

B S R & Co. LLP

Chartered Accountants

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Review report to

The Board of Directors of Narayana Hrudayalaya Limited

We have reviewed the accompanying statement of unaudited standalone financial results ('Statement') of Narayana Hrudayalaya Limited ('the Company'), for the quarter and the nine months ended 31 December 2016 attached herewith, being submitted by the Company pursuant to the requirements of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'). The unaudited standalone financial results for the corresponding quarter and nine months ended 31 December 2015 are based on the previously issued unaudited standalone financial results that were reviewed by us (vide our unmodified limited review report dated 8 February 2016) as adjusted for differences in the accounting principles adopted by the Company on transition to Indian Accounting Standards ('Ind AS'), which have also been reviewed by us. These adjustments reconcile the net profit for the corresponding quarter and nine months ended 31 December 2015 under the previously applicable Generally Accepted Accounting Principles with the total comprehensive income as reported in these financial results under Ind AS.

This Statement is the responsibility of the Company's Management and has been approved by the Board of Directors. Our responsibility is to issue a report on this Statement based on our review.

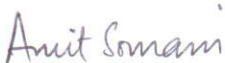
We conducted our review in accordance with the Standard on Review Engagement (SRE) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Institute of Chartered Accountants of India. This standard requires that we plan and perform the review to obtain moderate assurance as to whether the financial results are free of material misstatement. A review is limited primarily to inquiries of company personnel and analytical procedures applied to financial data and thus provides less assurance than an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

Based on our review conducted as above, nothing has come to our attention that causes us to believe that the accompanying Statement prepared in accordance with applicable accounting standards i.e. Ind AS prescribed under Section 133 of the Companies Act, 2013 read with relevant rules issued thereunder and other recognised accounting practices and policies has not disclosed the information required to be disclosed in terms of SEBI Regulations and SEBI Circular dated 5 July 2016 including the manner in which it is to be disclosed, or that it contains any material misstatement.

for **B S R & Co. LLP**

Chartered Accountants

Firm's registration number: 101248W/W-100022



Amit Somani

Partner

Membership Number: 060154

Place: Bengaluru

Date: 31 January 2017

Narayana Hrudayalaya Limited

Registered office : No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru 562 158, Karnataka, India
Corporate office : 2nd Floor, No. 261/A, Bommasandra Industrial Area, Hosur Road, Bengaluru 562 158, Karnataka, India
CIN : L85110KA2000PLC027497, Website : www.narayanahealth.org, Email: investorrelations@nhhospitals.org

STATEMENT OF UNAUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND NINE MONTHS ENDED 31 DECEMBER 2016

Sl. No.	Particulars	Quarter ended			Nine months ended		Previous year ended
		31-Dec-16	30-Sep-16	31-Dec-15	31-Dec-16	31-Dec-15	31-Mar-16
		(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Unaudited)	(Audited)
1.	Income from operations						
	(a) Net sales/ Income from operations	39,299.36	42,229.40	35,805.48	121,172.87	107,468.58	145,693.58
	(b) Other operating income	381.09	363.97	281.03	1,145.36	891.08	1,309.00
	Total income from operations (net)	39,680.45	42,593.37	36,086.51	122,318.23	108,359.66	147,002.58
2.	Expenses						
	(a) Purchases of medical consumables, drugs and surgical equipments	9,406.77	10,468.39	8,620.97	29,630.62	26,150.87	35,039.33
	(b) Changes in inventories of medical consumables, drugs and surgical equipments	(31.23)	(347.64)	7.24	(473.26)	(31.33)	435.12
	(c) Employee benefits expenses	8,353.25	8,429.12	7,945.73	24,881.75	22,709.24	30,633.10
	(d) Professional fees to doctors	8,035.86	8,201.34	7,067.33	24,105.61	20,950.37	28,411.30
	(e) Other expenses	9,048.09	10,027.37	8,420.31	28,462.21	26,327.86	35,465.40
	Total expenses	34,812.74	36,778.58	32,061.58	106,606.93	96,107.01	129,984.25
3.	Earnings before other income, depreciation and amortisation, finance costs and exceptional items (1-2)	4,867.71	5,814.79	4,024.93	15,711.30	12,252.65	17,018.33
4.	Other income	419.81	462.06	288.96	1,188.25	983.45	1,371.03
5.	Earnings before depreciation and amortisation, finance costs and exceptional items (3 +4) (EBITDA) (refer note 6)	5,287.52	6,276.85	4,313.89	16,899.55	13,236.10	18,389.36
6.	Depreciation and amortisation expense	1,709.87	1,677.99	1,662.54	4,990.03	4,882.18	6,675.11
7.	Earnings from ordinary activities before finance costs and exceptional items (5 -6)	3,577.65	4,598.86	2,651.35	11,909.52	8,353.92	11,714.25
8.	Finance costs	237.11	273.44	312.89	799.29	1,607.75	1,982.85
9.	Earnings from ordinary activities after finance costs but before exceptional items (7-8)	3,340.54	4,325.42	2,338.46	11,110.23	6,746.17	9,731.40
10.	Exceptional items (refer note 3)	319.08	-	124.73	319.08	124.73	1,084.59
11.	Earnings from ordinary activities before tax (9-10)	3,021.46	4,325.42	2,213.73	10,791.15	6,621.44	8,646.81
12.	Tax expenses	1,088.70	1,457.04	933.70	3,724.90	2,214.81	2,978.47
13.	Net profit from ordinary activities after tax (11-12)	1,932.76	2,868.38	1,280.03	7,066.25	4,406.63	5,668.34
14.	Extraordinary items	-	-	-	-	-	-
15.	Net profit for the period/year (13-14) (refer note 2a)	1,932.76	2,868.38	1,280.03	7,066.25	4,406.63	5,668.34
16.	Other comprehensive income	(12.11)	(10.77)	1.20	57.67	23.62	(57.14)
17.	Total comprehensive income, net of tax (15+16) (refer note 2a)	1,920.65	2,857.61	1,281.23	7,123.92	4,430.25	5,611.20
18.	Paid-up equity share capital (Face value of ₹ 10 each)	20,436.08	20,436.08	20,436.08	20,436.08	20,436.08	20,436.08
19.	Reserve excluding revaluation reserves i.e. 'Other Equity' as per balance sheet of previous accounting year (refer note 2b)	-	-	-	-	-	75,271.64
20.	i. Earnings per share (before extraordinary items) (of ₹ 10 each) (not annualised):						
	(a) Basic	0.95	1.42	0.64	3.49	2.21	2.84
	(b) Diluted (refer note 5)	0.95	1.41	0.64	3.48	2.21	2.84
	ii. Earnings per share (after extraordinary items) (of ₹ 10 each) (not annualised):						
	(a) Basic	0.95	1.42	0.64	3.49	2.21	2.84
	(b) Diluted (refer note 5)	0.95	1.41	0.64	3.48	2.21	2.84
	See accompanying notes to the financial results						

Notes :

1 The Statement of unaudited standalone financial results ('the Statement') of Narayana Hrudayalaya Limited ('the Company') for the quarter and nine months ended 31 December 2016 has been reviewed by the Audit, Risk and Compliance Committee and approved by the Board of Directors on 31 January 2017.

The Statement has been subjected to limited review by the Statutory Auditors of the Company. The report of the Statutory Auditors is unqualified.

- 2 These financial results have been prepared in accordance with Indian Accounting Standards ('Ind AS') prescribed under section 133 of the Companies Act, 2013 read with the relevant rules thereunder and in terms of SEBI Regulations and SEBI Circular dated 5 July 2016. The Company has not opted to avail the relaxation provided by Securities and Exchange Board of India ('SEBI') in respect of disclosure requirements for corresponding figures of earlier periods. Accordingly, the figures for the year ended 31 March 2016 have been presented after incorporating the applicable Ind AS adjustments in addition to the figures for the quarter and nine months ended 31 December 2015.
- (a) The Company has prepared a reconciliation of the net profit for the corresponding periods under the previously applicable Generally Accepted Accounting Principles ('Previous GAAP') with the total comprehensive income as reported in these financial results under Ind AS. The net profit reconciliation for the quarter and nine months ended 31 December 2015 and year ended 31 March 2016 are presented below:

(₹ in lacs)			
Particulars	Quarter ended 31-Dec-15	Nine months ended 31-Dec-15	Year ended 31-Mar-16
Profit after tax (PAT) as per previous GAAP	1,174.96	4,536.68	5,677.72
Impact due to expected credit loss provision on trade receivables	159.29	(165.71)	(101.25)
Employee benefits expense (share based payments and actuarial loss)	(4.38)	(38.67)	82.27
Impact due to fair valuation of security deposits	(16.36)	(48.59)	(64.78)
Income on recognition of Government Grant	40.66	121.97	162.62
Increase in depreciation due to recognition of Government Grant	(40.66)	(121.97)	(162.62)
Others	6.27	(0.40)	(1.69)
Tax impact due to the above adjustments	(51.26)	88.79	30.03
Tax impact due to the cost indexation of the land	11.51	34.53	46.04
PAT as per Ind AS	1,280.03	4,406.63	5,668.34
Other comprehensive income:			
Actuarial loss on defined benefit obligations - Gratuity, net of tax	1.20	23.62	(57.14)
Total comprehensive income	1,281.23	4,430.25	5,611.20

- (b) The Company has also prepared an equity reconciliation between the equity for the comparative period under previous GAAP and the equity as reported in the statement of assets and liabilities under Ind AS. The equity reconciliation as on 31 March 2016 is presented below:

(₹ in lacs)	
Equity reconciliation	As at 31-Mar-16
Total equity under previous GAAP	96,060.55
Adjustments on account of Ind AS:	
a) Impact due to expected credit loss provision on trade receivables, net of tax	(18.76)
b) Employee benefits expense (share based payments and actuarial loss), net of tax	5.10
c) Impact due to fair valuation of security deposits, net of tax	(151.63)
d) Income on recognition of government grant	380.79
e) Impact on property, plant and equipment including depreciation due to recognition of government grant	(380.79)
f) Impact due to rent straight lining and others	(135.65)
g) Impact of ESOP Trust consolidation	(204.00)
h) Deferred tax on cost indexation of land	152.11
Total adjustments	(352.83)
Total Equity as per Ind AS (paid up equity share capital + other equity)	95,707.72

3. a) Exceptional items for the year ended 31 March 2016 represents :
- i) Loss on slump sale of Hyderabad unit aggregating ₹ 959.86 lacs which has been sold as per an agreement to sell entered into by the Company on 5 April 2016.
- ii) Additional provision for bonus aggregating ₹ 124.73 lacs for the period from 1 April 2014 to 31 March 2015 pursuant to the retrospective application of 'The Payment of Bonus (Amendment) Act, 2015' effective 1 April 2014.
- b) Exceptional item for quarter and nine months ended 31 December 2015 represents the provision of ₹ 124.73 lacs towards retrospective bonus as explained above.
- c) Exceptional item for the quarter and nine months ended 31 December 2016 represents the loss of ₹ 319.08 lacs on sale its investment in wholly owned subsidiary "Asia Healthcare Development Limited" through a sale agreement dated 10 November 2016.
- 4 The Company's reportable segment is 'Medical and Healthcare Services'. Since the Company has a single reportable segment, disclosures pertaining to segments as per Regulation 33(1)(e) read with clause (L) of Part A of Schedule IV of the SEBI Regulations is not applicable.
- 5 Basic and diluted earnings per share for the nine months ended 31 December 2015 and year ended 31 March 2016 are considered same since the potential equity shares (Optionally Convertible Debentures) are anti-dilutive in nature.
- 6 As permitted by Schedule III of the Companies Act, 2013, the Company has elected to present earnings before interest, tax, depreciation and amortisation (EBITDA) as a separate line item on the face of the statement of profit and loss in the financial statements. The same classification is also followed while presenting the Statement pursuant to the requirement of the SEBI Regulations. The Company has included other income and excluded depreciation and amortisation expense, finance costs, exceptional items, extraordinary items and tax expense for the EBITDA presentation.

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

Ashutosh

Dr. Ashutosh Raghuvanshi
Managing Director

Place: Bengaluru
Date : 31 January 2017

