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Review report to

The Board of Directors of Narayana Hrudayalaya Limited

We have reviewed the accompanying statement of unaudited consolidated financial results ('Statement') of Narayana Hrudayalaya Limited ('the Company'), its subsidiaries and associates listed in Annexure I (collectively referred to as 'the Group'), for the quarter and 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 consolidated financial results for the corresponding quarter and nine months ended 31 December 2015 are based on the previously issued unaudited consolidated 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 Group 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.

We did not review the financial results of four subsidiaries and three associates included in the Statement of the Group. The subsidiaries account for INR 33 lacs and INR 141 lacs of net loss and INR 65 lacs and INR 492 lacs of aggregate of total income from operations (net) and other income for the quarter and nine months ended 31 December 2016 respectively. The Statement also includes the Group's share of net loss of INR 100 lacs and INR 546 lacs for the quarter and nine months ended 31 December 2016 in respect of two associates. The financial results of these subsidiaries and associates have been reviewed by the other auditors whose reports have been furnished to us by the Company's Management. Our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, is based solely on the reports of the other auditors.

The Statement additionally includes the Group's share of net loss of INR 67 lacs for the quarter and nine months ended 31 December 2016 in respect of an associate. The financial results of this associate have not been reviewed and is based on the financial results provided by the Management of the Company. Our report on the Statement, in so far as it relates to the amounts and disclosures included in respect of this associate is based solely on the financial results provided by the Management of Company.



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Narayana Hrudayalaya Limited

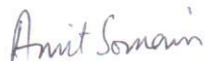
Review report (continued)

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 recognized 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

B S R & Co. LLP

Narayana Hrudayalaya Limited

Annexure I to the Review report

S. No	Entity	Subsidiary/ Associate	Country of incorporation
1	Narayana Hrudayalaya Surgical Hospital Private Limited	Subsidiary	India
2	Meridian Medical Research & Hospital Limited	Subsidiary	India
3	Narayana Health Institutions Private Limited	Subsidiary	India
4	Narayana Hospitals Private Limited	Subsidiary	India
5	Narayana Institute for Advanced Research Private Limited	Subsidiary	India
6	Narayana Vaishno Devi Specialty Hospitals Private Limited	Subsidiary	India
7	Asia Healthcare Development Limited (Upto 10 November 2016)	Subsidiary	India
8	Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.	Subsidiary	Malaysia
9	Narayana Cayman Holdings Ltd.	Subsidiary	Cayman Islands
10	Narayana Holdings Private Limited	Subsidiary	Mauritius
11	ISO Healthcare Group	Associate	Mauritius
12	Health City Cayman Islands Ltd.	Associate	Cayman Islands
13	Cura Technologies Inc.	Associate	United States of America



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

Sl. No.	Particulars	(₹ in lacs, except per share data)					
		Quarter ended			Nine months ended		Previous year ended
		31-Dec-16 (Unaudited)	30-Sep-16 (Unaudited)	31-Dec-15 (Unaudited)	31-Dec-16 (Unaudited)	31-Dec-15 (Unaudited)	31-Mar-16 (Audited)
1.	Income from operations						
	(a) Net Sales/ Income from operations	44,773.76	47,944.01	39,655.68	136,949.31	117,656.61	159,955.55
	(b) Other operating income	753.19	797.40	313.54	2,514.49	968.87	1,429.02
	Total income from operations (net)	45,526.95	48,741.41	39,969.22	139,463.80	118,625.48	161,384.57
2.	Expenses						
	(a) Purchase of medical consumables, drugs and surgical equipments	10,543.59	12,054.23	9,543.98	33,496.08	28,760.81	38,563.01
	(b) Changes in inventories of medical consumables, drugs and surgical equipments	139.86	(654.79)	(75.05)	(747.13)	(304.29)	147.71
	(c) Employee benefits expenses	9,525.31	9,607.59	8,631.91	28,280.48	24,715.53	33,383.63
	(d) Professional fees to doctors	9,497.02	9,685.75	8,083.74	28,390.24	23,616.10	32,090.21
	(e) Other expenses	10,564.36	11,713.93	9,464.77	33,171.82	29,299.42	39,741.77
	Total expenses	40,270.14	42,406.71	35,649.35	122,591.49	106,087.57	143,926.33
3.	Earnings before other income, depreciation and amortisation, finance costs and exceptional items (1-2)	5,256.81	6,334.70	4,319.87	16,872.31	12,537.91	17,458.24
4.	Other income	389.11	475.40	309.88	1,175.47	1,051.98	1,468.90
5.	Earnings before depreciation and amortisation, finance costs and exceptional items (3 +4) (EBITDA) (refer note 6)	5,645.92	6,810.10	4,629.75	18,047.78	13,589.89	18,927.14
6.	Depreciation and amortisation expense	2,003.65	1,970.35	1,908.12	5,869.32	5,492.00	7,611.56
7.	Earnings from ordinary activities before finance costs and exceptional items (5-6)	3,642.27	4,839.75	2,721.63	12,178.46	8,097.89	11,315.58
8.	Finance costs	548.89	527.37	586.97	1,623.59	2,300.88	2,944.07
9.	Earnings from ordinary activities after finance costs but before exceptional items (7-8)	3,093.38	4,312.38	2,134.66	10,554.87	5,797.01	8,371.51
10.	Exceptional items (refer note 3)	134.03	-	141.29	134.03	141.29	1,101.15
11.	Earnings from ordinary activities before tax (9-10)	2,959.35	4,312.38	1,993.37	10,420.84	5,655.72	7,270.36
12.	Tax expenses	1,092.79	1,459.69	896.16	3,735.78	2,245.62	3,013.50
13.	Net profit from ordinary activities after tax (11-12)	1,866.56	2,852.69	1,097.21	6,685.06	3,410.10	4,256.86
14.	Extraordinary items	-	-	-	-	-	-
15.	Net profit for the period / year (13-14)	1,866.56	2,852.69	1,097.21	6,685.06	3,410.10	4,256.86
16.	Share of loss of associates	167.20	204.16	514.79	612.91	1,828.24	2,174.97
17.	Minority interest	2.59	3.01	(3.27)	6.51	37.94	40.78
18.	Net Profit after taxes, share of loss of associates and minority interest (15-16+17) (refer note 2a)	1,701.95	2,651.54	579.15	6,078.66	1,619.80	2,122.67
19.	Other comprehensive income	(31.78)	(39.49)	(10.86)	19.74	13.86	(79.13)
20.	Total comprehensive income, net of tax (18+19) (refer note 2a)	1,670.17	2,612.05	568.29	6,098.40	1,633.66	2,043.54
21.	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
22.	Reserves excluding revaluation reserves i.e. 'Other Equity' as per balance sheet of previous accounting year	-	-	-	-	-	67,162.10
23.	i. Earnings per share (before extraordinary items) (of ₹ 10 each) (not annualised):						
	(a) Basic	0.84	1.31	0.29	3.00	0.81	1.06
	(b) Diluted (refer note 5)	0.84	1.31	0.29	3.00	0.81	1.06
	ii. Earnings per share (after extraordinary items) (of ₹ 10 each) (not annualised):						
	(a) Basic	0.84	1.31	0.29	3.00	0.81	1.06
	(b) Diluted (refer note 5)	0.84	1.31	0.29	3.00	0.81	1.06
	See accompanying notes to the financial results						

Notes :

- 1 The Statement of unaudited consolidated financial results ('the Statement') of Narayana Hrudayalaya Limited ('the Company'), its subsidiaries and associates (collectively referred to as 'the Group') 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 Regulation 33 of the 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 requirement for the 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 figure for the quarter and nine months ended 31 December 2015.

(a) The Group 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	Previous year ended 31-Mar-16
Profit after tax (PAT) as per previous GAAP	371.13	1,592.57	1,912.72
Impact of expected credit loss provision on trade receivables	155.55	(201.85)	(148.27)
Employee benefits expenses (share based payments and actuarial loss)	12.81	(23.77)	115.85
Impact due to fair valuation of security deposits	(4.20)	(12.49)	(16.89)
Income on recognition of government grant	93.93	281.79	375.71
Increase in depreciation due to recognition of government grant	(40.65)	(121.95)	(162.62)
Others	6.28	(0.41)	(1.68)
Tax impact on the above adjustments	(27.21)	71.38	1.82
Tax impact due to the cost indexation of the land	11.51	34.53	46.03
PAT as per Ind AS	579.15	1,619.80	2,122.67
<i>Other comprehensive income (OCI)</i>			
Actuarial loss on defined benefit obligation - Gratuity, net of tax	(10.86)	13.86	(79.13)
Total comprehensive income	568.29	1,633.66	2,043.54

- (b) The Group 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 (including Minority Interest)	88,709.74
Adjustments on account of Ind AS:	
a) Impact due to goodwill reversal on acquisition of NCI related control	(1,598.18)
b) Impact due to fair valuation of security deposits, net of tax	(119.89)
c) Income on recognition of government grant	1,256.28
d) Impact on property, plant and equipment including depreciation due to recognition of government grant	(380.79)
e) Employee benefits expenses (share based payments and actuarial loss), net of tax	5.16
f) Impact due to expected credit loss provision on trade receivables	(58.27)
g) Impact due to rent straight lining and others	(136.69)
h) Deferred tax on cost indexation of land	152.11
i) Impact of ESOP Trust consolidation	(204.00)
Total adjustments	(1,084.27)
Total Equity as per Ind AS (including Minority Interest)	87,625.47

- 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 ₹ 141.29 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 ₹ 141.29 lacs towards retrospective bonus as explained above.
- c) Exceptional item for the quarter and nine months ended 31 December 2016 represents a loss of ₹ 134.03 lacs on sale of investment in a wholly owned subsidiary "Asia Healthcare Development Limited" through a sale agreement dated 10 November 2016.
- 4 The Group's reportable segment is 'Medical and Healthcare Services'. Since the Group 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 debenture) are anti-dilutive in nature.
- 6 As permitted by Schedule III of the Companies Act, 2013, the Group 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 consolidated financial statements. The same classification is also followed while presenting the Statement pursuant to the requirement of the SEBI Regulations. The Group has included other income and excluded depreciation and amortisation expense, finance costs, exceptional items, tax expenses, extraordinary items, share of loss of associates, minority interest for the EBITDA presentation.

Place: Bengaluru
Date: 31 January 2017

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


Dr. Ashutosh Raghuvanshi
Managing Director

