits expenses	28	37,521.05	33,383.63
Other expenses	29	83,820.09	71,831.98
Total expenses		**164,930.95**	**143,926.33**
Earnings before finance costs, depreciation and amortisation, exceptional items and tax		**24,633.78**	**18,927.14**
Finance costs	30	2,180.34	2,944.07
Depreciation and amortisation expense	31	7,992.08	7,611.56
Profit before exceptional items and tax		**14,461.36**	**8,371.51**
Exceptional items	54	134.03	1,101.15
Profit before share of loss of equity accounted investees and income tax		**14,327.33**	**7,270.36**
Share of loss of equity accounted investees	38	(793.41)	(2,174.97)
Profit before tax		**13,533.92**	**5,095.39**
Tax expense:	60		
Current tax		5,091.94	3,513.59
Deferred tax charge/(credit)		144.67	(500.09)
Total tax expense		**5,236.61**	**3,013.50**
Profit for the year		**8,297.31**	**2,081.89**
Other Comprehensive Income		**-**	**-**
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		23.07	(121.02)
Income tax effect		(19.62)	41.89
Other comprehensive income for the year, net of income tax		**3.45**	**(79.13)**
Total comprehensive income for the year		**8,300.76**	**2,002.76**
Profit attributable to:			
Owners of the Company		8,305.21	2,123.21
Non-controlling interest		(7.90)	(41.32)
Profit for the year		**8,297.31**	**2,081.89**
Other comprehensive income attributable to:			
Owners of the Company		3.75	(79.67)
Non-controlling interest		(0.30)	0.54
Other comprehensive income for the year		**3.45**	**(79.13)**
Total comprehensive income attributable to:			
Owners of the Company		8,308.96	2,043.54
Non-controlling interest		(8.20)	(40.78)
Total comprehensive income for the year		**8,300.76**	**2,002.76**
Earnings per share	49		
Basic earnings per share (₹)		4.10	1.06
Diluted earnings per share (₹)		4.09	1.06
Significant accounting policies	3		

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154
Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer
Place: Bengaluru
Date: May 29, 2017

Sridhar S
Company Secretary
Place: Bengaluru
Date: May 29, 2017

(a) Equity share capital

(₹ in lakhs)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at April 01, 2015	200,000,000	20,000.00
Changes in equity share capital during 2015-16 (refer note 17)	4,360,804	436.08
Balance as at March 31, 2016	204,360,804	20,436.08
Changes in equity share capital during 2016-17 (refer note 17)	-	-
Balance as at March 31, 2017	204,360,804	20,436.08

(b) Other equity

(₹ in lakhs)

Particulars	Reserves and Surplus								Items of OCI	Total	Non-controlling interests	Total other equity
	Capital reserve	Securities premium reserve	Debenture redemption reserve	Treasury shares	Share based payments	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurements of the net defined benefit Plans			
Balance as at April 01, 2015	1,443.79	38,893.64	2,500.00	-	-	-	14,027.09	556.62	-	57,421.14	68.07	57,489.21
Profit for the year	-	-	-	-	-	-	2,123.21	-	-	2,123.21	(41.32)	2,081.89
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	(79.67)	(79.67)	0.54	(79.13)
Total comprehensive income for the year	-	-	-	-	-	-	2,123.21	-	(79.67)	2,043.54	(40.78)	2,002.76
Transactions with owner recorded directly in equity												
Premium on issue of equity shares	-	10,233.29	-	-	-	-	-	-	-	10,233.29	-	10,233.29
Share-based payments (refer note 47)	-	-	-	(204.00)	340.16	-	-	-	-	136.16	-	136.16
Share issue expenses (refer note 50)	-	(114.50)	-	-	-	-	-	-	-	(114.50)	-	(114.50)
Adjustment for acquisition of non-controlling interest	(1,428.41)	-	-	-	-	-	(1,598.18)	-	-	(3,026.59)	-	(3,026.59)
Addition during the year	-	-	(2,500.00)	-	-	2,500.00	-	469.06	-	469.06	-	469.06
Other (refer note 18)	-	-	-	-	-	-	(0.003)	-	-	(0.003)	0.003	-
Balance as at March 31, 2016	15.38	49,012.43	-	(204.00)	340.16	2,500.00	14,552.12	1,025.68	(79.67)	67,162.10	27.29	67,189.39
Profit for the year	-	-	-	-	-	-	8,305.21	-	-	8,305.21	(7.90)	8,297.31
Other comprehensive income, net of tax	-	-	-	-	-	-	-	-	3.75	3.75	(0.30)	3.45
Total comprehensive income for the year	-	-	-	-	-	-	8,305.21	-	3.75	8,308.96	(8.20)	8,300.76
Transactions with owner recorded directly in equity												
Exercise of share options	-	-	-	3.24	-	-	-	-	-	3.24	-	3.24
Share-based payments	-	-	-	-	594.02	-	-	-	-	594.02	-	594.02
Deletion during the year	-	-	-	-	-	-	-	(191.70)	-	(191.70)	-	(191.70)
Other (refer note 18)	-	-	-	-	-	-	(4.52)	-	-	(4.52)	4.52	-
Balance as at March 31, 2017	15.38	49,012.43	-	(200.76)	934.18	2,500.00	22,852.81	833.98	(75.92)	75,872.10	23.61	75,895.71

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY for the year ended March 31, 2017 (Continued)

Capital reserve
Capital reserve was created at the time of acquisition of Barasat unit.

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

Debenture redemption reserve (refer note 51)
The Group has issued optionally convertible debentures in India and as per the provisions of the Companies Act, 2013, is required to create debenture redemption reserve out of the profits of the company available for payment of dividend which has been transfered to general reserve during the previous financial year 2015-16

Treasury shares
Own equity instruments that are re-acquired (treasury shares) are recognised at cost and deducted from equity.

Share based payments
The Group has established equity-settled share-based payment plans for eligible employees of the Group.

General reserve
General reserve is used from time to time to transfer profits from retained earnings for appropriation purpose

Foreign currency translation reserve
The foreign currency translation reserve has arised on account of translation of foreign subsidiaries and associates financial as per Ind AS- 21 The Effects of Changes in Foreign Exchange Rates.

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154
Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer
Place: Bengaluru
Date: May 29, 2017

Sridhar S
Company Secretary
Place: Bengaluru
Date: May 29, 2017

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended March 31, 2017

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from operating activities		
Profit before tax	**13,533.92**	**5,095.39**
Adjustments :		
Depreciation and amortisation expense	7,992.08	7,611.56
Interest income	(530.99)	(239.99)
Finance costs	2,180.34	2,944.07
Share based payment expenses	594.02	340.16
Government grant	(375.71)	(375.71)
Assets/ Capital-work-in-progress written off	274.76	-
Loss on sale of fixed assets	141.03	70.88
Profit on sale of investment	(51.09)	-
Exceptional items	134.03	1,101.15
Unrealised foreign exchange loss, net	65.51	(18.70)
Loss on slump sale	-	31.99
Share of loss of equity accounted investees	793.41	2,174.97
Operating cash flow before working capital changes	**24,751.31**	**18,735.77**
Changes in trade receivables	(558.17)	(822.34)
Changes in inventories	(382.26)	144.94
Changes in loans, other financial assets and other assets	(1,099.41)	(1,407.31)
Changes in trade payables and other financials liabilities	2,609.69	3,647.16
Changes in provision	272.60	608.94
Cash generated from operations	**25,593.76**	**20,907.16**
Income tax paid (net of refund)	(3,658.46)	(3,499.72)
Net cash generated from operating activities (A)	**21,935.30**	**17,407.44**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital work-in-progress)	(13,504.25)	(9,045.15)
Proceeds from sale of property, plant and equipment	85.83	33.23
Proceeds from slump sale (refer note 54)	1,557.00	232.02
Proceeds from disposal of subsidiary (net of cash as on the date of sale) (refer note 54)	25.38	-
Purchase of mutual fund	(27,300.00)	-
Proceeds from sale of mutual fund	25,351.09	3.78
Investment in equity shares of a subsidiary	-	(3,025.58)
Share application money paid during the year	(987.62)	(3,079.28)
Proceeds from refund of share application money	18.06	-
Payment for acquisition of long-term equity investment in an associate	(445.32)	-
Investment in promissory note in an associate	(200.11)	(205.74)
Investment in bank deposit	2,951.80	82.82
Repayment of bank deposit	(2,714.48)	(162.03)
Interest received	536.35	141.19
Net cash (used) in investing activities (B)	**(14,626.27)**	**(15,024.74)**

CONSOLIDATED STATEMENT OF CASH FLOWS for the year ended March 31, 2017 (Continued)

(₹ in lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flow from financing activities		
Proceeds from long-term borrowings	5,682.30	10,945.88
Repayment of long-term borrowings	(6,140.30)	(5,999.53)
Repayment of working capital loan	-	(2,500.00)
Proceeds from commercial papers	-	8,000.00
Repayment of commercial papers	(2,000.00)	(6,000.00)
Proceeds from exercise of share options	3.24	-
Expenses paid in relation to issue of equity shares	-	(114.50)
Interest and other borrowing costs	(2,059.06)	(2,527.67)
Net cash (used in) / provided by financing activities (C)	**(4,513.82)**	**1,804.18**
Net increase in cash and cash equivalents (A+B+C)	**2,795.21**	**4,186.88**
Cash and cash equivalents at the beginning of the year (refer note 14)*	(1,080.58)	(5,268.17)
Effects of exchange gain on restatement of foreign currency cash and cash equivalents	7.44	0.71
Cash and cash equivalents at the end of the year (refer note 14)	**1,722.07**	**(1,080.58)**

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

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154
Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer
Place: Bengaluru
Date: May 29, 2017

Sridhar S
Company Secretary
Place: Bengaluru
Date: May 29, 2017

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

1. Group overview

Narayana Hrudayalaya Limited ('the Company' or 'the Holding company') together with its subsidiaries and associates (collectively referred to as 'Narayana Hrudayalaya Group' or 'the Group') is primarily engaged in business of rendering medical and healthcare services. Narayana Hrudayalaya Limited, the flagship company of the Group, was incorporated on 19 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 previous year ended March 31, 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale by the 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 million and the equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on 6 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 with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The Group's consolidated financial statements up to and for the year ended March 31, 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

As these are the Group's first consolidated financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, ***First-time Adoption of Indian Accounting Standards*** has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position and financial performance of the Group is provided in Note 63.

The consolidated financial statements were authorised for issue by the Company's Board of Directors on May 29, 2017.

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 Indian Rupees lakhs, 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 derivatives 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 recognised 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 33 – leases and lease classification;
- Note 37 – consolidation: whether the Group has control over an investee;
- Note 60 – Provision for income tax and other contingencies;
- Note 62 – financial instruments; and
- Note 47 – share based payments

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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 March 31, 2018 is included in the following notes:

- Note 61– recognition of deferred tax assets
- Note 41–measurement of defined benefit obligations: key actuarial assumptions;
- Note 32–recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources
- Note 6-8, 12-14 and 62 – 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 47 – share-based payment arrangements; and
- Note 53 – assets held for sale

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 profit or loss.

d. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and 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 and debt securities 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.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Group's continuing recognition of the assets.

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

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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 gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

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 currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.3. Inventories

The inventories of medical consumables, drugs and surgical equipments 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.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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 Group 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 equivalent, as they form an integral part of an entity's cash management.

3.7. Revenue recognition

Revenue from operations

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

Revenue is recognised net of discounts given to the patients.

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

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.

'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 the excess of earnings.

Interest

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the group 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 finance income in the statement of profit and loss.

Dividend

Dividend income is recognised when the Group's right to receive dividend is established.

Learning and development income

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

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.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

Depreciation and amortisation

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

Block of assets	Useful life
Building	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 life of the assets based on the internal technical assessment and these useful life are as prescribed under Part C of Schedule II of the Companies Act, 2013 except vehicles where useful life considered by management is lower.

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. Goodwill and other 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.

Goodwill arising on consolidation represents the excess of cost to the Group of its investment in a subsidiary company over the Group's portion of net worth of the subsidiary.

Goodwill arising on consolidation is tested for impairment annually.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 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.

3.10. Government grants

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

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

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 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.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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 a qualified actuary using the projected unit credit method.

The gratuity scheme is managed by third party administrator.

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

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

Compensated absences

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

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally 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

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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 or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the 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.

3.16. Foreign exchange transactions and translations

Transactions in foreign currencies are recorded at the exchange rates prevailing on the date of transaction.

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 profit or loss.

The assets and liabilities of foreign operations (subsidiaries and associates), including goodwill and fair value adjustments arising on acquisition, are translated into ₹ at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into ₹ at the exchange rates at the dates of the transactions.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

Foreign currency differences are recognised in OCI and accumulated in the translation reserve, except to the extent that the translation difference is allocated to NCI.

When a foreign operation is disposed off in its entirety or partially such that control or significant influence is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. 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 NCI. 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 and 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.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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. 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.

3.19. Provisions and contingencies

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

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

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

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

3.20. Share and debenture 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.

3.21. Measurement of Profit/ Earnings before interest, tax, depreciation and amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (which is considered to be applicable even in the context of Schedule III to the Companies Act, 2013) the Group has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the consolidated statement of profit and loss. In its measurement of EBITDA, the Group includes other income but does not include depreciation and amortization expense, finance costs and tax expenses.

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

(₹ in lakhs)

Particulars	Gross block				Accumulated depreciation				Net block	
	As at April 01, 2016	Additions	Deletions (refer note 54A)	As at March 31, 2017	As at April 01, 2016	Depreciation/ Amortisation	Deletions (refer note 54A)	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
(A)Tangible assets (owned)										
Freehold land (i)	3,632.55	-	29.83	3,602.72	-	-	-	-	3,602.72	3,632.55
Building(iii)	13,358.67	796.52	72.30	14,082.89	1,195.17	220.46	11.14	1,404.49	12,678.40	12,163.50
Building(iii)	6,844.34	359.88	-	7,204.22	871.92	395.65	4.71	1,262.86	5,941.36	5,972.42
Building	3,968.29	-	47.12	3,921.17	1,268.26	86.66	-	1,354.92	2,566.25	2,700.03
Building (iii)(vii)	3,255.90	79.13	-	3,335.03	276.27	122.93	-	399.20	2,935.83	2,979.63
Building (iii)	9,943.86	19.93	-	9,963.79	1,559.70	243.71	-	1,803.41	8,160.38	8,384.16
Leasehold improvements	1,636.65	195.63	2.74	1,829.54	561.66	202.38	1.83	762.21	1,067.33	1,074.99
Electrical installation	7,176.56	433.41	89.80	7,520.17	3,232.41	790.09	25.32	3,997.18	3,522.99	3,944.15
Medical equipment	44,396.39	6,737.78	211.85	50,922.32	16,216.29	3,520.31	51.03	19,685.57	31,236.75	28,180.10
Office equipment	1,427.90	165.21	8.77	1,584.34	759.30	230.45	4.95	984.80	599.54	668.60
Other equipment including air conditioners	11,689.57	1,282.29	63.99	12,907.87	3,919.26	874.70	36.22	4,757.74	8,150.13	7,770.31
Furniture and fixtures	7,258.04	646.02	55.36	7,848.70	3,123.30	792.00	20.93	3,894.37	3,954.33	4,134.74
Computers	1,960.50	219.86	16.90	2,163.46	1,575.55	234.45	10.99	1,799.01	364.45	384.95
Vehicles	279.01	80.31	69.85	289.47	209.23	41.63	69.84	181.02	108.45	69.78
Total - A	**116,828.23**	**11,015.97**	**668.51**	**127,175.69**	**34,768.32**	**7,755.42**	**236.96**	**42,286.78**	**84,888.91**	**82,059.91**
(B) Tangible asset lease:										
Leasehold land (iv)	17,219.18	-	-	17,219.18	13.52	-	-	13.52	17,205.66	17,205.66
Total - B	**17,219.18**	**-**	**-**	**17,219.18**	**13.52**	**-**	**-**	**13.52**	**17,205.66**	**17,205.66**
Total tangible assets-C=(A +B)	**134,047.41**	**11,015.97**	**668.51**	**144,394.87**	**34,781.84**	**7,755.42**	**236.96**	**42,300.30**	**102,094.57**	**99,265.57**
Capital work-in-progress (D)	**1,380.34**	**12,063.22**	**8,140.00**	**5,303.56**	-	-	-	-	**5,303.56**	**1,380.34**
Total	**135,427.75**	**23,079.19**	**8,808.51**	**149,698.43**	**34,781.84**	**7,755.42**	**236.96**	**42,300.30**	**107,398.13**	**100,645.91**
(b)										
(E)-Intangible assets										
Computer software	1,752.17	223.36	3.43	1,972.10	1,469.45	236.66	3.22	1,702.89	269.21	282.72
Goodwill*	5,902.06	-	87.32	5,814.74	-	-	-	-	5,814.74	5,902.06
Total Intangible assets- (E)	**7,654.23**	**223.36**	**90.75**	**7,786.84**	**1,469.45**	**236.66**	**3.22**	**1,702.89**	**6,083.95**	**6,184.78**
Grand total (C+D+E)	**143,081.98**	**23,302.55**	**8,899.26**	**157,485.27**	**36,251.29**	**7,992.08**	**240.18**	**44,003.19**	**113,482.08**	**106,830.69**

Notes on 4(a)(ii) to be referred

*During the financial year 2016-17, the Group has sold its wholly owned subsidiary "Asia Healthcare Development Limited" through a sale agreement dated November 10, 2016 resulting into reversal of previously recognised goodwill amounting to ₹ 87.32 lakhs.

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

(₹ in lakhs)

Particulars	Gross block					Accumulated depreciation					Net block	
	As at April 01, 2015	Additions	Deletions	Reclassification to assets held for sale [refer note 54B (a)]	As at March 31, 2016	As at April 01, 2015	Depreciation/ Amortisation	Deletions	Reclassification to assets held for sale [refer note 54B (a)]	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
(A)Tangible assets (owned)												
Freehold land (i)(ii)	3,515.26	117.29	-	-	3,632.55	-	-	-	-	-	3,632.55	3,515.26
Land (ii)	173.31	-	173.31	-	-	49.10	6.92	56.02	-	-	-	124.21
Building(iii)	12,928.61	430.06	-	-	13,358.67	1,094.60	100.57	-	-	1,195.17	12,163.50	11,834.01
Building(iii)	6,265.21	579.13	-	-	6,844.34	535.35	336.57	-	-	871.92	5,972.42	5,729.86
Building (ii)	3,919.06	49.23	-	-	3,968.29	1,161.57	106.69	-	-	1,268.26	2,700.03	2,757.49
Building (iii)(vii)	2,234.97	1,020.93	-	-	3,255.90	171.58	104.69	-	-	276.27	2,979.63	2,063.39
Building (iii)	9,874.75	69.11	-	-	9,943.86	1,260.42	299.28	-	-	1,559.70	8,384.16	8,614.33
Leasehold improvements	1,629.55	377.70	-	370.60	1,636.65	460.85	210.16	-	109.35	561.66	1,074.99	1,168.70
Electrical installation	6,740.96	670.22	46.74	187.88	7,176.56	2,561.56	782.03	19.02	92.16	3,232.41	3,944.15	4,179.40
Medical equipment	42,060.02	5,370.44	453.39	2,580.68	44,396.39	14,104.01	3,330.09	129.17	1,088.64	16,216.29	28,180.10	27,956.01
Office equipment	1,301.22	167.91	3.87	37.36	1,427.90	564.57	223.10	2.71	25.66	759.30	668.60	736.65
Other equipment including air conditioners	10,950.87	1,424.60	19.71	666.19	11,689.57	3,404.70	781.96	4.37	263.03	3,919.26	7,770.31	7,546.17
Furniture and fixtures	6,940.42	589.57	17.50	254.45	7,258.04	2,553.27	723.73	7.92	145.78	3,123.30	4,134.74	4,387.15
Computers	1,717.50	336.49	13.06	80.43	1,960.50	1,377.74	293.97	12.58	83.58	1,575.55	384.95	339.76
Vehicles	280.49	24.56	22.28	3.76	279.01	188.35	44.37	20.28	3.21	209.23	69.78	92.14
Total - A	**110,532.20**	**11,227.24**	**749.86**	**4,181.35**	**116,828.23**	**29,487.67**	**7,344.13**	**252.07**	**1,811.41**	**34,768.32**	**82,059.91**	**81,044.53**
(B) Tangible asset lease												
Leasehold land (iv)	17,219.18	-	-	-	17,219.18	10.32	3.20	-	-	13.52	17,205.66	17,208.86
Total - B	**17,219.18**	**-**	**-**	**-**	**17,219.18**	**10.32**	**3.20**	**-**	**-**	**13.52**	**17,205.66**	**17,208.86**
Total tangible assets - C= (A +B)	**127,751.38**	**11,227.24**	**749.86**	**4,181.35**	**134,047.41**	**29,497.99**	**7,347.33**	**252.07**	**1,811.41**	**34,781.84**	**99,265.57**	**98,253.39**
Capital work-in- progress (D)	**2,040.67**	**3,071.58**	**3,731.91**	**-**	**1,380.34**	-	-	-	-	-	**1,380.34**	**2,040.67**
Total	**129,792.05**	**14,298.82**	**4,481.77**	**4,181.35**	**135,427.75**	**29,497.99**	**7,347.33**	**252.07**	**1,811.41**	**34,781.84**	**100,645.91**	**100,294.06**
(b) (E)-Intangible assets												
Computer software	1,530.74	231.51	0.32	9.76	1,752.17	1,214.08	264.23	0.32	8.54	1,469.45	282.72	316.66
Goodwill	5,902.06	-	-	-	5,902.06	-	-	-	-	-	5,902.06	5,902.06
Total Intangible assets- E	**7,432.80**	**231.51**	**0.32**	**9.76**	**7,654.23**	**1,214.08**	**264.23**	**0.32**	**8.54**	**1,469.45**	**6,184.78**	**6,218.72**
Grand total (C+D+E)	**137,224.85**	**14,530.33**	**4,482.09**	**4,191.11**	**143,081.98**	**30,712.07**	**7,611.56**	**252.39**	**1,819.95**	**36,251.29**	**106,830.69**	**106,512.78**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

(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 March 31, 2017.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated November 26, 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on January 06, 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) Represents the cost of construction of building on the leasehold premises at Mysore, Kolkata, Ahmedabad, Jaipur and Jamshedpur. These amounts are being depreciated over the estimated useful life of the asset, or lease term, whichever is lower.

(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 and within certain timelines as specified in the terms of the allotment. Also refer note 22 and 42.

(v) During the financial year 2016-17 cost amounting to of ₹ 157.89 lakhs (March 31, 2016: ₹ 205.43 lakhs; April 01, 2015: ₹ 153.61 lakhs) has been capitalised through CWIP

(vi) As at March 31, 2017, properties with a carrying amount of ₹ 82,274.38 lakhs (March 31, 2016: ₹ 74,263.15 lakhs; April 01, 2015: ₹ 54,455.29 lakhs) are subject to first charge to secured bank loans.

(vii) The additions in property, plant and equipment includes capital work-in-progress deletion amount which are capitalized from capital work-in-progress during the year.

(viii) As an arrangement with Modern Medical Institute for operating and maintaining Raipur Hospital, the Group received certain assets under the finance lease

(₹ in lakhs)

	March 31, 2017	March 31, 2016	April 01, 2015
Cost or deemed cost	230.48	-	-
Accumulated depreciation	117.21	-	-
Net carrying amount	**113.27**	**-**	**-**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

5 Equity accounted investees

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unquoted equity instruments			
Investment in associates			
ISO Mauritius	325.15	-	-
[1,287 equity shares (March 31, 2016: Nil ; April 01, 2015: Nil) of $ 1 each fully paid up along with a shre premium of $ 999 per share]			
Health City Cayman Island Ltd.	8,957.68	8,685.38	5,188.14
[22,880 equity shares (March 31, 2016: 21,450 ; April 01, 2015: 13,323) of $ 0.01 each fully paid up along with share premium of $ 999.99 per share]			
Cura Technology Inc	-	-	-
[39,000,000 equity shares (March 31, 2016: Nil ; April 01, 2015: Nil) of $ 0.01 each fully paid up]			
	9,282.83	**8,685.38**	**5,188.14**

6 Non-current Investments

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Unquoted equity instruments			
Investment in associate			
Trimedx India Private Limited	30.01	30.01	30.01
[30,005 equity shares (March 31, 2016: 30,005 ; April 01, 2015: 30,005) of ₹ 100 each fully paid up]			
Unquoted debt instruments			
Investment in promissory note of Cura Technology Inc- amortised cost	396.45		
Less: share of loss in excess of investment (refer note 38)	(106.97)	-	-
Investment in promissory note (net)	289.48	-	-
Accrued interest on the promissory note	5.91	-	-
	325.40	**30.01**	**30.01**

7 Loans

(Unsecured and considered good, unless stated otherwise)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
To parties other than related parties			
Security deposits	1,296.79	826.17	1,031.54
To related parties (refer note 36)			
Security deposits	728.82	664.98	606.59
	2,025.61	**1,491.15**	**1,638.13**
(b) Current			
To parties other than related parties			
Security deposits	300.72	580.38	260.42
	300.72	**580.38**	**260.42**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

8 Other financial assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
To parties other than related parties			
Bank deposits (due to mature after 12 months from the reporting date)	13.25	23.16	105.98
Interest accrued but not due on fixed deposits	1.33	1.47	2.52
To related parties (refer note 36)			
Share application money pending allotment	185.44	207.78	2,330.35
	200.02	**232.41**	**2,438.85**
(b) Current			
To parties other than related parties			
Interest accrued on fixed deposits but not due	49.11	70.31	47.93
Interest accrued on unsecured loan	-	0.52	-
Interest accrued on security deposit	28.74	18.05	10.11
Unbilled revenue	1,271.71	1,302.73	1,065.09
Others	2,000.00	-	-
To related parties (refer note 36)			
Due for reimbursement of expenses	177.52	242.93	211.09
	3,527.08	**1,634.54**	**1,334.22**

9 Income tax assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax and tax deducted at source (net)	1,887.47	3,345.20	3,385.44
Minimum alternative tax credit entitlement	-	0.47	0.47
Income-tax paid under protest	100.00	100.00	100.00
	1,987.47	**3,445.67**	**3,485.91**

10 Other assets

(Unsecured and considered good, unless stated otherwise)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
To parties other than related parties			
Prepaid rent	2,482.49	1,193.00	1,196.17
Less: Provision for prepaid rent	(192.41)	-	-
Prepaid rent (net)	**2,290.08**	**1,193.00**	**1,196.17**
Capital advances	830.69	887.86	1,067.41
Security deposits	300.00	300.00	557.35
Prepaid expenses	1,028.46	822.24	713.81
Advance to vendors	-	-	41.46
Other loans and advances	-	198.95	-
Considered doubtful			-
Capital advances	100.75	100.75	100.75
Less: Provision for doubtful advances	(100.75)	(100.75)	(100.75)

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

10 Other assets (contd.)

(Unsecured and considered good, unless stated otherwise)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
To related parties (refer note 36)			-
Prepaid expense	2,341.76	2,428.70	1,503.50
Prepaid rent	427.07	496.79	566.50
	7,218.06	6,327.54	5,646.20
(b) Current			
To parties other than related parties			
Other assets	-	67.22	1.85
Prepaid rent	141.32	51.22	43.55
less: Provision for prepaid rent	(2.41)	-	-
Prepaid rent (net)	138.91	51.22	43.55
Prepaid expenses	595.93	633.41	307.58
Balances with statutory /government authorities	44.39	44.76	44.39
Advance to vendors	554.69	520.48	670.46
Security deposits	-	251.35	-
Other loans and advances	215.53	466.90	948.39
To related parties (refer note 36)			-
Prepaid expense	157.16	152.72	88.64
Prepaid rent	69.71	69.71	69.91
Due for reimbursement of expenses	214.86	140.19	10.99
	1,991.18	2,397.96	2,185.76

11 Inventories

(Valued at lower of cost and net realisable value)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Medical consumables, drugs and surgical equipments	5,315.45	5,053.23	5,223.65
Less: Provision for write down to net realisable value	79.48	78.51	101.21
	5,235.97	4,974.72	5,122.44

12 Investment

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Quoted securities			
Investment in mutual fund at FVTPL			
Nil units (March 31, 2016: Nil; April 01, 2015: 125 units) of SBI Magnum Insta Cash Fund (refer note 62)	-	-	3.78
	-	-	3.78

The aggregate book value and market value of quoted current investments are as follows :

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Aggregate book value of quoted investment	-	-	3.78
Aggregate market value of quoted investment	-	-	3.85

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

13 Trade receivables

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Trade receivables			
Unsecured, considered good	15,691.01	15,183.15	14,372.60
Unsecured, considered doubtful	1,276.58	1,867.09	1,833.92
	16,967.59	**17,050.24**	**16,206.53**
Loss allowance			
Unsecured, considered doubtful	(1,276.58)	(1,867.09)	(1,833.92)
	(1,276.58)	**(1,867.09)**	**(1,833.92)**
Net trade receivables	**15,691.01**	**15,183.15**	**14,372.61**
Of the above, trade receivables from related parties are as follows:			
Total trade receivables from related parties	675.85	348.24	311.68
Loss allowance	(32.90)	(4.95)	(41.51)
Net trade receivables	**642.95**	**343.29**	**270.17**

The Group's exposure to credit and currency risks and loss allowance related to trade receivables are disclosed in note 62.
The trade receivables are subject to first charge to secured bank loans

14 Cash and bank balances

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Cash and cash equivalents			
Cash on hand	103.12	79.19	231.96
Cheques, drafts on hand	-	-	31.01
Balance with banks	-	-	-
On current accounts	2,521.17	1,298.15	1,815.63
On deposit accounts (with original maturity of 3 months or less)	-	-	5.95
	2,624.29	**1,377.34**	**2,084.55**
(b) Bank balances other than above			
Deposit accounts with banks (due to mature within 12 months of the reporting date)*	787.75	1,029.54	867.50
	787.75	**1,029.54**	**867.50**

* The above deposits are restrictive as it pertain to bank guarantee.

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

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Cash on hand	103.12	79.19	231.96
Cheques, drafts on hand	-	-	31.01
Balance with banks			
On current accounts	2,521.17	1,298.15	1,815.63
On deposit accounts (with original maturity of 3 months or less)	-	-	5.95
	2,624.29	**1,377.34**	**2,084.55**
Less: Bank overdraft used for cash management purposes	902.22	2,457.92	7,352.72
Cash and cash equivalents in the statement of cash flows	**1,722.07**	**(1,080.58)**	**(5,268.17)**

15 Income tax assets (net)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Advance income tax and tax deducted at source, net	-	6.51	7.05
	-	**6.51**	**7.05**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

16 Assets held for sale

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Fixed assets held for sale (refer note 53)	-	1,411.30	-
	-	1,411.30	-

17 Equity share capital

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Authorised			
300,000,000 equity shares (March 31, 2016: 300,000,000; April 01, 2015: 300,000,000) of ₹ 10 each	30,000.00	30,000.00	30,000.00
Issued, subscribed and paid up	-	-	-
204,360,804 equity shares (March 31, 2016: 204,360,804 ; April 01, 2015: 200,000,000) of ₹ 10 each, fully paid up	20,436.08	20,436.08	20,000.00
	20,436.08	20,436.08	20,000.00

Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

Particulars	As at March 31, 2017	As at March 31, 2016
Shares outstanding at the beginning of the year	204,360,804	200,000,000
Shares issued during the year (refer note 48)	-	4,360,804
Shares outstanding at the end of the year	204,360,804	204,360,804

Rights, preference and restriction attached to equity shares (refer note 40)

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

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

Particulars of shareholders holding more than 5% equity shares:

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number of shares	% holding	Number of shares	% holding
Dr. Devi Prasad Shetty	64,700,571	31.66%	64,700,571	31.66%
Mrs. Shakuntala Shetty	62,083,095	30.38%	62,083,095	30.38%
CDC Group Plc	11,765,046	5.76%	11,765,046	5.76%
Ashoka Investment Holdings Limited	10,971,130	5.37%	10,971,130	5.37%
	149,519,842	73.17%	149,519,842	73.17%

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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 March 25, 2015 and conversion of Optionally Convertible Debentures along with accrued interest into 4,360,804 equity shares on December 01, 2015.

During the previous year ended March 31, 2016, pursuant to the shareholders' agreement dated January 28, 2008, Narayana Health Academy Private Limited (NHAPL) transferred 480,656 equity shares of the Company to Ashoka Investment Holdings Limited, 144,184 equity shares to Ambadevi Mauritius Holdings Limited, 624,840 shares to J P Morgan Mauritius Holdings VIII Limited and 2,040,000 equity shares to Narayana Health Employees Benefit Trust.

18 Non-controlling interests

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	23.61	27.29	68.07

19 Borrowings

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
(i) Secured			
Term loans			
From banks (refer note I)	17,980.11	18,649.61	10,483.10
From others (refer note II)	-	107.38	174.71
	17,980.11	**18,756.99**	**10,657.81**
(ii) Unsecured			
Debentures			
Nil (March 31, 2016: Nil ; April 01, 2015: 10,000,000) 10.5% optionally convertible debentures of ₹ 100 each fully paid up (refer note 48)	-	-	10,000.00
	-	**-**	**10,000.00**
	17,980.11	**18,756.99**	**20,657.81**
(b) Current			
(i) Secured			
Loans repayable on demand			
Cash credit and bank overdrafts (refer note III)	902.22	2,457.92	7,352.72
Working capital loan (refer note III)	-	-	2,500.00
(ii) Unsecured			
Commercial papers (refer note III)	-	2,000.00	-
(ii) Current portion of bank loans(secured)			
From banks (refer note I)	2,788.55	2,492.00	5,283.26
From others (refer note II)	-	46.24	408.91
	3,690.77	**6,996.16**	**15,544.89**
Less: Amount included under "other financial liabilities (current) [refer note 20(b)]	(2,788.55)	(2,538.24)	(5,692.17)
	902.22	**4,457.92**	**9,852.72**

The Group's exposure to currency and liquidity risks related to borrowings are disclosed in note 62.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

I Term loans from banks:

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank: ₹ 990.00 lakhs (March 31, 2016: ₹ 1,650.00 lakhs ; April 01, 2015: ₹ 2,310.00 lakhs). It is repayable in 6 quarterly instalments from the reporting date (March 31, 2016: 10 quarterly instalments ; April 01, 2015: 14 quarterly instalments). (Interest is charged at 8.80% p.a. (March 31, 2016: 9.50% p.a.; April 01, 2015: 10.25% p.a.).	
(ii)	Term loan from HSBC Bank: ₹ 875.00 lakhs (March 31, 2016: ₹ 1,375.00 lakhs ; April 01, 2015: ₹ 1,875.00 lakhs). It is repayable in 7 quarterly instalments from the reporting date (March 31, 2016: 11 quarterly instalments ; April 01, 2015: 15 quarterly instalments). Interest is charged at 8.60% p.a. (March 31, 2016: 9.50% p.a.; April 01, 2015: 10.25% p.a.).	Secured via mortgage of title deeds on the immovable property of Narayana Hospitals Private Limited.
(iii)	Term loan from HSBC Bank: ₹ 380.00 lakhs (March 31, 2016: ₹ 570.00 lakhs ; April 01, 2015: ₹ 760.00 in lakhs). It is repayable in 8 quarterly instalments from the reporting date (March 31, 2016: 12 quarterly instalments ; April 01, 2015: 16 quarterly instalments). Interest is charged at 9.50% p.a. (March 31, 2016: 9.50% p.a.; April 01, 2015: 10.25% p.a.).	
(iv)	Term loan from Canara Bank: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 1,545.90 lakhs). It was fully repaid on March 19, 2016. Interest was charged at 9.65% p.a. (April 01, 2015: 10.20% p.a.).	Prime security: Exclusive first charge on machineries/ equipments purchased out of the term loan of the Company. Collateral security (1) Charge on land and building located over Kittiganahalli Attibele Hobli, Anekal Taluk Bengaluru of the Company. Collateral security (2) Charge on commercial land measuring 1 acre and 6 gunta for land and building situated in Kittiganahalli Attibele Hobli, Anekal Taluk Bengaluru of the Company.
(v)	Term loan from ICICI Bank: ₹ 5,800.00 lakhs (March 31, 2016: ₹ 5,800.00 lakhs ; April 01, 2015: ₹ NIL). Repayable in 96 monthly instalments from January 31, 2019 after 3 years of moratorium from the date of 1st disbursement i.e. beginning January 19, 2016. Interest is charged at 9.35% p.a. (March 31, 2016: 9.65% p.a.; April 01, 2015: NIL).	Movable fixed assets bought from the loan by the Company
(vi)	Foreign currency loan taken from EXIM Bank: ₹ 1,458.87 lakhs (March 31, 2016: ₹ 2,089.49 lakhs ; April 01, 2015: ₹ 2,534.93 lakhs). It is repayable in 10 quarterly instalments from the reporting date (March 31, 2016: 14 quarterly instalments ; April 01, 2015: 18 quarterly instalments). Interest is linked to the Libor (6 month) + 340 base points (March 31, 2016: Libor (6 month) + 340 base points ; April 01, 2015: Libor (6 month) + 375 base points).	Exclusively charge on land and building located over Sy NO:135/1 and 135/2 Kittiganahalli Attibele Hobli, Anekal Bengaluru of the company.
(vii)	Term loan from SBI: ₹ 2,000.00 lakhs (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ NIL). Repayable in 96 monthly instalments from March 31, 2019 after 2 years of moratorium from the date of 1st disbursement i.e. March 31, 2017. Interest is charged at 8.35% p.a.(previous year: Nil)	Secured by hypothecation of medical equipments and others
(viii)	Term loan from Canara Bank: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 1,764.31 lakhs). Interest is linked to the base rate plus 1.75%. It was fully repaid in April 2015. Interest was charged at 10.02% p.a.	The loan was secured by the hypothecation of purchased equipment of NHSHPL

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(ix)	Term loan from Yes Bank: ₹ NIL (March 31, 2016: ₹ 3,500.00 lakhs ; April 01, 2015: ₹ 1,800.00 lakhs). It is repaid on July 19, 2016. Interest is linked to base rate plus 0.20% (Base rate as on March 31, 2017 being 10.50% p.a. (March 31, 2016: 10.50% p.a. ; April 01, 2015: 10.75% p.a.)	The loan is secured by hypothecation of movable fixed assets of the Company.
(x)	Term loan from Yes Bank- FCNR: ₹ 3,552.50 lakhs (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ NIL). Fully repayable on June 25, 2018. Interest is charged at 9.73% p.a. (March 31, 2016: NIL ; April 01, 2015: NIL).	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
(xi)	Term loan from State Bank Of India: ₹ 1,816.60 lakhs (March 31, 2016: ₹ 2,200.85 lakhs ; April 01, 2015: ₹ 2,513.44 lakhs). It is repayable in 14 quarterly installments from the reporting date, (March 31, 2016: 18 quarterly instalments ; April 01, 2015: 22 quarterly instalments). Interest is linked to the base rate plus 0.35% (Base rate as on March 31, 2017 being 9.25% p.a., March 31, 2016: 9.30% p.a. and April 01, 2015: 13.50% p.a.).	Term loan from State Bank Of India, SME Branch, Howrah are secured by EM 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 misc. fixed assets of MMRHL and corporate guarantee of Narayana Hryudalaya Ltd
(xii)	Term loan from State Bank Of India: ₹ 458.66 lakhs (March 31, 2016: ₹ 558.36 lakhs; April 01, 2015: ₹ 662.79 lakhs). It is repayable in 14 quarterly instalments from the reporting date, (March 31, 2016: 18 quarterly instalments, April 01, 2015: 22 quarterly instalments). Interest is linked to the base rate plus 0.35% (Base rate as on March 31, 2017 being 9.25% p.a., (March 31, 2016: 9.30% p.a. ; April 01, 2015: 13.50% p.a.)	
(xiii)	Term loan from State Bank Of India: ₹ 2,468.80 lakhs (March 31, 2016: ₹ 2,499.96 lakhs ; April 01, 2015: ₹ NIL). It is repayable in 31 quarterly instalments from the reporting date i.e. March 31, 2017 (March 31, 2016: 32 quarterly instalments ; April 01, 2015: NIL). Interest is linked to the base rate plus 0.35%. Base rate as on March 31, 2017 being 9.25% p.a. (March 31, 2016: 9.30% p.a. ; April 01, 2015: NIL)	
(xiv)	Term loan from State Bank Of India: ₹ 968.23 lakhs (March 31, 2016: ₹ 897.96 lakhs ; April 01, 2015: ₹ NIL) It is repayable in 30 quaterly instalments from the reporting date i.e. March 31, 2017 (March 31, 2016: 30 quarterly instalments, April 01, 2015: NIL). Interest is linked to the base rate plus 0.35% (Base rate as on March 31, 2017 being 9.25% p.a. (March 31, 2016: 9.30% p.a. ; April 01, 2015: NIL)	

II Term loans from others:

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Equipment loan from Philips Electronics India Private Limited: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 61.03 lakhs). It was fully repaid on September 11, 2015 along with interest at 7.26% p.a. (March 31, 2016: 7.26% p.a. ; April 01, 2015 7.26% p.a.).	NIL (March 31, 2016 : NIL, April 01, 2015: Term loan from other parties were secured by hypothecation of equipments purchased by the company).
(ii)	Equipment loan from SREI Equipment Finance Private Limited: ₹ Nil (March 31, 2016: ₹ NIL; April 01, 2015: ₹ 57.96 lakhs). It was fully repaid on July 01, 2015 along with interest at 7.25% p.a.	
(iii)	Equipment loan from Wipro GE Healthcare Private Limited: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 275.76 lakhs). It was fully repaid on January 10, 2016 along with interest at 7.25% p.a. (Previous year 7.25% p.a., April 01, 2015 it is 7.25% p.a.).	
(iv)	Equipment loan from GE Capital Services India : ₹ NIL (March 31, 2016: ₹ 153.62 lakhs ; April 01, 2015: ₹ 188.87 lakhs) It was fully repaid on March 30, 2017 along with interest of 10.34% (March 31, 2016: 10.34% ; April 01, 2015: 10.34%).	Medical equipments purchased out of equipment loan and corporate guarantee from NHL

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

III Current borrowings:

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Cash Credit from HDFC Bank Ltd: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 1,594.85 lakhs). Repayable on demand. Interest is charged at 1 year MCLR + 20 bps (March 31, 2016: 9 to 12%p.a. ; April 01, 2015: 10% to 12%p.a.)	Current assets (book debts and stock)
(ii)	Overdraft from Kotak Mahindra Bank Ltd: ₹ NIL (March 31, 2016: ₹ 749.33 lakhs ; April 01, 2015: ₹ NIL). Repayable on demand. Interest is charged at 6 month MCLR + 10 bps (March 31, 2016: 9 to 12%p.a.)	Specific movable fixed assets
(iii)	Overdraft from Axis Bank Ltd: ₹ NIL (March 31, 2016: ₹ 937.82 lakhs ; April 01, 2015: ₹ NIL). Repayable on demand. Interest was charged at 3 month MCLR + 25 bps (March 31, 2016: 9 to 12%p.a.)	Specific movable fixed assets
(iv)	Overdraft from HSBC: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 998.50 lakhs). Repayable on demand. Interest is charged at over night MCLR + 50 bps (March 31, 2016: 9 to12%p.a. ; April 01, 2015: 10% to 12%p.a.).	Specific plant & machinery
(v)	Overdraft from Yes Bank Ltd: ₹ 448.82 lakhs (March 31, 2016: ₹ 3.50 lakhs ; April 01, 2015: ₹ 1,986.64 lakhs). Repayable on demand. Interest is charged at Base rate + 20 bps. (March 31, 2016: 9 to 12%p.a. ; April 01, 2015: 10% to 12%p.a.)	Subservient charge on movable fixed assets and current assets (present and future) excludes those charged to any other vendor/ lender
(vi)	Overdraft from Canara Bank: ₹ NIL (March 31, 2016: ₹ NIL ; April 01, 2015: ₹ 2,354.69 lakhs). Repayable on demand (Interest is charged at base rate)	Mortgage of immovable property
(vii)	Working capital loan from Kotak Mahindra Bank Ltd: ₹ NIL (March 31, 2016: ₹ NIL , April 01, 2015: ₹ 2,500.00 lakhs). The original loan amount was fully repaid in 10 monthly instalments during 2015-16. Interest rate NIL (March 31, 2016: 10.40% p.a. ; April 01, 2015: 10.40% p.a.)	Subservient charge over current assets (both present and future) of the Company.
(viii)	Overdraft from Yes Bank Ltd: ₹ NIL (March 31, 2016: ₹ 272.88 lakhs ; April 01, 2015: ₹ 358.94 lakhs) Interest 1 year MCLR + 95 bps (March 31, 2016: 10.50%p.a. ; April 01, 2015 10.75%p.a.)	First pari-passu on current asset both current and future, Corporate guarantee from NHL and subservient charge on movable fixed assets (except those charge to any other lender and equipment financier)
(ix)	Overdraft from State Bank Of India: ₹ 453.40 lakhs (March 31, 2016: ₹ 494.40 lakhs ; April 01, 2015: ₹ 59.11 lakhs). It is repayable on demand linked to the base rate plus 0.35%. Base rate as on March 31, 2017 being 9.25%p.a., March 31, 2016 being 9.30%,p.a. and April 01, 2015: 10%p.a.	Overdraft from State Bank of India, SME Branch, Howrah are secured by EM 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 misc. Fixed assets of MMRHL and corporate Guarantee of Narayana Hrudayalaya Ltd.
(x)	During the year March 31, 2016, Commercial papers had been issued to HDFC Bank for a period of 137 days at interest rate of 8.60% p.a. (April 01, 2015: Nil)	

20 Other financial liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
To parties other than related parties			
Interest accrued but not due on debentures (net of tax deducted at source)	-	-	253.73
Creditors for capital goods	-	113.43	128.61
Finance lease liability	387.93	-	-
Payable towards share purchased for ESOP Trust	204.00	204.00	-
	591.93	**317.43**	**382.34**
(b) Current			
To parties other than related parties			
Current maturities of long term borrowings with banks (refer note 19(b))*	2,788.55	2,538.24	5,692.17
Interest accrued but not due on borrowings	7.41	43.59	42.84

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

20 Other financial liabilities (contd.)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Book overdraft	-	48.20	10.16
Accrued salaries and benefits	1,803.47	1,837.18	1,460.87
Creditors for capital goods	4,119.14	2,354.33	897.87
Other financial liabilities	12.76	58.47	-
	8,731.33	**6,880.01**	**8,103.91**

*The Group's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note 62.

21 Provisions (refer note 41)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
Provision for employee benefits			
Gratuity	1,508.36	1,291.69	1,062.81
Provision for others	-	7.03	-
	1,508.36	**1,298.72**	**1,062.81**
(b) Current			
Provision for employee benefits			
Gratuity	124.23	143.55	30.64
Compensated absences	1,098.09	1,038.89	655.65
Provision for others	-	-	2.10
	1,222.32	**1,182.44**	**688.39**

22 Other liabilities

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(a) Non-current			
Unearned revenue	187.49	198.88	208.47
Rent equalisation reserve	355.73	295.14	255.88
Deferred government grant*	12,977.58	13,353.28	13,728.99
Others	10.55	-	-
	13,531.35	**13,847.30**	**14,193.34**
(b) Current			
To parties other than related parties			
Advance from patients	1,014.21	1,337.96	838.33
Unearned revenue	76.55	50.30	12.42
Deferred government grant*	375.71	375.71	375.71
Balances to statutory/ government authorities	1,049.62	965.66	766.19
Others	24.72	86.34	379.34
To related parties (refer note 36)			
Other payables	0.00	1.00	-
	2,540.81	**2,816.97**	**2,371.99**

*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 had also received grant from the Government of Assam for purchase of fixed assets for operating the hospital in Assam. 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.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

22 Other liabilities (Continued)

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

Nature	Original grant amount	Annual amortisation
Monetary grant received for purchase of property, plant and equipment	2,200.00	162.62
Land allotted at a concessional rate for setting up hospitals	12,785.27	213.09
	14,985.27	**375.71**

23 Trade payables

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Total outstanding dues of micro and small enterprises	114.95	11.95	-
Total outstanding dues of creditors other than micro and small enterprises*	18,739.65	16,091.50	13,455.36
	18,854.60	**16,103.45**	**13,455.36**
*payables to related parties (refer note 36 (c))	488.37	525.83	506.70

All trade payable are current. The Group's exposure to currency and liquidity risks related to trade payables is disclosed in note 62.

24 Income tax liabilities (net)

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Provision for tax (net)	4.33	35.56	62.47
	4.33	**35.56**	**62.47**

25 Revenue from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Income from medical and healthcare services	176,877.41	153,804.60
Sale of medical consumables and drugs	7,940.22	6,150.96
Other operating revenue:		
Learning and development income	398.46	349.46
Teleradiology income	168.16	136.72
Revenue share income	302.06	250.80
Revenue from nursing school	95.03	52.89
Income from sale of food	593.36	639.14
Income from arrangement with trust (refer note 44)	1,441.79	-
	187,816.49	**161,384.57**

26 Other income

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Donations received	0.57	13.83
Interest income on		
- Bank deposits	69.74	148.93
- Unsecured loan	7.15	-
- Others	350.60	22.06
Interest income from financial asset at amortised cost	96.36	69.00
Government grant	375.71	375.71
Guarantee commission	149.54	161.18
Profit on sale of investment	51.09	-
Liabilities no longer required written back	-	66.52
Miscellaneous income	647.48	611.67
	1,748.24	**1,468.90**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

27 Changes in inventories of medical consumables, drugs and surgical equipments

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Inventory at the beginning of the year	4,974.73	5,122.44
Inventory at the end of the year	5,272.82	4,974.73
	(298.09)	147.71

28 Employee benefit expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	33,287.44	30,075.25
Contribution to provident and other funds	2,770.82	2,225.06
Share based payment to employees (refer note 36 (b) and 47)	594.02	340.16
Staff welfare expenses	868.77	743.16
	37,521.05	33,383.63

During the financial year project salary cost amounting to of ₹ 157.89 lakhs (Previous year: ₹ 160.80 lakhs) has been capitalised through CWIP (refer note 4(a)).

29 Other expenses

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Hospital operating expenses		
Professional fees to doctors	38,557.35	32,090.21
Power and fuel	4,989.68	4,716.27
Hospital general expenses	2,630.89	2,330.65
House keeping expenses	5,168.30	3,978.62
Patient welfare expenses	2,901.13	2,655.62
Rent	4,821.27	4,962.41
Medical gas charges	617.55	563.06
Biomedical wastage expenses	122.79	113.20
- Hospital equipments	4,320.61	3,175.61
- Buildings	603.71	602.45
- Others	2,618.91	3,128.62
	67,352.19	58,316.72
Administrative expenses		
Travelling and conveyance	1,564.94	1,509.35
Security charges	1,767.69	1,473.43
Printing and stationery	1,067.77	981.03
Rent	765.95	698.03
Advertisement and publicity	3,748.68	2,870.04
Legal and professional fees	1,679.47	1,124.42
Payment to auditors (see note (i) below)	129.06	113.20
Business promotion	1,732.06	1,419.61
Telephone and communication	525.43	496.21
Bank charges	577.85	395.45
Insurance	440.82	371.61
Corporate social responsibility (see note (ii) below)	136.02	99.02
Rates and taxes	341.86	313.24
Books and periodicals	127.44	85.62
Provision for loss allowance	(589.77)	33.17
Bad debts written off	1,276.89	990.01
Donations paid	-	15.80

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

29 Other expenses (Continued)

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Loss on sale of fixed assets	141.03	70.88
Foreign exchange loss, (net)	24.86	43.37
Advances written off	-	195.47
Assets/ capital work-in-progress- written off	274.76	-
Provision for prepaid rent	194.81	-
Loss on slump sale	-	31.99
Miscellaneous expenses	540.28	184.31
	16,467.90	13,515.26
	83,820.09	71,831.98

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
(i) Payment to auditors*		
As an auditor		
Audit fee	97.10	91.73
Limited review	22.05	7.50
In other capacity:		
Audit/Limited review fee in relation to IPO	-	121.14
Other services (certification fees)	2.53	7.35
Reimbursement of expenses	7.38	6.27
Reimbursement of expenses in relation to IPO	-	8.03
Less: Reimbursed by selling shareholders	-	(128.82)
	129.06	113.20

*excluding service tax
The above amounts includes auditor's remuneration of the Company, its subsidiaries and associates

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Group has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
a) Gross amount required to be spent by the Group during the year	132.17	95.29
b) Amount spent during the year (in cash)		
(i) Construction/ acquisition of any asset	-	-
(ii) On purposes other than above	136.02	99.02

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

30 Finance costs

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest expense on financial liabilities measured at amortised cost		
-term loans from banks	1,841.64	1,467.66
-bank overdraft	75.29	540.28
-debentures	-	505.58
-commercial papers	5.02	185.74
-others	16.45	57.70
Other borrowing costs	8.19	59.83
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	76.29	127.28
Finance cost on finance lease obligations	157.45	-
	2,180.34	**2,944.07**

31 Depreciation and amortisation expense

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Depreciation of property, plant and equipment {refer note 4 (a)}	7,755.42	7,347.33
Amortisation of intangible assets {refer note 4 (b)}	236.66	264.23
	7,992.08	**7,611.56**

32 Contingent liabilities and commitments

(i) Contingent liabilities:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Claims against the Group not acknowledged as debts in respect of:		
a) Income tax (see note (a) below)	121.72	121.72
b) Customer claim (see note (b) below)	34.98	34.98
Guarantees:		
a) Bank guarantee	**4,656.54**	**5,238.90**

Notes:

a) For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on 28 December 2011 with a demand of ₹ 121.72 lakhs. Against this demand, the Company had paid ₹ 100.00 lakhs 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 23 January 2015, ITAT had issued an order in favour of the Company. Subsequently, the department has filed an appeal with the High Court of Karnataka challenging the order of ITAT.

b) These pertains to customer claim of ₹ 134.98 lakhs net of insurance coverage of ₹ 100.00 lakhs, pending before district consumer forum and state consumer forum.

Additionally, the Group believes that other disputes, lawsuits and claims, including commercial matters, which arise from time to time in the ordinary course of business will not have any material adverse effect on its financial statements in any given accounting year.

(ii) Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments not provided for amounts to ₹ 2,190.88 lakhs (previous year: ₹ 860.57 lakhs).

33 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 arrangement ranges from 5% to 10%.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

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

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Not later than 1 year	819.48	769.32	724.09
Later than 1 year and not later than 5 years	3,342.27	3,076.24	3,037.59
Later than 5 years	5,051.50	5,841.84	7,301.18

(ii) Amounts recognised in consolidated statement of profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Cancellable	4,673.40	4,883.28
Non-cancellable	913.82	777.16
	5,587.22	5,660.44

34 Management agreements

The Company has management agreement for the management, operation and utilization of their hospital facilities. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trust at free of cost/ concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue amounting to ₹ 121.07 lakhs (previous year: ₹ 121.07 lakhs) with a corresponding charge to rent expense.

35 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 disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

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) Revenues from operations

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
India	186,427.21	160,742.85
Cayman	1,389.28	641.72
	187,816.49	161,384.57

(ii) Non-current assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
India	122,687.61	116,603.91	115,644.90

Non-current assets exclude financial instruments, including equity accounted investees.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

36 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. Ashutosh Raghuvanshi - Managing Director
	Mr. Viren Shetty - Whole-time Director
	Mr. Tapani Ghosh - Whole-time Director (uptill 27 December 2015)
	Mrs. Shakuntala Shetty - Whole-time Director (uptill 5 May 2015)
	Dr. Varun Shetty - Whole-time Director (uptill 5 May 2015)
	Mr. Kesavan Venugopalan- Chief Financial Officer (with effect from 16 July 2015)
Relatives of KMP	Dr. Varun Shetty (with effect from 6 May 2015)
	Dr. Anesh Shetty (with effect from 1 December 2015)
	Mrs. Shakuntala Shetty (with effect from 6 May 2015)
Associate	TriMedx India Private Limited (TriMedx)
Associates of subsidiary	Health City Cayman Islands Ltd (HCCI)
	Cura Technologies Inc.(with effect from 15 November 2016)
	ISO Healthcare (with effect from 5 July 2016)
Entity under control/ joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Kateel Software Private Limited
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Daya Drishti Charitable Trust
	Narayana Hrudayalaya Charitable Trust (NHCT) (uptill 20 March 2017)
	Asia Heart Foundation (AHF)
	Akkayya Hospitality Services (AHS) (uptill 5 May 2015) (formerly known as Akkayya Consultancy Services)
Enterprise where control of the Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

(b) Transactions with related parties during the year ended March 31, 2017

(₹ in lakhs)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Rent expense					
NHF	-	-	-	114.56	114.56
	(-)	(-)	(-)	(10.92)	(10.92)
AHF	-	-	-	100.64	100.64
	(-)	(-)	(-)	(100.64)	(100.64)
Charmakki Infrastructures	-	-	-	124.21	124.21
	(-)	(-)	(-)	(119.50)	(119.50)
MSMF	-	-	-	250.00	250.00
	(-)	(-)	(-)	(250.00)	(250.00)
TOTAL	**-**	**-**	**-**	**589.41**	**589.41**
	(-)	**(-)**	**(-)**	**(481.06)**	**(481.06)**
Interest income on security deposit					
Charmakki Infrastructures	-	-	-	63.84	63.84
	(-)	(-)	(-)	(58.39)	(58.39)
Reimbursement of expenses					
HCCI-associate of NCHL	-	-	237.64	-	237.64
	(-)	(-)	(357.72)	(-)	(357.72)
AHF	-	-	-	4.78	4.78
	(-)	(-)	(-)	(0.50)	(0.50)

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

36 Related party disclosures (Continued)

(b) Transactions with related parties during the year ended March 31, 2017

(₹ in lakhs)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Hrudayalaya Pharmacy	-	-	-	-	-
	(-)	(-)	(-)	(0.22)	(0.22)
Daya Drishti Charitable Trust	-	-	-	2.54	2.54
	(-)	(-)	(-)	(-)	(-)
TOTAL	**-**	**-**	**237.64**	**7.32**	**244.96**
	(-)	**(-)**	**(357.72)**	**(0.72)**	**(358.44)**
Payment of share application money					
HCCI-associate of NCHL	-	-	960.92	-	960.92
	(-)	(-)	(3,079.28)	(-)	(3,079.28)
Cura Technologies Inc.-associate of NCHL	-	-	26.70	-	26.70
	(-)	(-)	-	(-)	-
TOTAL	**-**	**-**	**987.62**	**-**	**987.62**
	(-)	**(-)**	**(3,079.28)**	**(-)**	**(3,079.28)**
Advance given for payment to employees					
HCCI-associate of NCHL	-	-	19.85	-	19.85
	(-)	(-)	(7.92)	(-)	(7.92)
Revenue from healthcare services					
NHCT	-	-	-	63.07	63.07
	(-)	(-)	(-)	(75.81)	(75.81)
NHF	-	-	-	0.98	0.98
	(-)	(-)	(-)	(0.11)	(0.11)
Total	**-**	**-**	**-**	**64.05**	**64.05**
	(-)	**(-)**	**(-)**	**(75.92)**	**(75.92)**
Sales of medical consumables and drugs					
HCCI-associate of NCHL	-	-	1,389.28	-	1,389.28
	(-)	(-)	(641.72)	(-)	(641.72)
Guarantee commission					
HCCI-associate of NCHL	-	-	149.54	-	149.54
	(-)	(-)	(161.18)	(-)	(161.18)
Software license fees					
HCCI-associate of NCHL	-	-	98.12	-	98.12
	(-)	(-)	(78.65)	(-)	(78.65)
Patents transferred					
Cura Technologies INC.-associate of NCHL	-	-	65.64	-	65.64
	(-)	(-)	(-)	(-)	(-)
Donations given					
NHF	-	-	-	-	-
	(-)	(-)	(-)	(13.50)	(13.50)
Advance on account of discount entitlement					
AHF	-	-	-	79.09	79.09
	(-)	(-)	(-)	(1,010.00)	(1,010.00)
Nomination deposit					
Dr. Devi Prasad Shetty	-	-	-	-	-
	(1.00)	(-)	(-)	(-)	(1.00)
Investment in promissory note					
Cura Technologies Inc-associate of NCHL	-	-	200.11	-	200.11
	(-)	(-)	(-)	(-)	(-)
Interest income on promissory note					

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

36 Related party disclosures (continued)

(b) Transactions with related parties during the year ended March 31, 2017

(₹ in lakhs)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Cura Technologies Inc-associate of NCHL	-	-	6.11	-	6.11
	(-)	(-)	(-)	(-)	(-)
Purchases of medical consumables and drugs					
Hrudayalaya Pharmacy	-	-	-	9.50	9.50
	(-)	(-)	(-)	(8.38)	(8.38)
Maintenance of medical equipments					
TriMedx	-	-	4,033.98	-	4,033.98
	(-)	(-)	(2,610.14)	(-)	(2,610.14)
Lab outsourcing expenses					
MSMF	-	-	-	48.76	48.76
	(-)	(-)	(-)	(40.05)	(40.05)
Discount entitlement (excluding tax)					
AHF	-	-	-	121.07	121.07
	(-)	(-)	(-)	(121.07)	(121.07)
Short term employee benefit*					
Dr. Devi Prasad Shetty	437.39	-	-	-	437.39
	(343.10)	(-)	(-)	(-)	(343.10)
Mrs. Shakuntala Shetty	-	-	-	-	-
	(1.49)	(-)	(-)	(-)	(1.49)
Mr. Viren Shetty	94.81	-	-	-	94.81
	(90.78)	(-)	(-)	(-)	(90.78)
Dr. Varun Shetty	-	30.00	-	-	30.00
	(3.13)	(20.83)	(-)	(-)	(23.96)
Dr. Anesh Shetty	-	20.36	-	-	20.36
	(-)	(6.09)	(-)	(-)	(6.09)
Dr. Ashutosh Raghuvanshi	326.27	-	-	-	326.27
	(290.61)	(-)	(-)	(-)	(290.61)
Mr. Kesavan Venugopalan	152.20	-	-	-	152.20
	(136.53)	(-)	(-)	(-)	(136.53)
Total	**1,010.67**	**50.36**	**-**	**-**	**1,061.03**
	(865.64)	**(26.92)**	**(-)**	**(-)**	**(892.56)**
Long term employee benefit*					
Mr. Kesavan Venugopalan	40.00	-	-	-	40.00
	(-)	(-)	(-)	(-)	(-)
Share based payments					
Dr. Ashutosh Raghuvanshi	379.89	-	-	-	379.89
	(217.08)	(-)	(-)	(-)	(217.08)

Figures in brackets are for previous year.

Note:

Compensation to KMP is bifurcated into short term employee benefit, long term empoyee benefit 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 accrual basis for the Group as a whole.

The Group has sold certain equity shares to KMP and relatives of KMP which are not disclosed above since the amount are rounded off to Rupees (₹) lakhs.

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

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

36 Related party disclosures (Continued)

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

(₹ in lakhs)

Balances	Year	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						
HCCI-associate of NCHL	March 31, 2017	-	-	157.08	-	157.08
	March 31, 2016	-	-	207.50	-	207.50
	April 01, 2015	-	-	189.79	-	189.79
Hrudayalaya Pharmacy	March 31, 2017	-	-	-	9.25	9.25
	March 31, 2016	-	-	-	16.11	16.11
	April 01, 2015	-	-	-	9.33	9.33
NHF	March 31, 2017	-	-	-	11.19	11.19
	March 31, 2016	-	-	-	9.57	9.57
	April 01, 2015	-	-	-	9.57	9.57
AHS	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	-	-	-
	April 01, 2015	-	-	-	1.80	1.80
Daya Drishti Charitable Trust	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	-	-	-
	April 01, 2015	-	-	-	0.60	0.60
TriMedx	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	9.75	-	9.75
	April 01, 2015	-	-	-	-	-
TOTAL	March 31, 2017	**-**	**-**	**157.08**	**20.44**	**177.52**
	March 31, 2016	**-**	**-**	**217.25**	**25.68**	**242.93**
	April 01, 2015	**-**	**-**	**189.79**	**21.30**	**211.09**
Other current assets- Due for reimbursement of expense						
AHF	March 31, 2017	-	-	-	214.86	214.86
	March 31, 2016	-	-	-	140.19	140.19
	April 01, 2015	-	-	-	10.99	10.99
Other financial assets (Non-current)- Share application money pending allotment						
TriMedx	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	18.06	-	18.06
	April 01, 2015	-	-	18.06	-	18.06
HCCI-associate of NCHL	March 31, 2017	-	-	185.44	-	185.44
	March 31, 2016	-	-	189.72	-	189.72
	April 01, 2015	-	-	2,312.29	-	2,312.29
TOTAL	March 31, 2017	**-**	**-**	**185.44**	**-**	**185.44**
	March 31, 2016	**-**	**-**	**207.78**	**-**	**207.78**
	April 01, 2015	**-**	**-**	**2,330.35**	**-**	**2,330.35**
Other non-current assets- Prepaid expenses						
AHF	March 31, 2017	-	-	-	2,341.76	2,341.76
	March 31, 2016	-	-	-	2,428.70	2,428.70
	April 01, 2015	-	-	-	1,503.50	1,503.50

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

36 Related party disclosures (Continued)

(c) The balances receivable from and payable to related parties (Continued)

(₹ in lakhs)

Balances	Year	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Financial assets-loans non-current - Security deposit						
Charmakki Infrastructures	March 31, 2017	-	-	-	728.82	728.82
	March 31, 2016	-	-	-	664.98	664.98
	April 01, 2015	-	-	-	606.59	606.59
Other non-current assets - Prepaid rent						
Charmakki Infrastructures	March 31, 2017	-	-	-	427.07	427.07
	March 31, 2016	-	-	-	496.79	496.79
	April 01, 2015	-	-	-	566.50	566.50
Other current assets - Prepaid rent						
Charmakki Infrastructures	March 31, 2017	-	-	-	69.71	69.71
	March 31, 2016	-	-	-	69.71	69.71
	April 01, 2015	-	-	-	69.91	69.91
Other current assets - Prepaid expenses						
AHF	March 31, 2017	-	-	-	157.16	157.16
	March 31, 2016	-	-	-	152.72	152.72
	April 01, 2015	-	-	-	88.64	88.64
Trade receivables						
HCCI-associate of NCHL	March 31, 2017	-	-	672.70	-	672.70
	March 31, 2016	-	-	332.46	-	332.46
	April 01, 2015	-	-	288.49	-	288.49
AHF	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	-	-	-
	April 01, 2015	-	-	-	3.05	3.05
NHCT	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	-	12.63	12.63
	April 01, 2015	-	-	-	17.10	17.10
NHF	March 31, 2017	-	-	-	3.15	3.15
	March 31, 2016	-	-	-	3.15	3.15
	April 01, 2015	-	-	-	3.04	3.04
TOTAL	March 31, 2017	**-**	**-**	**672.70**	**3.15**	**675.85**
	March 31, 2016	**-**	**-**	**332.46**	**15.78**	**348.24**
	April 01, 2015	**-**	**-**	**288.49**	**23.19**	**311.68**
Trade payables						
HCCI-associate of NCHL	March 31, 2017	-	-	17.12	-	17.12
	March 31, 2016	-	-	12.16	-	12.16
	April 01, 2015	-	-	2.79	-	2.79
TriMedx	March 31, 2017	-	-	465.42	-	465.42
	March 31, 2016	-	-	241.03	-	241.03
	April 01, 2015	-	-	299.24	-	299.24
Charmakki Infrastructures	March 31, 2017	-	-	-	4.22	4.22
	March 31, 2016	-	-	-	-	-
	April 01, 2015	-	-	-	4.67	4.67
NHF	March 31, 2017	-	-	-	1.61	1.61
	March 31, 2016	-	-	-	2.46	2.46
	April 01, 2015	-	-	-	-	-

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

36 Related party disclosures (Continued)

(c) The balances receivable from and payable to related parties (Continued)

(₹ in lakhs)

Balances	Year	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Daya Drishti Charitable Trust	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	-	0.60	0.60
	April 01, 2015	-	-	-	-	-
MSMF	March 31, 2017	-	-	-	-	-
	March 31, 2016	-	-	-	269.58	269.58
	April 01, 2015	-	-	-	200.00	200.00
TOTAL	March 31, 2017	**-**	**-**	**482.54**	**5.83**	**488.37**
	March 31, 2016	**-**	**-**	**253.19**	**272.64**	**525.83**
	April 01, 2015	**-**	**-**	**302.03**	**204.67**	**506.70**
Other current liabilities - Other payables						
Dr Devi Prasad Shetty	March 31, 2017	-	-	-	-	-
	March 31, 2016	1.00	-	-	-	1.00
	April 01, 2015	-	-	-	-	-
Share based payments outstanding						
Dr. Ashutosh Raghuvanshi	March 31, 2017	596.97	-	-	-	596.97
	March 31, 2016	217.08	-	-	-	217.08
	April 01, 2015	-	-	-	-	-
Guarantee outstanding						
HCCI-associate of NCHL	March 31, 2017	-	-	4,656.54	-	4,656.54
	March 31, 2016	-	-	5,238.90	-	5,238.90
	April 01, 2015	-	-	5,370.29	-	5,370.29

A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over those entities.

A number of these entities transacted with the Group during the reporting period. The terms and conditions of the transactions with key management personnel and their 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 non-key management personnel related entities on an arm's length basis.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

37 Group Information

Information about subsidiaries and associates

(a) Subsidiaries

The consolidated financial statements of the group includes subsidiaries listed in the table below:

Name	Principal Activities	Country of incorporation/ Principal place of business	Ownership interest held by Group		
			March 31, 2017	March 31, 2016	April 01, 2015
Narayana Institute for Advanced Research Private Limited (NIARPL)	Medical and Healthcare services	India	100.00%	100.00%	100.00%
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)	Medical and Healthcare services	India	100.00%	100.00%	74.00%
Narayana Hospitals Private Limited (NHPL)	Medical and Healthcare services	India	100.00%	100.00%	100.00%
Narayana Health Institutions Private Limited (NHIPL)	Medical and Healthcare services	India	100.00%	100.00%	100.00%
Narayana Cayman Holdings Ltd (NCHL)	Medical and Healthcare services	Cayman Islands	100.00%	100.00%	100.00%
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM)	Medical and Healthcare services	Malaysia	100.00%	100.00%	100.00%
Asia Healthcare Development Limited (AHDL) (upto 10 November 2016)	Medical and Healthcare services	India	-	100.00%	100.00%
Meridian Medical Research & Hospital Limited (MMRHL)	Medical and Healthcare services	India	99.09%	99.03%	98.62%
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	Medical and Healthcare services	India	100.00%	100.00%	100.00%
Narayana Holdings Private Limited (NHPL, Mauritius)	Medical and Healthcare services	Mauritius	100.00%	-	-

(b) Associates

The consolidated financial statements of the group includes associates listed in the table below:

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest		
			March 31, 2017	March 31, 2016	April 01, 2015
ISO Healthcare (with effect from 5 July 2016)	Medical and Healthcare services	Mauritius	20.02%	-	-
Health City Cayman Islands Ltd. (HCCI)	Medical and Healthcare services	Cayman Islands	28.60%	28.60%	28.60%
Cura Technologies Inc. (with effect from 15 November 2016)	IT Services related to Healthcare	United States of America	43.33%	-	-
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%	10.00%

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

38 Investment in associates

The Group has interest in the following companies listed below. The Group's interest in the below mentioned companies are accounted for using 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 over none of the entities the Group has control or joint control.

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest		
			March 31, 2017	March 31, 2016	April 01, 2015
ISO Healthcare (with effect from 5 July 2016)	Medical and Healthcare services	Mauritius	20.02%	-	-
Health City Cayman Islands Ltd. (HCCI)	Medical and Healthcare services	Cayman Islands	28.60%	28.60%	28.60%
Cura Technologies Inc. (with effect from 15 November 2016)	IT Services related to Healthcare	United States of America	43.33%	-	-
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%	10.00%

Summarised financial information of material associate, HCCI:

(₹ in lakhs)

Particulars	Health City Cayman Islands Ltd. (HCCI)		
	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current assets	9,695.16	8,485.38	5,143.06
Non- current assets	41,203.63	43,283.56	41,673.33
Current liabilities	5,480.91	5,347.08	11,986.37
Non- current liabilities	14,576.37	16,656.85	17,284.45
Net assets	**30,841.51**	**29,765.01**	**17,545.57**
Ownership held by Group	28.60%	28.60%	28.60%
Group's share of net assets	**8,820.66**	**8,512.79**	**5,018.03**
Add: Goodwill on consolidation	147.99	147.99	147.99
Add: Impact on account of foreign currency translation reserve	(10.97)	24.60	22.12
	8,957.68	**8,685.38**	**5,188.14**

(₹ in lakhs)

Particulars	Health City Cayman Islands Ltd. (HCCI)		
	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended 31 March 2015
Revenue	21,921.81	10,035.13	4,795.24
Loss before tax	**(1,546.80)**	**(7,577.14)**	**(8,787.19)**
Income tax	-	-	-
Loss for the year (continuing operations)	(1,546.80)	(7,577.14)	(8,787.19)
Total Comprehensive income	**(1,546.80)**	**(7,577.14)**	**(8,787.19)**
Ownership held by Group	28.60%	28.60%	28.60%
Group's share of total comprehensive income	**(442.39)**	**(2,167.06)**	**(2,513.14)**
Less: unrealised gain	39.41	7.90	-
Group's share of total comprehensive income (net)	**(481.79)**	**(2,174.96)**	**(2,513.14)**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

38 Investment in associates (Continued)

The following table analyses, in aggregate, the carrying amount and share of profit or loss of individually immaterial associates:

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
Carrying amount of interest in associate	325.15	-	-
Share of loss*	(311.62)	-	-
Share in total comprehensive income	(311.62)	-	-

* Includes loss of ₹ 106.97 lakhs recorded in excess of investment value considering this as "long term investment" as per Ind AS 28 Investments in Associate and Joint Ventures.

39 A. Investments, loans and guarantees

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

(₹ in lakhs)

Entity	As at March 31, 2016	Payment/ (refund) during the year	Allotment during the year	Foreign currency translation impact	As at March 31, 2017
Trimedx India Private Limited (by NHL)	18.06	(18.06)	-	-	-
Health City Cayman Island Ltd (by NCHL)	189.72	960.92	957.20	(8.00)	185.44
	207.78	**942.86**	**957.20**	**(8.00)**	**185.44**

(b) The Group has made investment in the following entities:

(₹ in lakhs)

Entity	As at March 31, 2016	Allotment during the year	As at March 31, 2017
Investment in equity instruments			
Trimedx India Private Limited (by NHL)	30.01	-	30.01
Health City Cayman Island Ltd (by NCHL)	13,438.02	957.20	14,395.22
Cura Technologies Inc. (by NCHL) (refer note 36)	-	92.66	92.66
ISO Healthcare (by NHPL, Mauritius) (with effect from 5 July 2016)	-	446.20	446.20
	13,468.03	**1,496.06**	**14,964.09**

(c) The Group has given loan to the following entity:

(₹ in lakhs)

Entity	As at March 31, 2016	Movement	As at March 31, 2017	Purpose of Loan
Cura Technologies Inc. (by NCHL)	-	200.11	200.11	Financial assistance
	-	**200.11**	**200.11**	

(d) The Group has provided guarantees to the following entity:

(₹ in lakhs)

Entity	As at March 31, 2016	Movement	As at March 31, 2017	Purpose of Guarantee
Health City Cayman Island Ltd (HCCI)	5,238.90	(582.36)	4,656.54	Bank guarantee given to Bank of America through Canara Bank for term loan taken by HCCI.
	5,238.90	**(582.36)**	**4,656.54**	

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

39 B. Investments and guarantees

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

(₹ in lakhs)

Entity	As at April 01, 2015	Payment during the year	Allotment during the year	Foreign currency translation impact	As at March 31, 2016
Trimedx India Private Limited (by NHL)	18.06	-	-	-	18.06
Health City Cayman Island Ltd (by NCHL)	2,312.29	3,079.28	5,255.53	53.68	189.72
	2,330.35	**3,079.28**	**5,255.53**	**53.68**	**207.78**

(b) The Group has made investment in the following entities:

(₹ in lakhs)

Entity	As at April 01, 2015	Allotment during the year	As at March 31, 2016
Investment in equity instruments			
Trimedx India Private Limited (by NHL)	30.01	-	30.01
Health City Cayman Island Ltd (by NCHL)	8,182.49	5,255.53	13,438.02
	8,212.50	**5,255.53**	**13,468.03**

(c) The Group has provided guarantees to the following entity:

(₹ in lakhs)

Entity	As at April 01, 2015	Movement	As at March 31, 2016	Purpose of Guarantee
Health City Cayman Island Ltd (HCCI)	5,370.29	(131.39)	5,238.90	Bank guarantee given to Bank of America through Canara Bank for term loan taken by HCCI.
	5,370.29	**(131.39)**	**5,238.90**	

40 Shareholders and investment agreement

Pursuant to the Shareholders and Investment Agreement dated January 28, 2008 (the agreement) entered amongst the Company; Ashoka Investments Holdings Private Limited, Ambadevi Mauritius Holdings Limited, JP Morgan Mauritius Holdings IV Limited (hereinafter collectively referred to as "Investors"); Dr. Devi Prasad Shetty and Mrs. Shakuntala Shetty, (hereinafter collectively referred to as 'Sponsors') and Narayana Health Academy Private Limited; the Investors invested in 75,414 equity shares (aggregates 43,623,049 equity shares including 43,547,635 bonus equity shares allotted on March 25, 2015). The terms of the agreement inter alia provided for certain exit options to the Investors before August 04, 2015. All the aforesaid parties have entered into an amendment agreement dated July 16, 2015 vide which the time to comply with the exit options was extended to December 31, 2015. The time limit to comply with the exit option was further extended to January 31, 2016 vide amended agreement dated December 17, 2015. The equity shares of the Company got listed on NSE and BSE on January 06, 2016. Hence, the Company has adhered to the time limits as per the Shareholders and Investment Agreement.

41 Employee benefits

A. 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. The Group accrues gratuity under the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to ₹ 10 lakhs.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

41 Employee benefits (Continued)

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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Defined benefit liability	1,883.32	1,515.85	1,093.45
Plan assets	313.40	163.11	-
Net defined benefit liability	1,569.92	1,352.74	1,093.45
Full and final settlement cases*	62.68	82.50	-
Liability for compensated absences	1,098.09	1,038.89	655.65
Total employee benefit liability	2,730.69	2,474.13	1,749.10
Non-current	1,508.36	1,291.69	1,062.81
Current	1,222.32	1,182.44	686.29

B. 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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Defined benefit obligation as at 1 April	1,515.85	1,093.45
Benefits paid	(130.68)	(128.62)
Current service cost	385.39	339.08
Interest cost	109.27	87.98
Actuarial (gains) losses recognised in other comprehensive income		
-changes in demographic assumptions	44.94	-
-changes in financial assumptions	135.79	170.19
-experience adjustments	(177.24)	(46.23)
Defined benefit obligations as at 31 March*	1,883.32	1,515.85

* The above amount does not include ₹ 62.68 lakhs (previous year: ₹ 82.50 lakhs) pertaining to employees who left the organisation but full and final settlement was not done till March 31, 2017. The same was computed on actual basis.

ii) Reconciliation of the present values of plan assets

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Plan assets at beginning of the year	163.10	29.52
Contributions paid into the plan	241.19	253.52
Interest income	12.71	3.00
Benefits paid	(130.16)	(125.88)
Return on plan assets recognised in other comprehensive income	26.56	2.95
Plan assets at the end of the year	313.40	163.11
Net defined benefit liability	1,569.92	1,352.74

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current service cost	385.39	339.08
Interest cost	109.27	87.98
Interest income	(12.71)	(3.00)
	481.95	424.06

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

41 Employee benefits (Continued)

ii) Remeasurements recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Actuarial (gain) loss on defined benefit obligation	(3.49)	(123.96)
Return on plan assets excluding interest income	26.56	2.95
	23.07	**(121.02)**

D. Plan Assets

Planned Assets comprises of the following:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Government securities & debt instrument	313.40	163.11	-
	313.40	**163.11**	**-**

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 lakhs)

Principal actuarial assumptions	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Attrition rate	35.00%- 53.00%	1.68%- 57.36%	16%-54%
Discount rate	6.25%-7.50%	8%	8%
Expected return on plan assets	6.25%-7.50%	8%	-
Mortality table	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate
Future salary increases	6.00%	**13.30% - 35.80% for the first year 5%- 6% thereafter**	**5%-6%**

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

As of March 31, 2017 and March 31, 2016, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31 March 2018, will be approximately ₹ 2,121.29 lakhs (March 31, 2017: ₹ Nil).

Maturity profile of defined benefit obligation

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

(₹ in lakhs)

Particulars	Amount (₹ in lakhs)
1st following year	142.57
2nd following year	92.25
3rd following year	65.36
4th following year	72.55
5th following year	67.44
Year 6 to 10	375.62
More than 10 years	7,443.05

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

41 Employee benefits (Continued)

As at March 31, 2017, the average duration of the defined benefit obligations was 27 years (March 31, 2016: 24 -26 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 lakhs)

Particulars	March 31, 2017		March 31, 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(139.06)	156.57	(122.38)	137.31
Future salary increase (0.5% movement)	150.29	(135.16)	131.08	(118.62)
Attrition rate (0.5% movement)	32.22	(32.14)	21.90	(22.02)
Mortality rate (10% movement)	14.79	(14.79)	13.99	(14.16)

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.

42

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 ₹ 16,523.80 lakhs. 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 disposable should be charged;

-20% cardiac surgeries should be performed at the subsidised rate of ₹ 0.65 lakhs 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 ₹ 0.65 lakhs 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 December 22, 2010. Subsequent to the show cause notice, the NHPL replied on January 19, 2011 assuring the Government of Gujarat that the entire project will be completed by June 2016.

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

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

The Company commenced operations in its Ahmedabad unit on May 03, 2012. As of March 31, 2017, 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 March 31, 2017.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

43 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 ₹ 250 lakhs 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 March 31, 2017.

44 Narayana Vaishno Devi Specialty Hospitals Private Limited ("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 ₹ 50 lakhs.

As per the terms of agreement, NVDSHPL was required to commence the hospital operations within 10 months from compliance date (compliance date being 29 November 2014) but the operations did not commence within 10 months. However, the operations commenced in the month of April 2016 and as per the terms of the agreement , the Group has received operating revenue (net) of ₹ 1,441.79 lakhs.

45 In the year 2008-09, NHPL was allotted 35 acres of land by Jaipur Development Authority ('JDA') for establishing a medical college at Bangra. 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 Bangra, NHPL gave its consent on the same through letter dated 24 April 2015.

Since this land is given in lieu of land allotted at Bangra, 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 Bangra in March 2008.

As at March 31, 2017, NHPL has paid ₹ 544.39 lakhs to JDA and accrued the balance payable of ₹ 237.27 lakhs. 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 March 31, 2017.

46 Prepaid expenses

Expenses prepaid to related party includes rent paid to Asia Heart Foundation amounting to ₹ 2,498.92 lakhs (March 31, 2016: ₹ 2,581.43 lakhs ; April 01, 2015: ₹ 1,592.14 lakhs). During the previous year ended March 31, 2016, the Company had entered into an agreement with Asia Heart Foundation to pay ₹ 1,089.09 lakhs by converting the future outflow of ₹ 10 lakhs p.m. towards discount entitlement of 214 months into present value. ₹ 1,089.09 lakhs is being amortized over the period of 214 months beginning from April 01, 2015.

Prepaid expense also includes rent paid to Modern Medical Institute amounting to ₹ 661.63 lakhs (March 31, 2016: ₹ 707.88 lakhs ; April 01, 2015: ₹ 754.13 lakhs) which is being amortized over a period of 20 years from August 2011.

47 Employee Stock Option Plan (ESOP)

During the previous year ended March 31, 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 12 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 Group. 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. 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.

Pursuant to NH ESOP, the Company granted 814,830 shares options till March 31, 2017. The Stock compensation cost is computed under the fair value method. For the year ended March 31, 2017, the Company has recorded stock compensation expenses of ₹ 594.02 lakhs (previous year: ₹ 340.16 lakhs).

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

47 Employee Stock Option Plan (ESOP)

The activity in this stock option plan is summarized below:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016
Outstanding as at the beginning of the year	814,830	-
Options granted during the year	-	814,830
Forfeited during the year	(1,100)	-
Exercised during the year	(32,447)	-
Expired during the year	-	-
Outstanding at the end of the year	781,283	814,830
Exercisable at the end of the year	-	-

The weighted average remaining contractual life for the stock options outstanding as at March 31, 2017 is 3.50 years (previous year: 4.50). The exercise price for the stock options outstanding as at March 31, 2017 is ₹ 10 (previous year : ₹ 10).

Fair value presentation

The fair value of share options have been valued based on fair value method as described under Ind AS- 102, Shared-based Payment using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

Particulars	As at March 31, 2017	As at March 31, 2016
Number of options granted	814,830	814,830
Date of grant	1 October 2015	1 October 2015
Vesting period (years)	4	4
Expected life of option (years)	5	5
Expected volatility	35%	35%
Risk free rate	7.63%	7.63%
Expected dividends expressed as a dividend yield	-	-
Weighted-average fair values of options per share (₹)	208.73	208.73
Weighted-average price of share at the date of exercise (₹)	336.23	-

48 Investment by CDC in equity shares and debentures

During the financial year 2014-15, the Company had issued 20,339 equity shares of ₹ 10 each at a premium of ₹ 98,326 per share to CDC Group PLC on 24 December 2014 (face value of ₹ 10 per share) aggregating ₹ 20,000.61 lakhs. The Company had also issued 10,000,000 10.50% optionally convertible debentures (OCD) aggregating ₹ 10,000 lakhs to CDC India Opportunities Limited (CDC India):

As per the amended agreement dated 25 September 2015, the above mentioned debentures are convertible as per the terms of the agreement.

The shareholders of the Company in their meeting dated 1 December 2015, passed a resolution approving the conversion of OCDs along with accrued coupon into the said number of equity shares. Hence, the OCDs along with accrued interest got converted into 4,360,804 equity shares.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

49 Earnings per share (EPS) (Continued)

Basic earnings per share

The calculation of basic earnings per share for the year ended on March 31, 2017 was based on profit attributable to equity shareholders of ₹ 8,305.21 lakhs (previous year: ₹ 2,123.21 lakhs) and weighted average number of equity shares outstanding 202,361,490 (previous year: 200,433,601).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended March 31, 2017 was based on profit attributable to equity shareholders of ₹ 8,305.21 lakhs (previous year: ₹ 2,453.82 lakhs) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 202,835,183 (previous year: 203,626,498).

(₹ in lakhs)

Earnings	For the year ended March 31, 2017	For the yearended March 31, 2016
Profit after tax	8,305.21	2,123.21
Add: Interest on debenture, net of tax	-	330.61
Net profit adjusted for effects of dilutive potential equity shares for calculation of diluted EPS	8,305.21	2,453.82

Weighted average number of equity shares (basic)

Shares	For the year ended March 31, 2017	For the yearended March 31, 2016
Opening balance	204,360,804	200,000,000
Effect of optionally convertible debentures	-	1,453,601
Effect of Treasury shares	(1,999,314)	(1,020,000)
Weighted average number of equity shares for the year	**202,361,490**	**200,433,601**

Weighted average number of equity shares (diluted)

Shares	For the year ended March 31, 2017	For the yearended March 31, 2016
Weighted average number of equity shares for the year (diluted)	202,361,490	200,433,601
Effect of dilutive potential equity shares in respect of optionally convertible debentures	-	2,907,203
Effect of exercise of share option	473,693	285,694
Weighted average number of equity shares (diluted) for the year	**202,835,183**	**203,626,498**

Basic earnings per share (₹)	4.10	1.06
Diluted earnings per share (₹)	4.09	1.06

Basic and dilutive earnings per shares for the year ended March 31, 2016 is same since the potential equity shares (Optionally convertible debentures) are anti-dilutive in nature.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

50 Adjustment of shares and debentures issue expenses with securities premium

During the previous financial year 2015-16, the Company paid fees amounting to ₹ 114.50 lakhs (2014-15 ₹ 730.34 lakhs) for professional services in connection with the funds raised from CDC Group PLC and CDC India Opportunities Limited. The same has been adjusted from securities premium account as per Section 52(2) of the Companies Act, 2013.

51 Debenture Redemption Reserve

As per Section 71 of the Companies Act 2013 and Companies (Share Capital and Debenture) Rules, 2014, the Company in the year 2014-2015 created Debenture Redemption Reserve (DRR) amounting to ₹ 2,500.00 lakhs for the purpose of redemption of debentures, which is 25 % of the value of the debentures issued. The DRR was created out of the profits of the Company available for the payment of dividend. In the shareholders meeting on December 01, 2015, a resolution was passed approving the conversion of debentures into equity shares. Hence the amount in the debenture redemptionreserve has been transferred to the general reserve.

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The Board of Directors of the Company vide their meeting held on 19 September 2015 approved the purchase of 26% equity shares, held by Infrastructure Development Corporation (Karnataka) Limited (IDECK) in Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL) by the Company. The purchase of equity shares has been done at a price which gave IDECK 11.25% pre-tax rate of return on compounded basis.

Pursuant to the above, the Company had acquired an additional stake of 26% in NHSHPL from IDECK for ₹ 3,025.58 lakhs in cash increasing its stake from 74 to 100 percent. The carrying amount of the NHSHPL's net assets in the consolidated financial statement on the date of acquisition was Nil.

Particulars	Amount (₹ in lakhs)
Carrying amount of NCI acquired	-
Consideration paid to NCI	3,025.58
Decrease in equity attributable to owners of the Company*	**3,025.58**

*Refer consolidated statement of changes in equity

53 Assets held for sale (refer note 54B (a))

The Company entered into a business transfer agreement on 1 April 2016 ('the Agreement') with Chandramma Educational Society for sale of its business on a slump sale basis, without values being assigned to the individual assets and liabilities. Assets held for sale during the financial year 2015-16 was measured at the lower of its carrying value and realisable value i.e. fair value.

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the yearended March 31, 2016
Assets		
Property, plant and equipment	-	2,371.16
Net loss on slump sale recorded as an exceptional item	-	(959.86)
Assets held for sale	**-**	**1,411.30**

54 Exceptional items

A. Exceptional item for the year ended March 31, 2017 amounting to ₹ 134.03 lakhs represents loss on sale of its investment in wholly owned subsidiary "Asia Healthcare Development Limited" through a sale Agreement dated 10 November 2016.

B. Exceptional items for the previous year ended March 31, 2016 amounting to ₹ 1,101.15 lakhs represents loss on slump sale of Hyderabad unit of ₹ 959.86 lakhs and provision for bonus of ₹ 141.29 lakhs.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

(a) The Company entered into a business transfer agreement on April 01, 2016 ('the Agreement') with Chandramma Educational Society for sale of its business on a slump sale basis, without values being assigned to the individual assets and liabilities.

As per the terms of the agreement, the Company had sold the following assets and liabilities pertaining to healthcare business of Hyderabad unit for an aggregate consideration of ₹ 1,575.00 lakhs. The shortage of the aggregate value of the assets and liabilities sold over the sales consideration has been accounted as an exceptional item in the consolidated statement of profit and loss. As per the requirement of Ind AS 105: Non-current Assets Held for Sale and Discontinued Operations, the resultant loss have been allocated to property, plant and equipment and it has been stated at the net realisable value of ₹ 1,411.30 lakhs.

(₹ in lakhs)

Particulars		Amount	Amount
Assets			
Property, plant and equipment		2,371.16	
Inventories		84.17	
Financial assets- loans (current)		85.00	
Financial assets- loans (non-current)		20.37	
Other current assets		1.22	
Total Assets	**A**		**2,561.92**
Liabilities			
Trade Payables	B		(27.06)
Net Assets	**C = A+B**		**2,534.86**
Sales consideration *	D		1,575.00
Net Loss on slump sale recorded as an exceptional item	**C - D**		**959.86**

*The company has received ₹ 1,557.00 lakhs during the current financial year as the final sales consideration.

(b) Provision for bonus

Exceptional item also represents additional provision for bonus amounting to ₹ 141.29 lakhs for the period from April 01, 2014 to March 31, 2015 pursuant to the retrospective application of "The Payment of Bonus (Amendment) Act, 2015" effective April 01, 2014.

55 Pursuant to the approval of the Committee of the Board in their meeting held on March 31, 2017, NHSHPL has entered into Health Care Service agreement with Dharamshila Cancer Foundation and Research Centre for managing their hospital situated in Delhi.

56 Pursuant to the approval on April 21, 2017 by the Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement and acquired 100% equity in New Rise Healthcare Private Limited ("NewRise"), a wholly owned subsidiary of Panacea Biotech Limited for a consideration of ₹ 1,364.85 lakhs payable in cash. Pending conversion of the financial statements of NewRise on the date of acquisition to Ind AS, the Group is unable to estimate the impact on the consolidated financial statements.

57 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements'

March 31, 2017

(₹ in lakhs)

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	74.47	71,736.88	116.56	9,671.11	1,111.56	38.31	116.97	9,709.42
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	9.52	9,167.04	1.65	137.04	-	-	1.65	137.04
Narayana Institute for Advanced Research Private Limited	(0.00)	(1.82)	(0.02)	(1.29)	-	-	(0.02)	(1.29)
Narayana Health Institutions Private Limited	0.00	4.62	(0.02)	(1.29)	-	-	(0.02)	(1.29)
Narayana Hrudayalaya Surgical Hospital Private Limited	2.90	2,796.52	2.88	239.03	(23.24)	(0.80)	2.87	238.23
Asia Healthcare Development Limited	-	-	(0.78)	(64.52)	-	-	(0.78)	(64.52)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.00)	(3.30)	0.68	56.32	116.61	4.02	0.73	60.34
Meridian Medical Research & Hospital Limited	2.71	2,607.41	(10.17)	(843.45)	(1,096.19)	(37.78)	(10.62)	(881.23)
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	16.15	15,558.39	(0.91)	(75.90)	-	-	(0.91)	(75.90)
Narayana Hrudayalaya Hospital Malaysia Sdn.Bhd.	0.15	142.38	(0.11)	(9.05)	-	-	(0.11)	(9.05)
Narayana Holdings Private Limited	0.50	482.28	(0.11)	(9.38)	-	-	(0.11)	(9.38)
Associates (Investment as per the equity method)- Foreign								
Health City Cayman Islands Ltd	(6.10)	(5,877.39)	(5.81)	(481.79)	-	-	(5.80)	(481.79)
ISO Healthcare	(0.11)	(109.14)	(1.32)	(109.14)	-	-	(1.31)	(109.14)
Cura Technologies Inc.	(0.20)	(195.69)	(2.44)	(202.48)	-	-	(2.44)	(202.48)
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited	0.02	23.61	(0.10)	(7.90)	(8.75)	(0.30)	(0.10)	(8.20)
	100.00	**96,331.79**	**100.00**	**8,297.31**	**100.00**	**3.45**	**100.00**	**8,300.76**

57 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' (Continued)

March 31, 2016

(₹ in lakhs)

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	74.52	65,295.49	271.62	5,654.83	63.20	(50.01)	279.85	5,604.82
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	10.29	9,017.44	6.42	133.66	-	-	6.67	133.66
Narayana Institute for Advanced Research Private Limited	(0.01)	(8.92)	(0.15)	(3.05)	-	-	(0.15)	(3.05)
Narayana Health Institutions Private Limited	0.01	4.65	(0.11)	(2.26)	-	-	(0.11)	(2.26)
Narayana Hrudayalaya Surgical Hospital Private Limited	0.99	864.73	(21.93)	(456.63)	(1.29)	1.02	(22.75)	(455.61)
Asia Healthcare Development Limited	0.22	194.23	(3.69)	(76.91)	-	-	(3.84)	(76.91)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.01)	(7.00)	(5.04)	(105.00)	(0.12)	0.10	(5.24)	(104.90)
Meridian Medical Research & Hospital Limited	3.18	2,787.87	(35.82)	(745.68)	38.89	(30.78)	(38.77)	(776.46)
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	16.91	14,817.31	(4.32)	(89.86)	-	-	(4.49)	(89.86)
Narayana Hrudayalaya Hospital Malaysia Sdn.Bhd.	0.20	175.41	(0.52)	(10.93)	-	-	(0.55)	(10.93)
Associate (Investment as per the equity method)- Foreign								
Health City Cayman Islands Ltd.	(6.33)	(5,543.03)	(104.47)	(2,174.96)	-	-	(108.60)	(2,174.96)
Non-controlling interests in Indian subsidiaries								
Meridian Medical Research & Hospital Limited	0.03	27.29	0.71	14.69	(0.35)	0.28	0.75	14.97
Narayana Hrudayalaya Surgical Hospital Private Limited			(2.69)	(56.01)	(0.33)	0.26	(2.78)	(55.75)
	100.00	**87,625.47**	**100.00**	**2,081.89**	**100.00**	**(79.13)**	**100.00**	**2,002.76**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

58 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 March 31, 2017 and 2016 was as follows:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Total equity	96,331.79	87,625.47	77,489.21
As a percentage of total capital	82%	77%	68%
Long-term borrowings	20,768.66	21,295.23	26,349.98
Short-term borrowings	902.22	4,457.92	9,852.72
Total borrowings	**21,671.88**	**25,753.15**	**36,202.70**
As a percentage of total capital	18%	23%	32%
Total capital (Equity and Borrowings)	**118,003.67**	**113,378.62**	**113,691.91**

59

The following table shows details of specified bank notes held and transacted during the period from 8 November 2016 to 30 December 2016:

Particulars	SBNs	Others	Total
Closing cash in hand as on 8 November 2016	**93.60**	**13.76**	**107.36**
(+) Permitted receipts	30.75	5,525.58	5,556.32
(-) Permitted payments	-	382.68	382.68
(+) Not permitted receipts	69.59	-	69.59
(-) Not permitted payments	0.82	-	0.82
(-) Amount deposited in banks	193.11	4,996.62	5,189.74
Closing cash in hand as on 30 December 2016	-	**160.03**	**160.03**

For the purpose of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 307(E), dated the 8 November 2016.

60 Tax expense

(a) Amounts recognised in profit and loss

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current income tax	5,091.94	3,513.59
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	144.67	(500.09)
Tax expense for the year	**5,236.61**	**3,013.50**

(b) Amounts recognised in other comprehensive income

(₹ in lakhs)

Particulars	For the year ended March 31, 2017			For the year ended March 31, 2016		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Re-measurement of defined benefit plans	23.07	(19.62)	3.45	(121.02)	41.89	(79.13)
	23.07	**(19.62)**	**3.45**	**(121.02)**	**41.89**	**(79.13)**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

60 Tax expense (Continued)

(c) Reconciliation of effective tax rate

(₹ in lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit before tax	**13,533.92**	**5,095.40**
Tax using the Company's domestic tax rate (current year 34.61% and previous year 34.61%)	4,684.09	1,763.52
Tax effect of:		
Non-deductible tax expenses	119.87	92.37
Tax-exempt income	73.90	73.90
Share issue expense allowed as deduction	(58.48)	(58.48)
Current-year losses for which no deferred tax asset is recognised	139.65	414.41
Share of loss of equity accounted investees on which no deferred tax was recognised	274.60	752.75
Others	2.98	(24.97)
	5,236.61	**3,013.50**

61 Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred tax asset			
Provision for doubtful receivables	400.81	607.13	609.42
Provision for gratuity	539.14	483.95	344.92
Provision for compensated absences	334.32	334.29	215.17
Other current liabilities	366.89	216.37	164.84
On non current financial liabilities	95.05	-	-
On Freehold land	187.26	152.11	106.07
On security deposit	78.27	63.44	56.59
Total deferred tax asset	**2,001.74**	**1,857.29**	**1,497.01**
Deferred tax liability			
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(4,482.06)	(4,173.32)	(4,355.01)
Total deferred tax liability	**(4,482.06)**	**(4,173.32)**	**(4,355.01)**
Deferred tax liability (net)	**(2,480.32)**	**(2,316.03)**	**(2,858.00)**

(ii) Movement in temporary differences:

(₹ in lakhs)

Particulars	Balances as at April 01, 2015	Recognised in Profit or loss during 2015-16	Recognise in OCI during 2015-16	Balances as at March 31, 2016	Recognised in Profit or loss during 2016-17	Recognise in OCI during 2016-17	Balances as at March 31, 2017
Provision for doubtful receivables	609.42	(2.29)	-	607.13	(206.32)	-	400.81
Provision for gratuity	344.92	97.14	41.89	483.95	74.81	(19.62)	539.14
Provision for compensated absences	215.17	119.12	-	334.29	0.03	-	334.32
Other current liabilities	164.84	51.53	-	216.37	150.52	-	366.89
On non current financial liabilities	-	-	-	-	95.05	-	95.05
On Freehold land	106.07	46.04	-	152.11	35.15	-	187.26
On security deposit	56.59	6.85	-	63.44	14.83	-	78.27
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(4,355.01)	181.70	-	(4,173.32)	(308.74)	-	(4,482.06)
	(2,858.00)	**500.09**	**41.89**	**(2,316.03)**	**(144.67)**	**(19.62)**	**(2,480.32)**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

62 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in lakhs)

As at March 31, 2017	FVTPL	Amortised cost	Total	Fair value			
				Level 1	Level 2	Level 3	Total
Financial assets							
Investments	-	295.39	295.39	-	295.39		295.39
Trade receivables	-	15,691.01	15,691.01	-	-	-	-
Cash and cash equivalents	-	2,624.29	2,624.29	-	-	-	-
Bank balances other than above	-	787.75	787.75	-	-	-	-
Loans	-	2,326.33	2,326.33	-	-	-	-
Other financial assets	-	3,727.10	3,727.10	-	-	-	-
	-	**25,451.87**	**25,451.87**	**-**	**295.39**	**-**	**295.39**
Financial liabilities							
Borrowings	-	18,882.34	18,882.34	-	-	-	-
Trade payables	-	18,854.60	18,854.60	-	-	-	-
Other financial liabilities		9,323.25	9,323.25				
	-	**47,060.19**	**47,059.19**	**-**	**-**	**-**	**-**

(₹ in lakhs)

As at March 31, 2016	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Trade receivables	-	15,183.15	15,183.15	-	-	-	-
Cash and cash equivalents	-	1,377.34	1,377.34	-	-	-	-
Bank balances other than above	-	1,029.54	1,029.54	-	-	-	-
Loans	-	2,071.54	2,071.54	-	-	-	-
Other financial assets	-	1,866.94	1,866.94	-	-	-	-
	-	**21,528.51**	**21,528.51**	**-**	**-**	**-**	**-**
Financial liabilities							
Borrowings	-	23,214.91	23,214.91	-	-	-	-
Trade payables	-	16,103.45	16,103.45	-	-	-	-
Other financial liabilities	-	7,197.44	7,197.44				
	-	**46,515.80**	**46,515.80**	**-**	**-**	**-**	**-**

(₹ in lakhs)

As at April 01, 2015	FVTPL	Amortised cost	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Investments	3.78	-	3.78	3.78	-	-	3.78
Trade receivables	-	14,372.61	14,372.61	-	-	-	-
Cash and cash equivalents	-	2,084.55	2,084.55	-	-	-	-
Bank balances other than above	-	867.50	867.50	-	-	-	
Loans	-	1,898.55	1,898.55	-	-	-	
Other financial assets	-	3,773.07	3,773.07	-	-	-	-
	3.78	**22,996.28**	**23,000.06**	**3.78**	**-**	**-**	**3.78**
Financial liabilities							
Borrowings	-	30,510.54	30,510.54	-	-	-	-
Trade payables	-	13,455.36	13,455.36	-	-	-	-
Other financial liabilities		8,486.25	8,486.25				
	-	**52,452.15**	**52,452.15**	**-**	**-**	**-**	**-**

Measurement of fair values

The carrying value of all financial assets approximates the fair value; fair value of mutual funds are based on quoted price.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

62 Financial instruments: Fair value and risk managements (Continued)

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 ₹ 15,691.01 lakhs (March 31, 2016: ₹ 15,183.15 lakhs ; April 01, 2015: ₹ 14,372.61 lakhs). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in lakhs)

Allowance for Impairment	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Opening balance	1,867.09	1,833.92	1,833.92
Impairment loss recognised /(reversed)	(590.51)	33.17	-
Closing balance	**1,276.58**	**1,867.09**	**1,833.92**

No single customer accounted for more than 10% of the revenue as of March 31, 2017, March 31, 2016 and April 01, 2015. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent 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 19.

The Group believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Group maintains line of credits as stated in Note 19.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2017:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	6,112.23	5,011.93	6,855.95	17,980.11
Borrowings (current)	902.22	-	-	-	902.22
Trade payables	18,854.60	-	-	-	18,854.60
Other financial liabilities	8,731.32	-	-	591.93	9,323.25
Total	**28,488.14**	**6,112.23**	**5,011.93**	**7,447.88**	**47,060.18**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

62 Financial instruments: Fair value and risk managements (Continued)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of March 31, 2016:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	2,813.98	6,744.35	9,198.66	18,756.99
Borrowings (current)	4,457.92	-	-	-	4,457.92
Trade payables	16,103.45	-	-	-	16,103.45
Other financial liabilities	6,993.44	-	-	204.00	7,197.44
Total	**27,554.81**	**2,813.98**	**6,744.35**	**9,402.66**	**46,515.80**

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of April 01, 2015:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	12,689.55	5,960.66	2,007.60	20,657.81
Borrowings (current)	9,852.72	-	-	-	9,852.72
Trade payables	13,455.36	-	-	-	13,455.36
Other financial liabilities	8,486.25	-	-	-	8,486.25
Total	**31,794.33**	**12,689.55**	**5,960.66**	**2,007.60**	**52,452.14**

(iv) Market risk

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

Foreign currency risk

The Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

The currency profile of financial assets and financial liabilities as at March 31, 2017, March 31, 2016 and April 01, 2015 are as below:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	USD in lakhs	EURO in lakhs	USD in lakhs	EURO in lakhs	USD in lakhs	EURO in lakhs
Financial assets						
Trade receivables	10.37	-	5.01	-	4.61	-
Cash and cash equivalents	6.97	-	1.26	0.01	0.60	-
Other financial assets (current)	6.85	-	3.13	-	3.03	-
Financial liabilities						
Borrowings (non-current)	77.62	-	31.50	-	40.50	-
Trade payables	3.12	-	2.30	-	-	5.31
Other financial liabilities (current)	0.09	0.03	0.12	0.03	0.13	-
Net assets / (liabilities)	**(56.64)**	**(0.03)**	**(24.52)**	**(0.02)**	**(32.39)**	**(5.31)**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

62 Financial instruments: Fair value and risk managements (Continued)

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments from foreign exchange forward/option contracts designated as cash flow hedges.

(₹ in lakhs)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
USD Sensitivity				
INR/USD - Increase by 1%	(36.72)	(16.27)	(36.72)	(16.27)
INR/USD - Decrease by 1%	36.72	16.27	36.72	16.27
EURO Sensitivity				
INR/EUR - Increase by 1%	(0.02)	(0.02)	(0.02)	(0.02)
INR/EUR - Decrease by 1%	0.02	0.02	0.02	0.02

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

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 lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Variable rate long term borrowings including current maturities	20,768.66	21,141.61	15,766.36
Total borrowings	**20,768.66**	**21,141.61**	**15,766.36**

(b) Sensitivity

(₹ in lakhs)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Sensitivity				
1% increase in interest rate	(207.69)	(211.42)	(207.69)	(211.42)
1% decrease in interest rate	207.69	211.42	207.69	211.42

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

63 Explanation of transition to Ind AS:

As stated in Note 2.1, these are the Group's first consolidated financial statement prepared in accordance with Ind AS. For the year ended March 31, 2016, the Group has prepared its consolidated financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act ('previous GAAP'). For the purpose of transition from previous GAAP to Ind AS, the group has followed the guidance prescribed under Ind AS 101- First time adoption of Indian Accounting Standards ("Ind AS- 101"), with effect from April 01, 2015 ('transition date')

The accounting policies set out in Note 3 have been applied in preparing these consolidated financial statements for the year ended March 31, 2017 including the comparative information for the year ended March 31, 2016 and the opening consolidated Ind AS balance sheet on the date of transition i.e. April 01, 2015.

In preparing its consolidated Ind AS balance sheet as at April 01, 2015 and in presenting the comparative information for the year ended March 31, 2016, the

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

63 Explanation of transition to Ind AS: (Continued)

Group has adjusted amounts reported previously in consolidated financial statement prepared in accordance with the previous GAAP. This note explains how the transition from previous GAAP to Ind AS has affected the Group's financial position and financial performance

Optional exemptions availed and mandatory exceptions

In preparing these consolidated financial statements, the Group has applied the below mentioned optional exemptions and mandatory exceptions.

A. Optional exemption availed

Business combination

Ind AS 101, provides the option to apply Ind AS 103, Business Combinations ('Ind AS- 103") prospectively from the transition date or from a specific date prior to the transition date.

The Group has elected to apply Ind AS 103 from transition date. Business combinations occurring prior to the transition date have not been restated.

B. Mandatory exceptions

1 Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Group's estimates under Ind AS are consistent with the above requirement. Key estimates considered in preparation of the consolidated financial statement that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.
- Determination of the discounted value for financial instruments carried at amortised cost.
- Fair valuation of financial instruments carried at FVTPL.

2 Non-controlling interests (NCI)

Ind AS 110, Consolidated Financial Statements, requires that total comprehensive income should be attributed to the owners of the parent and the NCI even if this results in the NCI having a negative balance. Ind AS 101 requires this requirement to be applied prospectively from the date of transition to Ind AS. However, if an entity elects to apply Ind AS 103 retrospectively to past business combinations, it has to also apply Ind AS 110 from the same date.

The Group has elected to apply Ind AS 103 retrospectively to business combinations that occurred on or after 1 April 2014, however, such retrospective application of Ind AS 103 does not have any impact on the carrying value of NCI.

3 Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Group has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

C Explanation of transition to Ind AS

The following reconciliation provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101: First time Adoption of Indian Accounting Standards

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

63 Explanation of transition to Ind AS: (Continued)

(i) Reconciliation of equity as at April 01, 2015

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	84,582.27	13,671.12	98,253.39
Capital work-in-progress	2,040.67	-	2,040.67
Goodwill	6,421.73	(519.67)	5,902.06
Other intangible assets	316.66	-	316.66
Equity accounted investees	5,188.14	-	5,188.14
Financial assets		-	
Investments	30.01	-	30.01
Loans	2,884.73	(1,246.60)	1,638.13
Other financial assets	2,438.85	-	2,438.85
Income tax assets (net)	3,485.91	-	3,485.91
Other non-current assets	3,583.52	2,062.68	5,646.20
Total non-current assets	**110,972.49**	**13,967.53**	**124,940.02**
Current assets			
Inventories	5,122.44	-	5,122.44
Financial assets			
Investments	3.78	-	3.78
Trade receivables	14,292.70	79.91	14,372.61
Cash and cash equivalents	2,084.55	-	2,084.55
Bank balances other than above	867.50	-	867.50
Loans	260.42	-	260.42
Others financial assets	1,334.22	-	1,334.22
Income tax assets (net)	7.05	-	7.05
Other current assets	2,072.33	113.43	2,185.76
Total current assets	**26,044.99**	**193.34**	**26,238.33**
TOTAL ASSETS	**137,017.48**	**14,160.87**	**151,178.35**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20,000.00	-	20,000.00
Other Equity	56,839.22	581.92	57,421.14
Equity attributable to owners of the Company	**76,839.22**	**581.92**	**77,421.14**
Non-controlling interests	68.07	-	68.07
Total equity	**76,907.29**	**581.92**	**77,489.21**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	20,657.81	-	20,657.81
Other financial liabilities	382.34	-	382.34
Provisions	1,062.81	-	1,062.81
Deferred tax liabilities (net)	3,583.19	(725.19)	2,858.00
Other non-current liabilities	464.35	13,728.99	14,193.34
Total non-current liabilities	**26,150.50**	**13,003.80**	**39,154.30**
Current liabilities			
Financial liabilities			
Borrowings	9,852.72	-	9,852.72
Trade payables	13,455.36	-	13,455.36
Other financial liabilities	8,103.91	-	8,103.91
Other current liabilities	1,796.84	575.15	2,371.99
Provisions	688.39	-	688.39
Income tax liabilities (net)	62.47	-	62.47
Total current liabilities	**33,959.69**	**575.15**	**34,534.84**
TOTAL EQUITY AND LIABILITIES	**137,017.48**	**14,160.87**	**151,178.35**

*The previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

63 Explanation of transition to Ind AS: (Continued)

(ii) Explanation of transition to Ind AS (Continued)

Reconciliation of equity as at March 31, 2016

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	85,681.02	13,584.55	99,265.57
Capital work-in-progress	1,380.34	-	1,380.34
Goodwill	7,500.24	(1,598.18)	5,902.06
Other intangible assets	282.72	-	282.72
Equity accounted investees	8,685.38		8,685.38
Financial assets			
Investments	30.01	-	30.01
Loans	2,465.29	(974.14)	1,491.15
Others financial assets	232.41	-	232.41
Income tax assets (net)	3,445.67	-	3,445.67
Other non-current assets	4,637.75	1,689.79	6,327.54
Total non-current assets	**114,340.83**	**12,702.02**	**127,042.85**
Current assets			
Inventories	4,974.72	-	4,974.72
Financial assets			
Trade receivables	15,251.50	(68.35)	15,183.15
Cash and cash equivalents	1,377.33	0.01	1,377.34
Bank balances other than above	1,029.54	-	1,029.54
Loans	580.38	-	580.38
Others financial assets	1,634.54	-	1,634.54
Income tax assets (net)	6.51	-	6.51
Other current assets	2,277.02	120.94	2,397.96
	27,131.54	**52.60**	**27,184.14**
Assets held for sale	1,411.30	-	1,411.30
Total current assets	**28,542.84**	**52.60**	**28,595.44**
TOTAL ASSETS	**142,884.67**	**12,754.62**	**155,638.29**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	20,436.08	-	20,436.08
Other equity	68,246.37	(1,084.27)	67,162.10
Equity attributable to owners of the Company	**88,682.45**	**(1,084.27)**	**87,598.18**
Non-controlling interests	27.29	-	27.29
Total equity	**88,709.74**	**(1,084.27)**	**87,625.47**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	18,756.99	-	18,756.99
Other financial liabilities	113.43	204.00	317.43
Provisions	1,298.72	-	1,298.72
Deferred tax liabilities (net)	2,611.26	(295.23)	2,316.03
Other non-current liabilities	292.95	13,554.35	13,847.30
Total non-current liabilities	**23,073.35**	**13,463.12**	**36,536.47**
Current liabilities			
Financial Liabilities			
Borrowings	4,457.92	-	4,457.92
Trade payables	16,103.38	0.07	16,103.45
Other financial liabilities	6,880.01		6,880.01
Other current liabilities	2,441.26	375.71	2,816.97
Provisions	1,182.44	-	1,182.44
Income tax liabilities (net)	35.56	-	35.56
Total current liabilities	**31,100.57**	**375.78**	**31,476.35**
TOTAL EQUITY AND LIABILITIES	**142,883.67**	**12,753.62**	**155,638.29**

*The previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

63 Explanation of transition to Ind AS: (Continued)

(iii) Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in lakhs)

Particulars	Previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Income			
Revenue from operations**	161,384.57	-	161,384.57
Other income	1,024.19	444.71	1,468.90
Total income	**162,408.76**	**444.71**	**162,853.47**
Expenses			
Purchase of medical consumables, drugs and surgical equipments	38,563.01	-	38,563.01
Changes in inventories of medical consumables, drugs and surgical equipments	147.71	-	147.71
Employee benefits expenses**	33,499.48	(115.85)	33,383.63
Other expenses**	71,520.16	311.82	71,831.98
Total expenses	**143,730.36**	**195.97**	**143,926.33**
Earnings before finance costs, depreciation and amortisation and exceptional items	**18,678.40**	**248.74**	**18,927.14**
Finance costs	2,944.07	-	2,944.07
Depreciation and amortisation expense	7,524.99	86.57	7,611.56
Profit before exceptional items and tax	**8,209.34**	**162.17**	**8,371.51**
Exceptional items	1,101.15	-	1,101.15
Profit before share of loss of equity accounted investees and income tax	**7,108.19**	**162.17**	**7,270.36**
Share in loss of equity accounted investees	(2,174.97)		(2,174.97)
Profit before tax	**4,933.22**	**162.17**	**5,095.39**
Tax expense			
Current tax	3,513.59		3,513.59
Deferred tax credit	(452.25)	(47.84)	(500.09)
Total tax expense	**3,061.34**	**(47.84)**	**3,013.50**
Profit for the year	**1,871.88**	**210.01**	**2,081.89**
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans	-	(121.02)	(121.02)
Income tax effect	-	41.89	41.89
Other comprehensive income for the year, net of tax	**-**	**(79.13)**	**(79.13)**
Total comprehensive income for the year	**1,871.88**	**131.88**	**2,002.76**

*The previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

**Revenue from operations, employee benefits expense and other expenses includes ₹ 639.16 lakhs which have been reinstated and presented on gross basis.

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

63 Explanation of transition to Ind AS: (Continued)

(iv) Reconciliation of total equity as on March 31, 2016 and April 01, 2015:

(₹ in lakhs)

Particulars	Note	As at March 31, 2016	As at April 01, 2015
Equity under Previous GAAP		88,709.74	76,907.28
Summary of Ind AS adjustments			
a) Impact due to goodwill reversal on acquisition of NCI related control	9	(1,598.18)	-
b) Impact due to fair valuation of security deposits, net of tax	3	(119.89)	(109.87)
c) Income on recognition of government grant	4	1,256.28	880.57
d) Impact on property, plant and equipment including depreciation due to recognition of government grant	4	(380.79)	(218.17)
e) Employee benefits expenses (share based payments and actuarial loss), net of tax	2	5.16	-
f) Impact due to expected credit loss provision on trade receivables	1	(58.27)	54.96
g) Impact due to rent straight lining and others	5	(136.69)	(131.64)
h) Deferred tax on cost indexation of land	7	152.11	106.07
i) Impact of ESOP Trust consolidation	10	(204.00)	-
Total Ind AS adjustments		**(1,084.27)**	**581.92**
Equity under Ind AS		**87,625.47**	**77,489.21**

(iv) The net profit reconciliation for the year ended March 31, 2016 are presented below:

(₹ in lakhs)

Particulars	Note	As at March 31, 2016
Profit after tax (PAT) as per Previous GAAP		1,912.72
Summary of Ind AS adjustments		
Impact of expected credit loss provision on trade receivables	1	(148.27)
Employee benefits expenses (share based payments and actuarial loss)	2	115.85
Impact due to fair valuation of security deposits	3	(16.89)
Income on recognition of government grant	4	375.71
Increase in depreciation due to recognition of government grant	4	(162.62)
Others	5	(1.68)
Tax impact on the above adjustments	6	1.82
Tax impact due to the cost indexation of the land	7	46.03
Profit attributable to non-controlling interests	8	(40.78)
Total Ind AS adjustments		**169.17**
PAT as per Ind AS		**2,081.89**
Other comprehensive income:		
Actuarial loss on defined benefit obligation - Gratuity, net of tax	2	(79.13)
Total comprehensive income		**2,002.76**

NOTES to the consolidated financial statements for the year ended March 31, 2017 (Continued)

63 Explanation of transition to Ind AS: (Continued)

(v) Notes to the reconciliation:

1 This represents impact of impairment of trade receivables based on the life time expected credit loss as required under Ind AS.

2 This represents accounting of shared based payments based on fair valuation and reclassification of actuarial loss on defined benefit obligations (gratuity) to other comprehensive income.

3 This represents impact on account of fair valuation of non-current deposits as per the Ind AS requirement.

4 This represents amortisation of grant recognised as deferred income at fair value and depreciation on fixed assets (excluding land) recognised at fair value.

5 This represents straight lining of minimum commitment of lease payment under Ind AS.

6 This represents tax impact of Ind AS adjustments.

7 This represents deferred tax asset on cost indexation of freehold land.

8 This represents share of non-controlling interests being presented in the consolidated profit and loss account, separately from the profit attributable to the owners of the Company.

9 This represents reclassification of goodwill to other equity, recognised on additional stake purchase in existing subsidiary as required under Ind AS.

10 This represents consolidation of ESOP trust as per the Ind AS requirement

The accompanying notes are an integral part of these consolidated financial statements

As per our report of even date attached
for **B S R & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

Amit Somani
Partner
Membership number: 060154
Place: Bengaluru
Date: May 29, 2017

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

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Kesavan Venugopalan
Chief Financial Officer
Place: Bengaluru
Date: May 29, 2017

Sridhar S
Company Secretary
Place: Bengaluru
Date: May 29, 2017

NOTES

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