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Independent Auditor's Report on quarterly standalone financial results and annual standalone financial results of Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited) pursuant to the Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To

Board of Directors of Narayana Hrudayalaya Limited
(formerly known as Narayana Hrudayalaya Private Limited)

We have audited the accompanying annual standalone financial results ('the Statement') of Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited) ('the Company') for the year ended 31 March 2016 attached herewith, being submitted by the Company pursuant to the requirement of Regulation 33 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations'). We draw attention to note 2 of the Statement, which states that the Company got listed in the month of January 2016 and that the Statement was drawn up in accordance with the SEBI Regulations for the first time for the quarter and nine months ended 31 December 2015. Therefore the figures for the quarter ended 31 March 2015 were neither subjected to limited review nor subjected to audit and are as prepared by the Management. Further, attention is drawn to the fact that the figures for the quarter ended 31 March 2016 as reported in the Statement are the balancing figures between audited figures in respect of the full financial year and the published unaudited year to date figures up to the end of the third quarter of the financial year. The figures upto the end of the third quarter ended 31 December 2015 had only been reviewed and not subjected to audit.

The Statement has been prepared on the basis of the annual standalone financial statements of the current year and reviewed quarterly standalone financial results upto the end of the third quarter, which are the responsibility of the Company's Management and have been approved by the Board of Directors. Our responsibility is to express an opinion on these annual standalone financial results based on our audit of the annual standalone financial statements, which have been prepared in accordance with the recognition and measurement principles laid down in the Accounting Standards specified under Section 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014 issued thereunder and other accounting principles generally accepted in India and in compliance with Regulation 33 of the SEBI Regulations, 2015.

We conducted our audit in accordance with the Standards on Auditing generally accepted in India. Those Standards require that we plan and perform the audit to obtain reasonable assurance about whether the annual standalone financial results are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts disclosed as financial results. An audit also includes assessing the accounting principles used and significant estimates made by Management. We believe that our audit provides a reasonable basis for our opinion.



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In our opinion and to the best of our information and according to the explanations given to us, these annual standalone financial results:

- (i) are presented in accordance with the requirements of Regulation 33 of the SEBI Regulations in this regard; and
- (ii) give a true and fair view of the net profit and other financial information for the year ended 31 March 2016.

for B S R & Co. LLP

Chartered Accountants

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

Amit Somani

Amit Somani

Partner

Membership number: 60154

Place: Bengaluru

Date: 30 May 2016

Narayana Hrudayalaya Limited
(formerly known as Narayana Hrudayalaya Private 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 : LU85110KA2000PLC027497, Website : www.narayanahealth.org, Email:investorrelations@nhhospitals.org

STATEMENT OF AUDITED STANDALONE FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED 31 MARCH 2016

(₹ in lacs, except per share data)					
Particulars	Quarter ended			Year ended	
	31-Mar-16	31-Dec-15	31-Mar-15	31-Mar-16	31-Mar-15
	(Audited) (refer note 2)	(Unaudited) (refer note 2)	(Unaudited) (refer note 2)	(Audited)	(Audited)
1. Income from operations					
(a) Income from operations	38,224.99	35,805.48	33,539.78	145,693.57	130,264.68
(b) Other operating income	258.32	121.60	220.44	669.84	491.76
Total income from operations (net)	38,483.31	35,927.08	33,760.22	146,363.41	130,756.44
2. Expenses					
(a) Purchase of medical consumables, drugs and surgical equipments	8,888.46	8,620.97	7,968.70	35,039.33	32,863.58
(b) Changes in inventories of medical consumables, drugs and surgical equipments	466.45	7.24	224.16	435.12	(87.58)
(c) Employee benefits expense (refer note 4)	8,044.62	7,940.97	6,924.68	30,714.36	26,406.35
(d) Professional fees to doctors	7,460.93	7,067.33	6,598.86	28,411.30	25,002.50
(e) Other expenses (refer note 5)	8,967.08	8,352.02	8,532.95	34,427.43	34,351.23
Total expenses	33,827.54	31,988.53	30,249.35	129,027.54	118,536.08
3. Earnings before other income, depreciation and amortisation, finance costs and exceptional items (1-2)	4,655.77	3,938.55	3,510.87	17,335.87	12,220.36
4. Other income	294.16	195.15	504.71	997.37	1,005.33
5. Earnings before depreciation and amortisation, finance costs and exceptional items (3 + 4) (EBITDA) (refer note 11)	4,949.93	4,133.70	4,015.58	18,333.24	13,225.69
6. Depreciation and amortisation expense	1,757.52	1,627.18	1,669.34	6,533.55	6,362.13
7. Earnings from ordinary activities before finance costs and exceptional items (5 - 6)	3,192.41	2,506.52	2,346.24	11,799.69	6,863.56
8. Finance costs	375.10	312.89	722.48	1,982.85	3,470.73
9. Earnings from ordinary activities after finance costs but before exceptional items (7-8)	2,817.31	2,193.63	1,623.76	9,816.84	3,392.83
10. Exceptional items (refer note 6)	959.86	124.73	-	1,084.59	-
11. Earnings from ordinary activities before tax (9-10)	1,857.45	2,068.90	1,623.76	8,732.25	3,392.83
12. Tax expense	716.41	893.94	470.99	3,054.53	1,292.62
13. Net profit from ordinary activities after tax (11-12)	1,141.04	1,174.96	1,152.77	5,677.72	2,100.21
14. Extraordinary items	-	-	-	-	-
15. Net profit for the period/year (13-14)	1,141.04	1,174.96	1,152.77	5,677.72	2,100.21
16. Paid-up equity share capital (Face value of ₹ 10 each) (refer note 8)	20,436.08	20,436.08	20,000.00	20,436.08	20,000.00
17. Reserve excluding revaluation reserves as per balance sheet of previous accounting year	-	-	-	75,624.46	59,497.00
18. i. Earnings per share (before extraordinary items) (of ₹ 10 each) (not annualised):					
(a) Basic	0.56	0.58	0.58	2.82	1.10
(b) Diluted (refer note 9)	0.56	0.58	0.58	2.82	1.10
ii. Earnings per share (after extraordinary items) (of ₹ 10 each) (not annualised):					
(a) Basic	0.56	0.58	0.58	2.82	1.10
(b) Diluted (refer note 9)	0.56	0.58	0.58	2.82	1.10
See accompanying notes to the financial results					



Narayana Hrudayalaya Limited
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India CIN : L85110KA2000PLC027497, Website : www.narayanahealth.org, Email:investorrelations@nhhospitals.org

STATEMENT OF STANDALONE ASSETS AND LIABILITIES AS ON 31 MARCH 2106

		(₹ in lacs)	
S. No.	PARTICULARS	As at 31 March 2016 (Audited)	As at 31 March 2015 (Audited)
A.	EQUITY AND LIABILITIES		
1.	Shareholders' funds		
	(a) Share capital	20,436.08	20,000.00
	(b) Reserves and surplus	75,624.46	59,497.00
	Sub-total-Shareholders' funds	96,060.54	79,497.00
2.	Non-current liabilities		
	(a) Long-term borrowings	9,537.49	15,933.59
	(b) Deferred tax liabilities (net)	2,459.01	2,918.07
	(c) Other long-term liabilities	198.88	462.20
	(d) Long-term provisions	1,249.18	977.85
	Sub-total -Non-current liabilities	13,444.56	20,291.71
3.	Current liabilities		
	(a) Short-term borrowings	3,690.65	9,434.68
	(b) Trade payables	14,165.41	12,220.47
	(c) Other current liabilities	8,357.58	7,787.35
	(d) Short-term provisions	1,099.76	659.01
	Sub-total-Current liabilities	27,313.40	30,101.51
	TOTAL - EQUITY AND LIABILITIES	136,818.50	129,890.22
B.	ASSETS		
1.	Non-current assets		
	(a) Fixed assets	64,998.42	65,996.57
	(b) Non-current investments	33,358.85	24,082.08
	(c) Long-term loans and advances	12,398.59	14,651.46
	(d) Other non-current assets	19.47	87.60
	Sub-total-Non-current assets	110,775.33	104,817.71
2.	Current assets		
	(a) Inventories	4,391.17	4,826.29
	(b) Trade receivables	13,844.41	14,306.48
	(c) Cash and bank balances	1,819.42	2,337.05
	(d) Short-term loans and advances	3,167.64	2,412.51
	(e) Other current assets	2,820.53	1,190.18
	Sub-total-Current assets	26,043.17	25,072.51
	TOTAL- ASSETS	136,818.50	129,890.22



Notes :

- 1 The statement of audited standalone financial results ('the Statement') of Narayana Hrudayalaya Limited ('the Company') for the quarter and the year ended 31 March 2016 has been reviewed by the Audit, Risk and Compliance Committee and approved by the Board of Directors on 30 May 2016.

The Statement has been audited by the Statutory Auditors and they have issued an unmodified audit opinion on the same. The audit report of the Statutory Auditors is being filed with National Stock Exchange of India Limited (NSE) and BSE Limited (BSE) and is also available on the Company's website.

- 2 As the Company got listed on 6 January 2016, the Statement was drawn up in accordance with Regulation 33 of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Regulations') for the first time for the quarter and nine months ended 31 December 2015. The figures for the quarter and nine months ended 31 December 2015 were subjected to limited review by the Statutory Auditors. However, figures for the quarter ended 31 March 2015 are neither subjected to limited review nor subjected to audit and are as prepared by the Management.

The figures of the quarter ended 31 March 2016 are the balancing figures between audited figures in respect of the full financial year and the published unaudited year to date figures upto third quarter of the financial year. Also, the figures upto the end of the third quarter were only reviewed and not subject to audit.

- 3 During the current financial year, the Company completed the Initial Public Offer through an offer for sale, (hereinafter 'the Offer') of 24,523,297 equity shares of INR 10 each at a price of ₹ 250 by the selling shareholders, namely Dr. Devi Prasad Shetty, Mrs. Shakuntala Shetty, Ashoka Investment Holdings Limited, Ambadevi Mauritius Holdings Limited and JP Morgan Mauritius Holdings IV Limited. The equity shares of the Company got listed on the NSE and BSE on 6 January 2016.
- 4 The Company introduced the NH Employee Stock Option Plan 2015 ('the ESOP scheme') for the benefit of the employees of the Company, its subsidiaries and an associate which was approved by the Board of Directors in their meeting held on 12 September 2015. The ESOP scheme provides for the creation and issue of 2,040,000 options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company, subsidiaries and the associate. During the current financial year, 805,670 options were granted to the employees of the Company and accordingly, an expense of ₹ 330.96 lacs for the current financial year has been accounted as per the 'Guidance Note on Accounting for Employee Share-based Payments'.
- 5 As per the terms of the Offer, all the expenses in relation to the Offer (other than listing fees), (hereinafter 'the Offer expenses'), not exceeding the agreed threshold, shall be borne by the selling shareholders in proportion to the equity shares contributed to the Offer. Till September 2015, the Company recorded an expense of ₹ 435.85 lacs to the extent the Offer expenses exceeded the agreed threshold. Due to the increase in the size of the Offer by the selling shareholders, Offer expenses of ₹ 435.85 lacs were reversed in the quarter ended 31 December 2015.
- 6 Exceptional item for the quarter ended 31 March 2016 represents 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.

Exceptional item for the quarter ended 31 December 2015 represents 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.


- 7 The Company's sole business segment is 'Medical and Healthcare Services' and principal geographical segment is 'India'. The Company considers business segment as the primary segment and geographical segment based on location of customers as a secondary segment. Since the Company has a single business segment and a single geographical segment, disclosures pertaining to the primary and secondary segments as per Regulation 33(1)(e) read with clause (L) of Part A of Schedule IV of the SEBI Regulations is not applicable.
- 8 During the year ended 31 March 2015, the Company had issued 10,000,000 10.50% Optionally Convertible Debentures (OCD) aggregating ₹ 10,000 lacs to CDC India Opportunities Limited (CDC India). Pursuant to the Amendment Agreement dated 25 September 2015, between the Company and CDC India, the OCDs along with accrued coupon (net of tax) were converted into 4,360,804 equity shares of ₹ 10 each on 1 December 2015.
- 9 Basic and diluted earnings per share for the quarters ended 31 March 2015 and 31 December 2015 and years ended 31 March 2015 and 31 March 2016 are considered same since the potential equity shares (OCD) are anti-dilutive in nature.



- 10 The Company purchased 26% stake held by Infrastructure Development Corporation (Karnataka) Limited in Narayana Hrudayalaya Surgical Hospital Private Limited ('NHSPL') on 2 February 2016 for a consideration of ₹ 3,025.58 lacs. Accordingly, NHSPL has become a wholly owned subsidiary of the Company.
- 11 As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (which is considered 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 the audited standalone financial statements. The same classification is also followed while presenting the financial results pursuant to the requirement of the SEBI Regulations. The Company has included other income and excluded depreciation and amortization expense, finance cost, exceptional item and tax expense for the EBITDA presentation.

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Limited
(formerly known as Narayana Hrudayalaya Private Limited)

Place: Bengaluru
Date : 30 May 2016


Dr. Devi Prasad Shetty
Chairman

