

B S R & Co. LLP

Chartered Accountants

Maruthi Info-Tech Centre
11-12/1 Inner Ring Road
Koramangala
Bangalore 560 071 India

Telephone: + 91 80 3980 6000
Fax: + 91 80 3980 6999

Independent Auditor's Report

To the Members of Narayana Institute for Advanced Research Private Limited

Report on the Financial Statements

We have audited the accompanying financial statements of Narayana Institute for Advanced Research Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2016, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate of accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the Auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.



Narayana Institute for Advanced Research Private Limited
Independent Auditor's Report (continued)

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, of the state of affairs of the Company as at 31 March, 2016, and its loss and its cash flows 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 terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" a statement on the matters specified in 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 and the cash flow statement dealt with by this report are in agreement with the books of account;
 - (d) in our opinion, the aforesaid financial statements comply with the accounting standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rule, 2014;
 - (e) on the basis of written representations received from the Directors as on 31 March 2016, and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2016 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



B S R & Co. LLP

Narayana Institute for Advanced Research Private Limited
Independent Auditor's Report (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) there were no pending litigations which would impact the financial position of the Company;
 - (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.

for B S R & Co. LLP
Chartered Accountants

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

Amit Somani

Amit Somani
Partner

Membership number: 060154

Place: Bengaluru

Date: 30 May 2016

Narayana Institute for Advanced Research Private Limited
Annexure - A to the Independent Auditor's Report

The Annexure referred to in paragraph 1 in Report on Other Legal and Regulations Requirements of the Independent Auditor's Report to the members of Narayana Institute for Advanced Research Private Limited ("the Company") for the year ended 31 March 2016, we report that:

- (i) The Company does not own any fixed assets. Thus, paragraph 3(i) of the Order is not applicable.
- (ii) The Company is a service company proposes to engage in research and development in medical services and in establishing a research centre. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, 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, the provisions of clause 3(iii) (a), (b) and (c) of the Order are not applicable.
- (iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees and securities granted in respect of which provisions of Section 185 and 186 of the Act are applicable. Accordingly, the provisions of clause 3(iv) of the Order is not applicable.
- (v) The Company has not accepted any deposits. Accordingly, paragraph 3(v) of the Order is not applicable.
- (vi) According to the information and explanations given to us, as per Companies (Cost records and Audit) Rules, 2014, the Central Government has not specified 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, the Company does not have any dues in respect of Provident fund, Employees' State Insurance, Income-tax, Sales-tax, Service tax, Duty of Excise, Duty of Customs, Value Added Tax and any other material statutory dues for the year ended 31 March 2016.

According to the information and explanations given to us, there are no undisputed amounts payable in respect of Income tax, Service tax, and other material statutory dues that were in arrears as at 31 March 2016 for a period of more than six months from the date they became payable.

- (b) According to the information and explanations given to us, there are no dues in respect of Service tax, Income tax, and other material statutory dues which have not been deposited on account of any dispute.
- (viii) In our opinion and according to the information and explanations given to us, the Company did not have any outstanding dues to any financial institutions, banks, government or dues to debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.



B S R & Co. LLP

Narayana Institute for Advanced Research Private Limited
Annexure - A to the Independent Auditor's Report (continued)

- (ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable.
- (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 give to us and based on our examination of the records of the Company, the Company has not paid / provided for any managerial remuneration during the year. 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, the Company has not entered into any transactions on which Section 177 and 188 of the Act is applicable.
- (xiv) According to the information and explanations give 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. Hence, the requirement of section 42 of the Act is not applicable.
- (xv) According to the information and explanations give 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. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) 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

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date: 30 May 2016

Narayana Institute for Advanced Research Private Limited

Annexure – B

To the Independent Auditor's Report of even date on the financial statement of Narayana Institute for Advanced Research Private Limited

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 Institute for Advanced Research Private Limited ("the Company") as of 31 March 2016 in conjunction with our audit of the 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 (the "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, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. 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 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 Institute for Advanced Research Private Limited
Annexure - B to the Independent Auditors' 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 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 procedure 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 the transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and
3. provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the Company's assets that could have a material effect on the 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 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for B S R & Co. LLP

Chartered Accountants

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

Amit Somani

Amit Somani

Partner

Membership number: 060154

Place: Bengaluru

Date :30 May 2016

Narayana Institute for Advanced Research Private Limited
Balance sheet as at 31 March 2016

		As at 31 March 2016	INR As at 31 March 2015
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	2	10,383,870	10,383,870
Reserves and surplus	3	46,759,002	47,063,779
		<u>57,142,872</u>	<u>57,447,649</u>
Current liabilities			
Other current liabilities	4	203,472	101,124
		<u>203,472</u>	<u>101,124</u>
TOTAL		<u>57,346,344</u>	<u>57,548,773</u>
ASSETS			
Non-current assets			
Long-term loans and advances	5	57,339,024	57,541,453
		<u>57,339,024</u>	<u>57,541,453</u>
Current assets			
Cash and bank balances	6	7,320	7,320
		<u>7,320</u>	<u>7,320</u>
TOTAL		<u>57,346,344</u>	<u>57,548,773</u>

Significant accounting policies

1

The notes referred to above form an integral part of the 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

Amit Somani

Partner

Membership Number : 60154

Place : Bengaluru

Date: 30 May 2016

for and on behalf of the Board of Directors of
Narayana Institute for Advanced Research Private Limited

Dr. Devi Prasad Shetty

Dr. Devi Prasad Shetty

Director

DIN: 00252187

Place : Bengaluru

Date: 30 May 2016

Mrs. Shakuntala Shetty

Mrs. Shakuntala Shetty

Director

DIN: 00252195

Place : Bengaluru

Date: 30 May 2016

Narayana Institute for Advanced Research Private Limited
Statement of profit and loss for the year ended 31 March 2016

			INR
	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
INCOME			
		-	-
EXPENSE			
Other expenses	7	304,777	105,758
Total expenses		304,777	105,758
Loss before tax		(304,777)	(105,758)
Tax expense		-	-
Loss for the year		(304,777)	(105,758)
Loss per equity share [nominal value of share INR 10 (previous year INR 10)]			
Basic and diluted		(0.29)	(0.10)
Weighted average number of equity shares		1,038,387	1,038,387

Significant accounting policies

1

The notes referred to above form an integral part of the 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 Institute for Advanced Research Private Limited

Amit Somani

Amit Somani

Partner

Membership Number : 60154

Place : Bengaluru

Date : 30 May 2016

Dr. Devi Prasad Shetty

Dr. Devi Prasad Shetty

Director

DIN : 00252187

Place : Bengaluru

Date : 30 May 2016

Mrs. Shakuntala Shetty

Mrs. Shakuntala Shetty

Director

DIN: 00252195

Place : Bengaluru

Date : 30 May 2016

Narayana Institute for Advanced Research Private Limited
Cash flow statement for the year ended 31 March 2016

	For the year ended 31 March 2016	INR For the year ended 31 March 2015
Cash flow from operating activities		
Loss before tax	(304,777)	(105,758)
Operating cash flow before working capital changes	(304,777)	(105,758)
Changes in loans and advances	202,429	126,512
Changes in liabilities	102,348	(20,754)
Net cash generated from operating activities (A)	-	-
Cash flow from investing activities (B)	-	-
Cash flow from financing activities (C)	-	-
Net increase/(decrease) in cash and cash equivalents (A+B+C)	-	-
Cash and cash equivalent at the beginning of the year	7,320	7,320
Cash and cash equivalent at the end of the year (refer note 6)	7,320	7,320

The notes referred to above form an integral part of the financial statements

As per our report of even date attached
for **B S R & Co. LLP**

Chartered Accountants

Firm registration number : 101248W/W-100022

Amit Somani

Amit Somani

Partner

Membership Number : 60154

Place : Bengaluru

Date : 30 May 2016

for and on behalf of the Board of Directors of
Narayana Institute for Advanced Research Private Limited

Dr. Devi Prasad Shetty
Dr. Devi Prasad Shetty
Director
DIN: 00252187

Place : Bengaluru

Date : 30 May 2016

Mrs. Shakuntala Shetty
Mrs. Shakuntala Shetty
Director
DIN: 00252195

Place : Bengaluru

Date : 30 May 2016

Narayana Institute for Advanced Research Private Limited

Notes to financial statements for the year ended 31 March 2016

Company overview

Narayana Institute for Advanced Research Private Limited ('the Company') was incorporated on 20 November 2006 as a private limited company under the Companies Act, 1956. The Company is a fully owned subsidiary of Narayana Hrudayalaya Limited (*formerly known as Narayana Hrudayalaya Private Limited*). The Company proposes to engage in research and development in medical services and in establishing a research centre.

1. Significant accounting policies

1.1 Basis of preparation of financial statements

These financial statements are prepared and presented in accordance with Indian Generally Accepted Accounting Principles (GAAP) under the historical cost convention on the accrual basis of accounting and comply with accounting standards prescribed under Section 133 of the Companies Act, 2013 ("the Act") read with Rule 7 of the Companies (Accounts) Rules, 2014, other pronouncements of the Institute of Chartered Accountants of India ('ICAI'), and the provisions of the Act to the extent notified and applicable.

The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year. The financial statements are presented in Indian rupees (INR).

1.2 Going concern

As explained in note 13, the financial statements have been prepared on a going concern basis, notwithstanding current losses and no operations during the year.

1.3 Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the Management to make judgement estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future years.

1.4 Current and non – current classification

All assets and liabilities are classified into current and non – current.

Assets

An asset is classified as current when it satisfies any of the following criteria:

- It is expected to be realised in, or is intended for sale or consumption in, the Company's normal operating cycle;
- It is held primarily for the purpose of being traded;
- It is expected to be realised within 12 months after the reporting date; or
- It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.



Narayana Institute for Advanced Research Private Limited

Notes to financial statements for the year ended 31 March 2016 (continued)

1.4 Current and non – current classification (continued)

Current assets include the current portion of non – current financial assets.

All other assets are classified as non – current.

Liabilities

A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be settled within 12 months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non – current financial liabilities.

All other liabilities are classified as non – current.

Operating cycle

Operating cycle is the time between the acquisition of assets for processing and their realizations in cash or cash equivalents.

1.5 Income tax

Income-tax expense comprises of current tax (i.e. amount of tax for the year determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of timing differences between accounting income and taxable income for the year). Minimum Alternative Tax ("MAT") paid in accordance with the tax laws which gives rise to future economic benefits in the form of adjustments of future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal tax in subsequent years. MAT credit entitlement can be carried forward and utilised for a period of ten years from the year in which the same is availed. Accordingly, it is recognised as an asset in the balance sheet when it is probable that the future economic benefit associated with it will flow to the Company and the asset can be measured reliably.

The deferred tax charge or credit and the corresponding deferred tax liabilities or assets are recognised using the tax rates that have been enacted or substantively enacted by the balance sheet date. Deferred tax assets are recognised only to the extent there is reasonable certainty that the assets can be realised in future; however where there is unabsorbed depreciation or carried forward loss under taxation laws, deferred tax assets are recognised only if there is a virtual certainty of realisation of such assets. Deferred tax assets are reviewed as at each balance sheet date and written down or written-up to reflect the amount that is reasonably/virtually certain (as the case may be) to be realised.

Assets and liabilities representing current tax and deferred tax are disclosed on a net basis where there is a legally enforceable right to set off and where the Management intends to settle the asset and liability on a net basis.



558

[Handwritten signature]

1.6 Loss per share

The loss per share is computed by dividing the net loss attributable to equity shareholders for the year 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.

1.7 Provisions and contingencies

Provision is recognised if, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

The disclosure of contingent liability is made if, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made if, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

Provisions for onerous contracts, i.e. contracts where the expected unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it, are recognised when it is probable that an outflow of resources embodying economic benefits will be required to settle a present obligation as a result of an obligating event based on a reliable estimate of such obligation.

1.8 Impairment of assets

The Company assesses at each balance sheet date using external and internal sources, whether there is any indication that an asset or a group of assets comprising a cash-generating unit may be impaired. An impairment loss is recognized wherever the carrying value of an asset exceeds its recoverable amount. If any such indication exists, the Company estimates the recoverable amount of the asset. For an asset or group of assets that does not generate largely independent cash inflows, the recoverable amount is determined for the cash-generating unit to which the asset belongs. If such recoverable amount of the asset or the recoverable amount of the cash-generating unit to which the asset belongs is less than its carrying amount, the carrying amount is reduced to its recoverable amount. The reduction is treated as an impairment loss and is recognised in the statement of profit and loss. If at the balance sheet date there is an indication that if a previously assessed impairment loss no longer exists, the recoverable amount is reassessed and the asset is reflected at the recoverable amount subject to a maximum of depreciable historical cost. An impairment loss is reversed only to the extent that the carrying amount of asset does not exceed the net book value that would have been determined, if no impairment loss had been recognised.

1.9 Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.10 Cash flow statement

Cash flows are reported using the indirect method, whereby 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 regular revenue generating, investing and financing activities of the Company are segregated.



SSK

 - Ray

INR

2 Share capital

Particulars	As at 31 March 2016	As at 31 March 2015
Authorised		
2,000,000 equity shares (previous year: 2,000,000 equity shares) of INR 10 each	20,000,000	20,000,000
Issued, subscribed and paid up		
1,038,387 equity shares (previous year: 1,038,387 equity shares) of INR 10 each, fully paid up	10,383,870	10,383,870
	10,383,870	10,383,870

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

Particulars	As at 31 March 2016		As at 31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	1,038,387	10,383,870	1,038,387	10,383,870
Shares outstanding at the end of the year	1,038,387	10,383,870	1,038,387	10,383,870

Rights, preference and restriction 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 share 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 company declares and pays dividend in Indian rupees (INR). The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by shareholders.

Particulars of shareholders holding more than 5% shares:

Particulars	31 March 2016		31 March 2015	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited)	1,038,386	99.99%	1,038,386	99.99%

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

3 Reserves and surplus

Particulars	As at 31 March 2016	As at 31 March 2015
Securities premium account		
At the commencement of the year	47,216,130	47,216,130
At the end of the year	47,216,130	47,216,130
Deficit (profit and loss balance)		
At the commencement of the year	(152,351)	(46,593)
Add: Net loss from statement of profit and loss	(304,777)	(105,758)
At the end of the year	(457,128)	(152,351)
	46,759,002	47,063,779

4 Other current liabilities

Particulars	As at 31 March 2016	As at 31 March 2015
Other liabilities	203,472	101,124
	203,472	101,124



CS

[Handwritten signature]

5 Long-term loans and advances
(Unsecured and considered good)

Particulars	As at 31 March 2016	As at 31 March 2015
To parties other than related parties		
Advance income tax and tax deducted at source, net	18,064	18,064
To related parties		
Loans and advances to related parties (refer note 9)	57,320,960	57,523,389
	57,339,024	57,541,453

6 Cash and bank balances

Particulars	As at 31 March 2016	As at 31 March 2015
Balance with banks		
- On current account	7,320	7,320
	7,320	7,320

7 Other expenses

Particulars	For the year ended 31 March 2016	For the year ended 31 March 2015
Legal and professional fees	304,777	105,758
	304,777	105,758



[Handwritten signature]

SSA

[Handwritten signature] *[Handwritten signature]*

8 Auditor's remuneration (excluding service tax) included in legal and professional fees*

*Expenses paid by Holding Company [Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited)]

(a) Holding Company:

- (b) Non-executive key management personnel:**

- (c) Significant related party transactions are as follows:**

	INR	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Holding Company Narayana Hrudayalaya Limited <i>(formerly known as Narayana Hrudayalaya Private Limited)</i>		
Expense paid on behalf of the Company	202,429	126,512



[Signature]

2

Scary

Narayana Institute for Advanced Research Private Limited**Notes to the financial statements for the year ended 31 March 2016 (continued)**

(d) The balances receivable from and payable to related parties are as follows:

	INR	
	As at 31 March 2016	As at 31 March 2015
Holding Company - Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited)		
Receivable for sale of capital work in progress (net of expenses paid on behalf of the Company)	57,320,960	57,523,389

10 According to the information available with the Company, there are no dues payable to Micro, Small and Medium Enterprises as defined under the "The Micro, Small and Medium Enterprises Development Act, 2006" as at 31 March 2016 (previous year: Nil).

11 The Company does not have any earnings or expenditure in foreign currency in the current year (previous year: Nil).

12 Segment reporting

The Company has not yet commenced its operations. It intends to engage in 'Research and development in medical services' and the principal geographical segment in India. Hence segment information as per AS 17 - 'Segment Reporting' is not disclosed.

13 Going concern

The Company has received a letter of financial support from Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited), the holding company, which undertakes to provide financial and operational assistance as is necessary to enable the Company to operate as a going concern and meet its obligation as and when they fall due up to a period of one year from the balance sheet date i.e. 31 March 2017.

These financial statements, therefore, do not include any adjustments relating to recoverability and classification of recorded asset amounts or to amounts and classification of liabilities that may be necessary if the Company was unable to continue as a going concern.

As per our report of even date attached

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

Chartered Accountants

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

Amit Somani

Amit Somani

Partner

Membership number : 60154

For and on behalf of the Board of Directors of

Narayana Institute for Advanced Research

Private Limited

DPS

Dr. Devi Prasad Shetty

Director

DIN : 00252187

Mrs. Shakuntala Shetty

Director

DIN : 00252195

Place : Bengaluru

Date : 30 May 2016

Place : Bengaluru

Date : 30 May 2016

Place : Bengaluru

Date : 30 May 2016