

Independent Auditor's Report

To The Members of Narayana Hrudayalaya Surgical Hospital Private Limited

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

We have audited the accompanying Ind AS financial statements of Narayana Hrudayalaya Surgical Hospital Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 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 "Ind AS financial statements").

Management's Responsibility for the 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 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 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 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 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 Ind AS financial statements are free from material misstatement.

Narayana Hrudayalaya Surgical Hospital Private Limited

Independent Auditor's Report (continued)

Auditor's Responsibility (continued)

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 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 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 31 March 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 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 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 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

Narayana Hrudayalaya Surgical Hospital Private Limited

Independent Auditor's Report (continued)

Report on Other Legal and Regulatory Requirements (continued)

- (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 does not have any pending litigations which would impact its financial position;
 - 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 Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. However, as stated in Note 34 to the Ind AS financial statements amount aggregating to Rs. 0.76 lakhs as represented to us by the Management have been utilized for other than permitted transactions and received amount aggregating Rs. 6.41 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: 29 May 2017

Narayana Hrudayalaya Surgical Hospital Private Limited

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 Surgical Hospital Private Limited ("the Company") on the Ind AS financial statements for the year ended 31 March 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, 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 given 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 has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable to the Company.
- (iv) The Company has not made any loans and investments or given guarantee and security. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.
- (v) According to the information and explanation given to us, the Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.
- (vi) According to the information and explanation given to us, as per Companies (Cost records and Audit) rules, 2014, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act, for any of the services rendered by the Company.
- (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 31 March 2017 for a period of more than six months from the date they became payable.

Narayana Hrudayalaya Surgical Hospital Private Limited

Annexure - A to the Independent Auditor's Report (continued)

- (b) According to the information and explanations given to us, there are no dues of Income Tax, Value Added Tax, Service Tax and Duty of Customs which have not been deposited with the appropriate authorities on account of any dispute.
- (viii) In our opinion and according to the information and explanations give to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions and banks. The Company did not have dues to debenture holders and loans outstanding from Government during the year.
- (ix) In our opinion and according to the information and explanations given to us, the monies raised by the Company by way of term loan have been applied for the purposes for which they were raised. The Company did not raise money during the year 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 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 not paid/provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable.
- (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 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: 29 May 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 Surgical Hospital Private Limited ("the Company") as at 31 March 2017 in conjunction with our audit of the 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 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.

Narayana Hrudayalaya Surgical Hospital Private Limited

Annexure – B to the Independent Auditor's Report (continued)

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 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 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 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 31 March 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 BSR & Co. LLP

Chartered Accountants

Firm's Registration Number: 101248W/W-100022

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date: 29 May 2017

(` in lakhs)
As at
1 April 2015

	Note	As at 31 March 2017	As at 31 March 2016	
ASSETS				
Non-current assets				
Property, plant and equipment	4	4,860.85	4,823.48	3,346.90
Capital work-in-progress	4	-	-	1,126.79
Intangible assets	4	3.60	2.89	0.27
Financial assets				
Loans	5a	94.09	20.87	23.87
Other financial assets	6a	-	-	16.74
Income tax assets	7	174.30	117.90	67.19
Other non-current assets	8a	892.94	7.60	23.48
Total non-current assets		6,025.78	4,972.74	4,605.24
Current assets				
Inventories	9	267.81	219.40	149.17
Financial assets				
Trade receivables	10	1,037.02	517.52	293.17
Cash and cash equivalents	11a	72.09	20.02	63.99
Bank balances other than above	11b	32.55	32.55	5.95
Loans	5b	6.97	6.97	8.00
Other financial assets	6b	34.66	24.36	20.52
Other current assets	8b	64.29	37.11	6.29
Total current assets		1,515.39	857.93	547.09
TOTAL ASSETS		7,541.17	5,830.67	5,152.33
EQUITY AND LIABILITIES				
Equity				
Equity share capital	12	1,695.27	1,495.27	270.27
Other equity		(434.37)	(630.57)	(95.99)
Total equity		1,260.90	864.70	174.28
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	13a	3,552.50	3,607.38	1,953.62
Other financial liabilities	14a	-	28.04	-
Provisions	15a	29.60	17.55	10.74
Total non-current liabilities		3,582.10	3,652.97	1,964.36
Current liabilities				
Financial liabilities				
Borrowings	13b	1,502.79	272.88	358.94
Trade payables	16	948.40	732.82	562.97
Other financial liabilities	14b	151.97	230.14	2,038.24
Other current liabilities	17	60.57	47.56	39.62
Provisions	15b	34.44	29.60	13.92
Total current liabilities		2,698.17	1,313.00	3,013.69
TOTAL EQUITY AND LIABILITIES		7,541.17	5,830.67	5,152.33

Significant accounting policies 3

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

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

for and on behalf of the Board of Directors of

Narayana Hrudayalaya Surgical Hospital Private Limited

Amit Somani

Partner

Membership number: 060154

Dr. Devi Prasad Shetty

Chairman

DIN: 00252187

Dr. Ashutosh Raghuvanshi

Managing Director

DIN: 02775637

Place: Bengaluru

Date: 29 May 2017

Ravindra KS

Chief Financial Officer

Place: Bengaluru

Date: 29 May 2017

Narayana Hrudayalaya Surgical Hospital Private Limited
Statement of profit and loss for the year ended 31 March 2017

		(' in lakhs)	
	Note	For the year ended 31 March 2017	For the year ended 31 March 2016
INCOME			
Revenue from operations	18	6,444.18	4,550.56
Other income	19	13.93	5.72
Total income		6,458.11	4,556.28
EXPENSES			
Purchase of medical consumables, drugs and surgical equipments		1,496.34	1,174.22
Changes in inventory of medical consumables, drugs and surgical equipments	20	(48.41)	(70.23)
Employee benefits expense	21	1,150.67	907.61
Other expenses	22	2,925.26	2,355.38
Total expenses		5,523.86	4,366.98
Earnings before finance costs, depreciation and amortisation and tax		934.25	189.30
Finance costs	23	391.92	442.94
Depreciation and amortisation expense	24	345.33	279.92
Profit/(loss) before and tax		197.00	(533.56)
Tax expense		-	-
Profit/(loss) for the year		197.00	(533.56)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		0.80	1.02
Other comprehensive income for the year, net of income tax		0.80	1.02
Total comprehensive income for the year		196.20	(534.58)
Earning/(loss) per share			
Basic and diluted (INR)	32	1.30	(15.07)

Significant accounting policies

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

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

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date: 29 May 2017

for and on behalf of the Board of Directors of

Narayana Hrudayalaya Surgical Hospital Private Limited

Dr. Devi Prasad Shetty

Chairman

DIN: 00252187

Dr. Ashutosh Raghuvanshi

Managing Director

DIN: 02775637

Ravindra KS

Chief Financial Officer

Place: Bengaluru

Date: 29 May 2017

Narayana Hrudayalaya Surgical Hospital Private Limited
Cash flow statement for the year ended 31 March 2017

	For the year ended 31 March 2017	(` in lakhs) For the year ended 31 March 2016
Cash flow from operating activities		
Profit/(loss) before tax	197.00	-533.56
Adjustments :		
Depreciation and amortisation	345.33	279.92
Interest income	-2.48	-3.24
Finance costs	391.92	442.94
Operating cash flow before working capital changes	931.77	186.06
Changes in trade receivables	-519.50	-224.35
Changes in inventories	-48.41	-70.23
Changes in loans, other financial assets and other assets	-999.32	-28.10
Changes in trade payables and other financial liabilities	229.19	186.66
Changes in provision	16.09	21.47
Cash generated from operations	-390.18	71.51
Income taxes paid	-56.40	-50.72
Net cash (used in)/generated from operating activities (A)	-446.58	20.79
Cash flow from investing activities		
Acquisition of property, plant and equipment	-406.85	-638.51
Investment in bank deposit	-	-15.81
Repayment of bank deposit	-	5.95
Interest received	-0.30	0.72
Net cash (used in) investing activities (B)	-407.15	-647.65
Cash flow from financing activities		
Proceeds from long-term borrowings	3,500.00	1,700.00
Repayment of long-term borrowings	-3,601.13	-1,799.55
Proceeds from short term borrowings from related party	1,502.79	-
Proceeds from issue of equity shares	200.00	1,225.00
Interest and other borrowing costs	-422.98	-456.50
Net cash provided by financing activities (C)	1,178.68	668.95
Net increase in cash and cash equivalents (A+B+C)	324.95	42.09
Cash and cash equivalents at the beginning of the year (refer note 11)*	-252.86	-294.95
Cash and cash equivalents at the end of the year (refer note 11)*	72.09	-252.86

* 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 **BSR & Co. LLP**
Chartered Accountants
Firm's registration number : 101248W/W-100022

Amit Somani
Partner
Membership number: 060154

Place: Bengaluru
Date: 29 May 2017

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Ravindra KS
Chief Financial Officer

Place: Bengaluru
Date: 29 May 2017

Narayana Hrudayalaya Surgical Hospital Private Limited
Statement of changes in equity for the year ended 31 March 2017

(a) Equity share capital		(` in lakhs)
Particulars	No. of Shares	Amount
Equity shares of INR 10 each issued, subscribed and fully paid up		
Balance as at 1 April 2015	27,02,704	270.27
Changes in equity share capital during 2015-16 (refer note 12)	122,50,000	1,225.00
Balance as at 31 March 2016	149,52,704	1,495.27
Changes in equity share capital during 2016-17 (refer note 12)	20,00,000	200.00
Balance as at 31 March 2017	169,52,704	1,695.27

(b) Other equity

Particulars	Reserves and Surplus		Items of OCI	Total other equity
	Securities Premium Reserve	Retained earnings	Remeasurements of the net defined benefit Plans	
Balance as at 1 April 2015	1,926.72	-2,022.71	-	-95.99
Loss for the year	-	-533.56	-	-533.56
Other comprehensive income (OCI) (net of tax)	-	-	-1.02	-1.02
Total comprehensive income for the year	1,926.72	-2,556.27	-1.02	-630.57
Balance as at 31 March 2016	1,926.72	-2,556.27	-1.02	-630.57
Profit for the year	-	197.00	-	197.00
Other comprehensive income for the year	-	-	-0.80	-0.80
Total comprehensive income for the year	-	197.00	-0.80	196.20
Balance as at 31 March 2017	1,926.72	-2,359.27	-1.82	-434.37

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

The accompanying notes are an integral part of these financial statements.

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants

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

for and on behalf of the Board of Directors of

Narayana Hrudayalaya Surgical Hospital Private Limited

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date: 29 May 2017

Dr. Devi Prasad Shetty

Chairman

DIN: 00252187

Dr. Ashutosh Raghuvansi

Managing Director

DIN: 02775637

Ravindra KS

Chief Financial Officer

Place: Bengaluru

Date: 29 May 2017

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017

1. Company overview

Narayana Hrudayalaya Surgical Hospital Private Limited ('the Company') was incorporated on 11 October 2010 under the Companies Act, 1956. The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centers, nursing home in all discipline of medicine and without limitation to run and administer healthcare schemes.

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 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of the Act and other relevant provisions of the Act.

As these are the Company's 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 38.

The financial statements were authorised for issue by the Company's Board of Directors on 29 May 2017.

Details of the Company's accounting policies are included in Note 3.

2.2. Going concern

These financial statements have been prepared on a going concern basis notwithstanding the continuing losses. Narayana Hrudayalaya Limited (the holding company) continues to support the Company through equity infusion and acting as a corporate guarantor for long-term loans availed by the Company from the financial institutions and banks. The Company is considered as to operate as a going concern and meet its obligation as and when they fall due upto a period of one year from the balance sheet date i.e. 31 March 2018 based on the support letter from the holding Company.

2.3. Functional and presentation currency

These financial statements are presented in Indian Rupees (INR), 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.

2.4. Basis of measurement

The financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Defined benefit liability	Present value of defined benefit obligations

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

2.5. 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 27 - Leases and lease classification;

Note 25 - Contingencies; and

Note 37 - Financial instruments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2017 is included in the following notes:

Note 28- recognition of deferred tax assets;

Note 30 - measurement of defined benefit obligation; key actuarial assumptions;

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

Note 5,6, 10 and 11 and 37 - recognition of impairment of financial assets

2.6. 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 37 – financial instruments

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3. Significant accounting policies

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; or
- 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 or at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.1 Financial instruments (continued)

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.

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.1 Financial instruments (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 realisable 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. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit/(loss) 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.

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.5. 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.

‘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.

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.

3.6. 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. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.6. Property, Plant and Equipment (continued)

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

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.

3.7. Intangible assets

Intangible assets are stated at cost less accumulated amortization and impairment. Intangible assets are amortized over their respective estimated useful lives on a straight-line basis, from the date that they are available for use.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years

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.

3.8. 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 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 managed by third party administrators.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense on the net defined liability 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. 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.

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.9. Borrowing cost

Borrowing costs are interest and other 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.

3.10. 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.

3.11. Earnings/ (loss) per share

The basic earnings/(loss) per share is computed by dividing the net profit/(loss) attributable to equity shareholders for the period by the weighted average number of equity shares outstanding during the year.

The Company does not have potential dilutive equity shares outstanding during the year.

3.12. Income tax

The Income-tax expense comprises current tax and deferred tax. It is recognised in profit and loss except to the extent that it relates to an item recognised directly in equity or in other comprehensive income.

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.

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.13. 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 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.

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.13. Impairment (continued)

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 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 Company's procedures for recovery of amounts due.

b. Impairment of non-financial assets

The Company's non-financial assets and inventories 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.

3.14. 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.

Narayana Hrudayalaya Surgical Hospital Private Limited

Notes to the financial statements for the year ended 31 March 2017 (continued)

3.15. 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 equipments

Particulars	Gross block			Accumulated depreciation			Net block		
	As at 1 April 2016	Additions	Deletions	As at 31 Mar 2017	As at 1 April 2016	Depreciation/ amortisation	Deletions	As at 31 Mar 2017	As at 31 March 2016
(A) Tangible assets (owned)									
Building*	3,254.41	79.13	-	3,333.54	276.27	122.93	-	399.20	2,978.14
Electrical installation	309.40	9.60	-	319.00	35.27	33.54	-	250.19	274.13
Medical equipments	1,232.53	168.14	-	1,400.67	257.95	100.21	-	1,042.51	974.58
Office equipments	33.83	2.55	-	36.38	13.40	7.05	-	15.93	20.43
Other equipment including air conditioners	402.39	91.69	-	494.08	36.30	31.97	-	425.81	366.09
Furniture and fixtures	239.22	12.86	-	252.08	54.33	33.79	-	163.96	184.89
Computers	59.80	17.19	0.39	76.60	34.58	14.30	0.39	28.11	25.22
Total tangible assets (A)	5,531.58	381.16	0.39	5,912.35	708.10	343.79	0.39	4,860.85	4,823.48
(B) Intangible assets									
Computer software	4.23	2.25	-	6.48	1.34	1.54	-	3.60	2.89
Total intangible assets (B)	4.23	2.25	-	6.48	1.34	1.54	-	3.60	2.89
Grand total (A+B)	5,535.81	383.41	0.39	5,918.83	709.44	345.33	0.39	4,864.45	4,826.37

Notes on 4(ii) to be referred here

4 (ii) Property, plant and equipments (continued)

Particulars	Gross block				Accumulated depreciation		Net block	
	As at 1 April 2015	Additions	Deletions	As at 31 March 2016	As at 1 April 2015	Depreciation/ amortisation	As at 31 March 2016	As at 1 April 2015
(A) Tangible assets (owned)								
Building*	2,234.97	1,019.44	-	3,254.41	171.58	104.69	2,978.14	2,063.39
Electrical installation	83.14	226.26	-	309.40	13.44	21.83	274.13	69.70
Medical equipments	1,082.79	149.74	-	1,232.53	169.54	88.41	974.58	913.25
Office equipments	20.57	13.26	-	33.83	6.23	7.17	20.43	14.34
Other equipment including air conditioners	147.61	254.78	-	402.39	16.69	19.61	366.09	130.92
Furniture and fixtures	167.95	71.27	-	239.22	31.39	22.94	184.89	136.56
Computers	38.73	21.07	-	59.80	19.99	14.59	25.22	18.74
Total tangible assets (A)	3,775.76	1,755.82	-	5,531.58	428.86	279.24	4,823.48	3,346.90
(B) Capital work-in-progress	1,126.79	-	(1,126.79)	-	-	-	-	1,126.79
(C) Intangible assets								
Computer software	0.93	3.30	-	4.23	0.66	0.68	2.89	0.27
Total intangible assets (C)	0.93	3.30	-	4.23	0.66	0.68	2.89	0.27
Grand total (A+B+C)	4,903.48	1,759.12	(1,126.79)	5,535.81	429.52	279.92	4,836.37	4,473.96

* represents the cost of construction of building on the leasehold land at Mysore. The said land at Mysore has been leased to the Company for 30 years effective 1 April 2011 by the holding company, Narayana Hrudayalaya Limited

(i) As at 31 March 2017, properties with a carrying amount of INR 1,898.40 lakhs (31 March 2016: INR 1,820.12 lakhs, 1 April 2015: INR 1,264.76 lakhs) are subject to first charge to secure bank loans.

(ii) With respect to cost capitalised refer note 35.

(iii) The additions in property, plant and equipment includes capital work-in-progress deletion amount which are capitalized from capital work-in-progress during FY 2015-16.

	As at 31 March 2017	As at 31 March 2016	(₹ in lakhs) As at 1 April 2015
5 Loans			
<i>(Unsecured, considered good unless otherwise stated)</i>			
(a) Non-current			
<i>To parties other than related parties</i>			
Security deposits	94.09	20.87	23.87
	94.09	20.87	23.87
(b) Current			
<i>To parties other than related parties</i>			
Security deposits	6.97	6.97	8.00
	6.97	6.97	8.00
6 Other financial assets			
(a) Non-current			
<i>To parties other than related parties</i>			
Bank deposits (due to mature after 12 months from the reporting date)	-	-	16.74
	-	-	16.74
* The above deposits are restrictive as it pertains to bank overdraft			
<i>To parties other than related parties</i>			
Interest accrued on fixed deposits but not due	5.51	2.73	0.21
Unbilled revenue	29.15	21.63	20.31
	34.66	24.36	20.52
7 Income tax assets			
Tax deducted at source	174.30	117.90	67.19
	174.30	117.90	67.19
8 Other assets			
(a) Non-current			
<i>To parties other than related parties</i>			
Capital advances	1.54	7.60	23.48
Prepaid rent	891.40	-	-
	892.94	7.60	23.48
(b) Current			
<i>To parties other than related parties</i>			
Other assets			
Prepaid rent	37.11	-	-
Prepaid expenses	19.55	4.50	1.85
Value added tax receivable	-	0.37	-
Advance to vendors	7.63	32.24	4.44
	64.29	37.11	6.29
9 Inventories			
<i>(Valued at lower of cost and net realisable value)</i>			
Medical consumables, drugs and surgical equipments	272.99	224.00	156.80
Less: Provision for write-down to net realisable value	5.18	4.60	7.63
	267.81	219.40	149.17
The inventories are subject to first charge to secured bank borrowings			
10 Trade receivables			
Unsecured, considered good	1,037.02	517.52	293.17
Unsecured, considered doubtful	56.08	32.63	18.78
	1,093.10	550.15	311.95
Loss allowance			
Unsecured, considered doubtful	(56.08)	(32.63)	(18.78)
	(56.08)	(32.63)	(18.78)
Net trade receivables	1,037.02	517.52	293.17
The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 37.			
The trade receivables are subject to first charge to secured bank borrowings.			

	As at 31 March 2017	As at 31 March 2016	(₹ in lakhs) As at 1 April 2015
11 Cash and bank balances			
(a) Cash and cash equivalents			
Cash on hand	1.93	1.23	6.86
Balance with banks			
-On current accounts	70.16	18.79	57.13
	72.09	20.02	63.99

(b) Bank balances other than above

-On deposit accounts (due to mature within 12 months of the reporting date)*	32.55	32.55	5.95
	32.55	32.55	5.95

* The above deposits are restrictive as it pertains to bank overdraft

For the purpose of the statement of cash flows, cash and cash equivalent comprise the followings

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash on hand	1.93	1.23	6.86
Cheques, drafts on hand			
Balance with banks			
-On current accounts	70.16	18.79	57.13
	72.09	20.02	63.99
Less: Bank overdraft used for cash management purposes	-	272.88	358.94
Cash and cash equivalents in the statement of cash flows	72.09	(252.86)	(294.95)

12 Equity share capital

Authorised

20,000,000 equity shares (31 March 2016: 20,000,000; 1 April 2015: 5,000,000) of INR 10 each

2,000.00 2,000.00 500.00

Issued, subscribed and paid up

16,952,704 equity shares (31 March 2016: 14,952,704 equity shares,
1 April 2015: 2,702,704) of INR 10 each, fully paid up

1,695.27 1,495.27 270.27

1,695.27 1,495.27 270.27

Reconciliation of the equity shares outstanding at the beginning and at the end of the year:

Particulars	As at 31 March 2017	As at 31 March 2016
Shares outstanding at the beginning of the year	14,952,704	2,702,704
Shares issued during the year	2,000,000	12,250,000
Shares outstanding at the end of the year	16,952,704	14,952,704

Rights, preferences and restrictions attached to equity shares

The Company has a single class of equity shares referred to as equity shares having a nominal value of INR 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.

Shares held by Holding Company

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount	Number of shares	Amount
Equity shares of INR 10 each fully paid up held by				
-Narayana Hrudayalaya Limited	16,952,698	1,695.27	14,952,703	1,495.27

Particulars of shareholders holding more than 5% equity shares:

Particulars	As at 31 March 2017		As at 31 March 2016	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited	16,952,698	100%	14,952,703	100%

The Company has not bought back any shares during the period of five years immediately preceding the last balance sheet date.

The Company has not issued any bonus shares or shares for consideration other than cash during the period of five years immediately preceding the last balance sheet date.

	As at 31 March 2017	As at 31 March 2016	(₹ in lakhs) As at 1 April 2015
13 Borrowings			
(a) Non-current			
<i>To parties other than related parties</i>			
<i>Secured</i>			
Term loans			
From banks (refer note I (i))	3,552.50	3,500.00	1,800.00
From other (refer note II (i))	-	107.38	153.62
Total non-current borrowings	3,552.50	3,607.38	1,953.62
(b) Current			
<i>To parties other than related parties</i>			
<i>Secured</i>			
Bank overdrafts (refer note III (i))	-	272.88	358.94
Current portion of term loans	-	46.24	1,799.56
<i>To related parties (refer note :29(c))</i>			
<i>Unsecured</i>			
Loans repayable on demand (refer note III (ii))	1,502.79	-	-
Less: Amount included under "other financial liabilities"(current)(refer note 16) and note II (i) and I (ii)	-	46.24	1,799.56
Total current borrowings	1,502.79	272.88	358.94
I Term loans from banks :			
Sl.no	Details of repayment terms, interest and maturity	Nature of security	
(i)	Term loan from Yes Bank Limited: ₹ 3,552.50 lakhs (31 March 2016: ₹ 3,500.00 lakhs ; 1 April 2015: ₹ 1,800.00 lakhs) repayable in June 2018. Interest is charged at 9.73% p.a (PY linked to base rate plus 0.2% [Base rate as on 31 March 2016: 10.5% p.a. ; 1 April 2015: 10.75% p.a]).	The loan is secured by hypothecation of movable fixed assets and corporate guarantee of Narayana Hrudayalaya Limited.	
(ii)	Term loan from Canara Bank: ₹ Nil (31 March 2016: ₹ Nil ; 1 April 2015 : ₹ 1,764.31 lakhs) repaid in April 2015.	The loan was secured by the hypothecation of purchased equipment.	
II Term loans from others			
Sl.no	Details of repayment terms, interest and maturity	Nature of security	
(i)	Equipment loan from GE Capital Services India: ₹ Nil (31 March 2016: ₹ 153.62 lakhs ; 1 April 2015 : ₹ 188.87 lakhs) repaid in March 17 (31 March 2016: 11 installments, 1 April 2015: 15 installments) quarterly installments from reporting date along with interest charged at Nil (31 March 2016: 10.34% p.a. ; 1 April 2015: 10.34% p.a.).	The loan is secured by hypothecation of equipments as purchased and corporate guarantee of Narayana Hrudayalaya Limited.	
III Overdraft facilities, working capital loan and commercial papers from bank :			
(i)	Overdraft facility from Yes Bank Limited ₹ Nil (31 March 2016: ₹ 272.88 lakhs, 1 April 2015: ₹ 358.94 lakhs) carry interest rate of 0.25% above the base rate (base rate as on 31 March 2016 being 10.5% p.a.) (1 April 2015: 10.75% p.a), to be paid on monthly basis. It is secured by current assets (both present and future), subservient charge on movable fixed assets and corporate guarantee of Narayana Hrudayalaya Limited.		
(ii)	Loan from Narayana Hrudayalaya Limited: ₹ 1,502.79 lakhs at interest rate of 9% (31 March 2016 : Nil, 1 April 2015 : Nil) (refer note :29(c)).		
14 Other financial liabilities			
(a) Non-current			
<i>To parties other than related parties</i>			
Creditors for capital goods	-	28.04	-
	-	28.04	-
(b) Current			
<i>To parties other than related parties</i>			
Current maturities of long-term borrowings	-	46.24	1,799.56
Interest accrued but not due on borrowings	-	31.06	-
Accrued salaries and benefits	33.70	33.11	24.23
Creditors for capital goods	118.27	119.73	214.45
	151.97	230.14	2,038.24
The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 37			
15 Provisions			
(a) Non-current			
Provision for employee benefits			
Gratuity	29.60	17.55	10.74
	29.60	17.55	10.74
(b) Current			
Provision for employee benefits			
Gratuity	0.44	0.37	0.23
Compensated absences	34.00	29.23	13.69
	34.44	29.60	13.92
16 Trade payables			
Total outstanding dues of micro enterprises and small enterprises	-	-	-
Total outstanding dues of creditors other than micro and small enterprises*	948.40	732.82	562.97
	948.40	732.82	562.97
*payables to related parties (refer note 29 (c))			
All trade payables are 'current.' The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 37.			
17 Other liabilities			
<i>To parties other than related parties</i>			
Advance from patients	19.87	17.76	3.06
Balances due to statutory/government authorities	40.70	29.80	36.56
	60.57	47.56	39.62

Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended 31 March 2017 (continued)

18 Revenue from operations

	(₹ in lakhs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Income from medical and healthcare services	6,114.47	4,326.76
Sale of medical consumables and drugs	328.15	223.80
Other operating revenue:		
Revenue share income	1.56	-
	6,444.18	4,550.56

19 Other income

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest income on		
- Bank deposits	2.48	3.24
Miscellaneous income	11.45	2.48
	13.93	5.72

20 Changes in inventories of medical consumables, drugs and surgical equipments

	For the year ended 31 March 2017	For the year ended 31 March 2016
Inventory at the beginning of the year	219.40	149.17
Inventory at the end of the year	267.81	219.40
	(48.41)	(70.23)

21 Employee benefits

	For the year ended 31 March 2017	For the year ended 31 March 2016
Salaries, wages and bonus	1,044.60	830.95
Contribution to provident and other funds	83.04	49.93
Staff welfare expenses	23.03	26.73
	1,150.67	907.61

22 Other expenses

	(₹ in lakhs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Hospital operating expenses		
Professional fees to doctors	1,301.40	1,062.84
Power and fuel	197.11	163.92
Hospital general expenses	56.89	92.74
House keeping expenses	175.80	126.28
Patient welfare expenses	61.12	61.40
Rent	372.91	260.39
Medical gas charges	28.66	25.48
Biomedical wastage expenses	5.90	4.72
Repairs and maintenance		
- Hospital equipments	113.76	67.58
- Buildings	53.09	19.21
- Others	81.77	50.67
	2,448.41	1,935.23
Administrative expenses		
Traveling and conveyance	30.32	22.25
Security charges	59.70	41.67
Printing and stationery	34.54	27.85
Rent	27.05	19.82
Advertisement and publicity	167.84	157.40
Legal and professional fees (refer note (i) below)	26.76	18.52
Telephone and communication	18.20	13.93
Bank charges	17.04	7.41
Insurance	9.61	4.95
Rates and taxes	7.92	19.80
Foreign Exchange Loss	52.50	-
Provision for loss allowance	23.45	13.84
Bad debts written off	-	69.19
Miscellaneous expenses	1.92	3.52
	476.85	420.15
	2,925.26	2,355.38

(i) Payment to auditors*

	For the year ended 31 March 2017	For the year ended 31 March 2016
As an auditor		
Audit fee	9.50	9.50
In other capacity:		
Audit/Limited review fee in relation to IPO	-	4.00
Reimbursement of expenses	0.52	0.55
Reimbursement of expenses in relation to IPO	-	0.31
Less: Reimbursed by selling shareholders	-	(4.31)
	10.02	10.05

*excluding service tax

23 Finance costs

	For the year ended 31 March 2017	For the year ended 31 March 2016
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	347.14	334.71
- bank overdraft	27.59	94.50
- others	17.19	13.73
	391.92	442.94

24 Depreciation and amortisation expense

	For the year ended 31 March 2017	For the year ended 31 March 2016
Depreciation of property, plant and equipment (refer note 4)	343.79	279.24
Amortisation of intangible assets (refer note 4)	1.54	0.68
	345.33	279.92

25. Contingent liabilities and commitments

(i) Contingent liabilities:

The Company believes that 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 not provided for amounts to ₹ Nil (previous year ₹ 7.81 lakhs).

26. Segment reporting

Operating Segments

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that the Company 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. Since, the Company has only one geographical location, i.e India, with respect to location of assets and location of customers, further details about geographical information is not applicable.

27. Leases

The Company has taken various medical equipment, hospital premises, office and residential premises under cancellable operating leases. The leases typically run for a term ranging from 11 months to 30 years, with an option to renew the lease after the term completion.

Amounts recognised in statement of profit and loss			(₹ in lakhs)
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	
Cancellable	399.96	280.21	
	399.96	280.21	

28. Deferred tax liability

Deferred tax assets has not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which the Company can use the benefits thereon:

			(₹ in lakhs)
Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016	
Tax losses			
Unabsorbed depreciation	413.47	413.47	
Business loss	3,857.59	4,077.60	
	4,271.06	4,491.07	

Tax loss for which no deferred tax asset was recognised expires on follows:

Particulars	For the year ended 31 March 2017		For the year ended 31 March 2016	
	Amount	Expiry date	Amount	Expiry date
Expire				
Business Loss FY 12-13	#####	31-Mar-21	2,272.92	31-Mar-21
Business Loss FY 13-14	663.37	31-Mar-22	663.37	31-Mar-22
Business Loss FY 14-15	606.96	31-Mar-23	606.96	31-Mar-23
Business Loss FY 15-16	534.35	31-Mar-24	534.35	31-Mar-24
Unabsorbed depreciation	413.47	-	413.47	-

29. Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Hrudayalaya Limited (Holding Company)
Key Management Personnel	Dr. Ashutosh Raghuvanshi - Managing Director Dr. Devi Prasad Shetty - Chairman Dr. Shakuntala Shetty - Whole-time Director
Fellow subsidiaries	Narayana Institute for Advanced Research Private Limited Narayana Hospitals Private Limited Narayana Health Institutions Private Limited Narayana Cayman Holdings Ltd Narayana Hrudayalaya Hospitals Malaysia SDN. BHD Asia Healthcare Development Limited (AHDL) (till November 2016) Meridian Medical Research & Hospital Limited (MMRHL) (with effect from 24 November 2014) Narayana Vaishno Devi Specialty Hospitals Private Limited (with effect from 5 September 2014) Narayana Holdings Private Limited (with effect from 11 April 2016)
Entity under control/ joint control of KMP and their relatives	Narayana Hrudayalaya Foundation
Associate of Holding Company	Trimedx India Private Limited

(b) Transactions with related party during the year

Transactions	Enterprise having control over the Company	Enterprises under control/ joint control of KMP and their relatives	Associate of Holding Company	Total
Lease rental expense	44.10 (42.00)	114.56 (10.92)	- (-)	158.66 (52.92)
Unsecured loan Taken	1,502.79 (-)	- (-)	- (-)	1,502.79 (-)
Interest expenses net of taxes	0.67 (-)	- (-)	- (-)	0.67 (-)
Reimbursement of expenses	6.78 (8.50)	- (-)	- (-)	6.78 (8.50)
Maintenance of medical equipment	- (-)	- (-)	100.95 (60.01)	100.95 (60.01)
Issue of equity shares	200.00 (1,225.00)	- (-)	- (-)	200.00 (1,225.00)

(c) The balances receivable from and payable to related parties

Balances	Year	Enterprise having control over the Company	Enterprises under control/ joint control of KMP and their relatives	Associate of Holding Company	Total
Trade payables	31 March 2017 31 March 2016 01 April 2015	- - -	1.61 2.46 -	44.75 3.42 30.45	46.36 5.88 30.45
Due for reimbursement of expenses	31 March 2017 31 March 2016 01 April 2015	32.78 - -	- - -	- - -	32.78 - -
Unsecured loan taken	31 March 2017 31 March 2016 01 April 2015	1,502.79 - -	- - -	- - -	1,502.79 - -
Other financial liabilities - Interest accrued on unsecured loan	31 March 2017 31 March 2016 01 April 2015	0.67 - -	- - -	- - -	0.67 - -
Corporate guarantee given	31 March 2017 31 March 2016 01 April 2015	3,552.50 3,926.50 4,112.13	- - -	- - -	3,552.50 3,926.50 4,112.13

30. 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. This scheme is non funded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to INR 1,000,000.

- 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 financial statements as at balance sheet date:

Particulars	(₹ in lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Defined benefit liability	30.04	17.92	10.97
Liability for Compensated absences	34.00	29.23	13.69
Total employee benefit liability	64.04	47.15	24.66
Non-current	29.60	17.55	10.74
Current	34.44	29.60	13.92

B. Reconciliation of Defined benefit 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

Particulars	(₹ in lakhs)	
	As at 31 March 2017	As at 31 March 2016
Defined benefit obligation as at 1 April	17.92	10.97
Benefits paid	(0.52)	(0.59)
Current service cost	10.49	5.60
Interest cost	1.35	0.92
Actuarial (gains) losses recognised in other comprehensive income		
-changes in demographic assumptions	6.23	-
-changes in financial assumptions	4.62	1.58
-experience adjustments	(10.05)	(0.56)
- due to other reason	-	-
Defined benefit obligations as at 31 March	30.04	17.92

C. i) Expense recognised in Statement of Profit and Loss

Particulars	(₹ in lakhs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Current service cost	10.49	5.60
Interest cost	1.35	0.92
	11.84	6.52

ii) Remeasurements recognised in other comprehensive income

Particulars	(₹ in lakhs)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Actuarial loss on defined benefit obligation	0.80	1.02
	0.80	1.02

D. 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 31 March 2017	As at 31 March 2016	As at 01 April 2015
Attrition rate	35.00%	57.36%	54.00%
Discount rate	7.50%	8.00%	8.00%
Future salary increases	6.00%	35.8% for First Year 6% thereafter	6.00%

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

As of 31 March 2017 and 31 March 2016, the plan is not funded and the expected contributions to the fund during the year ending 31 March 2018, will be approximately ₹ 44.47 lakhs (31 March 2017: Nil).

Maturity profile of defined benefit obligation

The following payments are expected contributions to the defined benefit plan in future years:

Particulars	Amount (INR)
1st following year	0.46
2nd following year	0.97
3rd following year	0.50
4th following year	0.53
5th following year	0.54
Year 6 to 10	3.14
More than 10 years	162.74

As at 31 March 2017, the average duration of the defined benefit obligations was 27 years (31 March 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	31 March 2017		31 March 2016	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.84)	3.22	(1.46)	1.64
Future salary increases (0.5% movement)	3.08	(2.75)	1.53	(1.36)
Attrition rate (0.5% movement)	(1.05)	1.11	(0.71)	0.76
Mortality rate (10% movement)	0.06	(0.06)	0.05	(0.05)

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.

31. 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 31 March 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.

Particulars	(₹ in lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
The amounts remaining unpaid to micro and small suppliers as at the end of the year			
-Principal	-	-	-
-Interest	-	-	-
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	-	-	-
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	-	-	-

32. Earnings/(loss) per share

Basic and diluted earnings/(loss) per share

The calculation of basic and diluted earnings/ (loss) per share for the year ended 31 March 2017 was based on profit/loss attributable to equity shareholders of ₹ 197.00 lakhs (Previous year loss: ₹ 533.56 lakhs) and weighted average number of equity share outstanding 15,171,882 (Previous year: 3,539,453).

Particulars	Units	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit/ (loss) after tax	₹ in lakhs	197.00	(533.56)
Weighted average number of equity shares (basic/diluted)			
Shares		As at 31 March 2017	As at 31 March 2016
Opening balances	Numbers	14,952,704	2,702,704
Effect of shares issued during the year		219,178	836,749
Weighted average number of equity shares for the year	Numbers	15,171,882	3,539,453
Basic and diluted earnings/(loss) per share	₹	1.30	(15.07)

33. 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 31 March 2017, 31 March 2016 and 1 April 2015 was as follows:

Particulars	(₹ in lakhs)		
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Total equity attributable to the equity shareholders of the Company	1,260.90	864.70	174.28
As a percentage of total capital	20%	18%	4%
Long-term borrowings including current maturities	3,552.50	3,653.62	3,753.18
Short-term borrowings	1,502.79	272.88	358.94
Total borrowings	5,055.29	3,926.50	4,112.12
As a percentage of total capital	80%	82%	96%
Total capital (Equity and Borrowings)	6,316.19	4,791.20	4,286.40

34. 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 31 March 2017. The details of SBN held and transacted during the period from 8 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below :-

Particulars	(₹ in lakhs)		
	Specified Bank Notes (SBNs)	Other Denomination notes	Total
Closing cash in hand as on 8 November 2016	-	0.16	0.16
(+) Permitted receipts	5.14	291.19	296.33
(-) Permitted payments	-	-	-
(+) Not permitted receipts	6.41	-	6.41
(-) Not permitted payments	0.76	-	0.76
(-) Amount deposited in Banks	10.79	287.20	297.99
Closing cash in hand as on 30 December 2016	-	4.15	4.15

For the purposes of this clause, the term 'SBNs' 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 8 November 2016.

35. Cost capitalized during the year as fixed assets amounts to ₹ Nil (previous year ₹ 44.63 lakhs)

36 Pursuant to the approval of the Committee of the Board in their meeting held on 31 March 2017, the Company has entered into Health Care Service agreement with Dharamshila Cancer Foundation and Research Centre for managing their hospital situated in Delhi with effect from April, 2017.

37. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in lakhs)

As at 31 March 2017	Amortised cost	Total
Financial assets		
Trade receivables	1,037.02	1,037.02
Cash and cash equivalents	72.09	72.09
Bank balances other than above	32.55	32.55
Loans	101.06	101.06
Other financial assets	34.66	34.66
	1,277.38	1,277.38
Financial liabilities		
Borrowings	5,055.29	5,055.29
Trade payables	948.40	948.40
Other financial liabilities	151.97	151.97
	6,155.66	6,155.66
As at 31 March 2016	Amortised cost	Total
Financial assets		
Trade receivables	517.52	517.52
Cash and cash equivalents	20.02	20.02
Bank balances other than above	32.55	32.55
Loans	27.84	27.84
Other financial assets	24.36	24.36
	622.29	622.29
Financial liabilities		
Borrowings	3,880.26	3,880.26
Trade payables	732.82	732.82
Other financial liabilities	258.18	258.18
	4,871.26	4,871.26
As at 1 April 2015	Amortised cost	Total
Financial assets		
Trade receivables	293.17	293.17
Cash and cash equivalents	63.99	63.99
Bank balances other than above	5.95	5.95
Loans	31.87	31.87
Other financial assets	37.26	37.26
	432.24	432.24
Financial liabilities		
Borrowings	2,312.56	2,312.56
Trade payables	562.97	562.97
Other financial liabilities	2,038.24	2,038.24
	4,913.77	4,913.77

Measurement of fair values

The carrying value of all financial assets approximates the fair value.

B. Financial risk management

The Company's activities expose it to a variety of financial risks: credit risk, market risk and liquidity risk.

(i) Risk management framework

The Company's risk management is carried out by a central treasury department under policies approved by the Board of Directors. The Board supervises overall risk management, as well as policies covering specific areas, such as foreign exchange risk, credit risk and use of financial instruments.

(ii) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of customers on a continuous basis to whom credit has been granted after obtaining necessary approvals for credit. The collection from the trade receivables are monitored on a continuous basis by the receivables team.

The Company establishes an allowance for credit loss that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to ₹ 1,037.02 lakhs (31 March 2016: ₹ 517.52 lakhs; 1 April 2015: ₹ 293.17 lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Allowance for impairment			
Opening balance	32.63	18.78	-
Credit loss created	23.45	13.85	18.78
Closing balance	56.08	32.63	18.78

No single customer accounted for more than 10% of the revenue as of 31 March 2017, 31 March 2016 and 1 April 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 13.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 13.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2017:

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	3,552.50	-	-	3,552.50
Borrowings (current)	1,502.79	-	-	-	1,502.79
Trade payables	948.40	-	-	-	948.40
Other financial liabilities	151.97	-	-	-	151.97
Total	2,603.16	3,552.50	-	-	6,155.66

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2016:

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	107.38	3,500.00	-	3,607.38
Borrowings (current)	272.88	-	-	-	272.88
Trade payables	732.82	-	-	-	732.82
Other financial liabilities	258.18	-	-	-	258.18
Total	1,263.88	107.38	3,500.00	-	4,871.26

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 1 April 2015:

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	46.24	1,907.38	-	1,953.62
Borrowings (current)	358.94	-	-	-	358.94
Trade payables	562.97	-	-	-	562.97
Other financial liabilities	2,038.24	-	-	-	2,038.24
Total	2,960.15	46.24	1,907.38	-	4,913.77

(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 Company is exposed to the currency risk to the extent that there is mismatch between the currency in which borrowing is denominated and the functional currency of the Company.

The currency profile of financial assets and financial liabilities as at 31 March 2017, 31 March 2016 and 1 April 2015 are as below:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Financial liabilities			
Borrowings (non-current)	52.12	-	-
Net assets / (liabilities)	(52.12)	-	-

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
USD Sensitivity				
INR/USD - Increase by 1%	(33.79)	-	(33.79)	-
INR/USD - Decrease by 1%	33.79	-	33.79	-

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 with respect to long-term borrowings with variable interest rates from banks are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Variable rate long-term borrowings including current maturities	-	3,500	1,800
Total borrowings	-	3,500	1,800

(b) Sensitivity

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2017	As at 31 March 2016	As at 31 March 2017	As at 31 March 2016
Sensitivity				
1% increase in interest rate	-	(35.00)	-	(35.00)
1% decrease in interest rate	-	35.00	-	35.00

The interest rate sensitivity is based on the closing balance of secured term loans from banks. The variable long-term borrowing as at 31 March 2017 is not subject to interest risk as the Company has used interest rate swap.

38 Explanation of transition to Ind AS:

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company has prepared its 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 1 April 2015 ('transition date').

The accounting policies set out in Note 3 have been applied in preparing these financial statements for the year ended 31 March 2017 including the comparative information for the year ended 31 March 2016 and the opening Ind AS balance sheet on the date of transition i.e. 1 April 2015.

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, the Company has adjusted amounts reported previously in financial statements 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.

Mandatory exceptions

In preparing these financial statements, the Company has applied the below mentioned mandatory exceptions.

A. 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 financial statements that were not required under the previous GAAP are listed below:

- Impairment of financial assets based on the expected credit loss model.

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.

38 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 1 April 2015

	(₹ in lakhs)		
Particulars	previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	3,346.90	-	3,346.90
Capital work-in-progress	1,126.79	-	1,126.79
Intangible assets	0.27	-	0.27
Financial assets			
Loans	23.87	-	23.87
Other financial assets	16.74	-	16.74
Income tax assets	67.19	-	67.19
Other non-current assets	23.48	-	23.48
Total non-current assets	4,605.24	-	4,605.24
Current assets			
Inventories	149.17	-	149.17
Financial assets	-		
Trade receivables	311.95	(18.78)	293.17
Cash and cash equivalents	63.99	-	63.99
Bank balances other than above	5.95	-	5.95
Loans	8.00	-	8.00
Others financial assets	20.52	-	20.52
Other current assets	6.29	-	6.29
Total current assets	565.87	(18.78)	547.09
TOTAL ASSETS	5,171.11	(18.78)	5,152.33
EQUITY AND LIABILITIES			
Equity			
Equity share capital	270.27	-	270.27
Other Equity	(77.21)	(18.78)	(95.99)
Equity attributable to owners of the Company	193.06	(18.78)	174.28
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	1,953.62	-	1,953.62
Provisions	10.74	-	10.74
Total non-current liabilities	1,964.36	-	1,964.36
Current liabilities			
Financial liabilities			
Borrowings	358.94	-	358.94
Trade payables	562.97	-	562.97
Other financial liabilities	2,038.24	-	2,038.24
Other current liabilities	39.62	-	39.62
Provisions	13.92	-	13.92
Total current liabilities	3,013.69	-	3,013.69
TOTAL EQUITY AND LIABILITIES	5,171.11	(18.78)	5,152.33

*The previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

38 Explanation of transition to Ind AS (continued)

(ii) Reconciliation of equity as at 31 March 2016

			(₹ in lakhs)
Particulars	previous GAAP*	Adjustment on transition to Ind AS	Ind AS
ASSETS			
Non-current assets			
Property, plant and equipment	4,823.48	-	4,823.48
Other intangible assets	2.89	-	2.89
Financial assets			
Loans	20.87	-	20.87
Income tax assets (net)	117.90	-	117.90
Other non-current assets	7.60	-	7.60
Total non-current assets	4,972.74	-	4,972.74
Current assets			
Inventories	219.40	-	219.40
Financial assets			
Trade receivables	547.29	(29.77)	517.52
Cash and cash equivalents	20.02	-	20.02
Bank balances other than above	32.55	-	32.55
Loans	6.97	-	6.97
Others financial assets	24.36	-	24.36
Other current assets	37.11	-	37.11
	887.70	(29.77)	857.93
TOTAL ASSETS	5,860.44	(29.77)	5,830.67
EQUITY AND LIABILITIES			
Equity			
Equity share capital	1,495.27	-	1,495.27
Other equity	(600.80)	(29.77)	(630.57)
Equity attributable to owners of the Company	894.47	(29.77)	864.70
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	3,607.38	-	3,607.38
Other financial liabilities	28.04	-	28.04
Provisions	17.55	-	17.55
Total non-current liabilities	3,652.97	-	3,652.97
Current liabilities			
Financial Liabilities			
Borrowings	272.88	-	272.88
Trade payables	732.82	-	732.82
Other financial liabilities	230.14	-	230.14
Other current liabilities	47.56	-	47.56
Provisions	29.60	-	29.60
Total current liabilities	1,313.00	-	1,313.00
TOTAL EQUITY AND LIABILITIES	5,860.44	(29.77)	5,830.67

*The previous GAAP figure have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended 31 Mar 2017 (continued)

(iii) Reconciliation of total comprehensive income for the year ended 31 March 2016

(₹ in lakhs)

Particulars	previous GAAP*	Adjustment on transition to Ind AS	Ind AS
Income			
Revenue from operations	4,550.56	-	4,550.56
Other income	5.72	-	5.72
Total income	4,556.28	-	4,556.28
Expenses			
Purchase of medical consumables, drugs and surgical equipments	1,174.22	-	1,174.22
Changes in inventories of medical consumables, drugs and surgical equipments	(70.23)	-	(70.23)
Employee benefits expenses	908.63	(1.02)	907.61
Other expenses	2,344.42	10.96	2,355.38
Total expenses	4,357.04	9.94	4,366.98
Earnings before finance costs, depreciation and amortisation and tax	199.24	(9.94)	189.30
Finance costs	442.94	-	442.94
Depreciation and amortisation expense	279.92	-	279.92
Loss before tax	(523.62)	(9.94)	(533.56)
Tax expense	-	-	-
Loss for the year	(523.62)	(9.94)	(533.56)
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans	-	1.02	1.02
Other comprehensive income for the year, net of tax	-	1.02	1.02
Total comprehensive income for the year	(523.62)	(10.96)	(534.58)

*The previous GAAP figure have been reclassified to confirm to Ind AS presentation requirements for the purpose of this note.

(iv) Reconciliation of total equity as on 31 March 2016 and 1 April 2015:

Particulars	Note	As at 31 March 2016	As at 1 April 2015
Equity under previous GAAP		894.47	193.06
Summary of Ind AS adjustments			
a) Impact due to expected credit loss provision on trade receivables	1	(29.77)	(18.78)
Total Ind AS adjustments		(29.77)	(18.78)
Equity under Ind AS		864.70	174.28

Narayana Hrudayalaya Surgical Hospital Private Limited
Notes to the financial statements for the year ended 31 Mar 2017 (continued)

(v) The net profit reconciliation for the year ended 31 March 2016 are presented below:

Particulars	Note	(` in lakhs) As at 31 March 2016
Loss after Tax as per previous GAAP		(523.62)
Summary of Ind AS adjustments		
Impact of expected credit loss provision on trade receivables	1	(10.96)
Employee benefits expenses (actuarial loss)	2	1.02
Total Ind AS adjustments		(9.94)
Loss after Tax as per Ind AS		(533.56)
Other comprehensive income:		
Actuarial loss on defined benefit obligation - Gratuity	2	1.02
Total comprehensive income		(534.58)

(vi) 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 reclassification of actuarial loss on defined benefit obligations (gratuity) to other comprehensive income.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached
for **BSR & Co. LLP**
Chartered Accountants
Firm's registration number: 101248W/W-100022

for and on behalf of the Board of Directors of
Narayana Hrudayalaya Surgical Hospital Private Limited

Amit Somani
Partner
Membership number: 060154
Place: Bengaluru
Date: 29 May 2017

Dr. Devi Prasad Shetty
Chairman
DIN: 00252187

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Ravindra KS
Chief Financial Officer
Place: Bengaluru
Date: 29 May 2017