Narayana Health®
Health for all. All for health.

QUALITY HEALTHCARE

EXPANDING REACH

NARAYANA HRUDAYALAYA LIMITED **2017-18** ANNUAL REPORT

CONTENTS

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NH's FOOTPRINT IN INDIA

As on 1st May 2018

Western Region

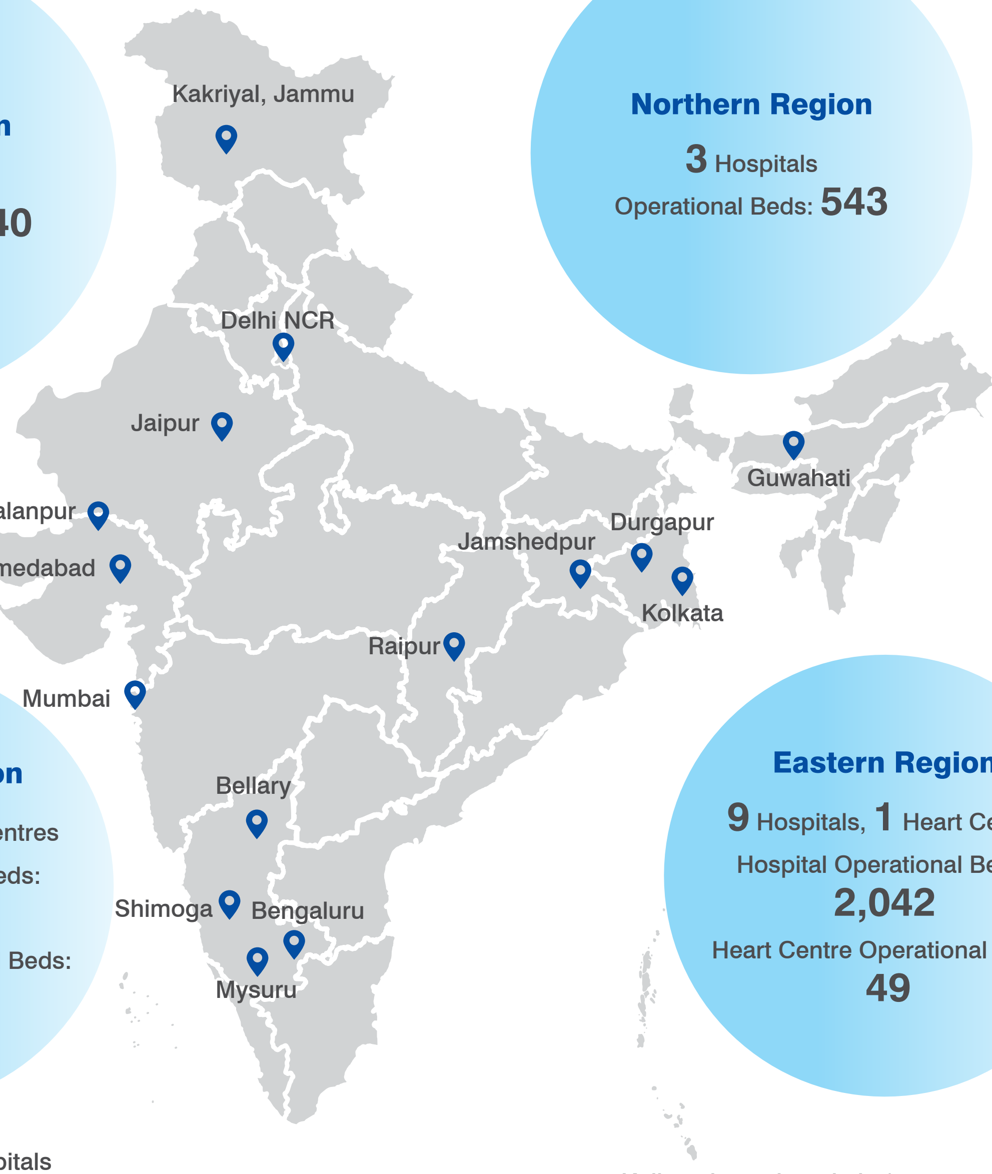
5 Hospitals

Operational Beds: **940**

Northern Region

3 Hospitals

Operational Beds: **543**



Karnataka Region

7 Hospitals, 6 Heart Centres

Hospital Operational Beds:

2,220

Heart Centres Operational Beds:

322

Bengaluru has 4 hospitals

Eastern Region

9 Hospitals, 1 Heart Centre

Hospital Operational Beds:

2,042

Heart Centre Operational Beds:

49

Kolkata has 6 hospitals (3 are acquired)

Map not to Scale.

OPERATIONAL AND CLINICAL HIGHLIGHTS

NH commissioned 207 capacity bedded SRCC Narayana Hospital at Haji Ali, Mumbai which is a premier one-of-its kind paediatric facility in April 2017

Successfully consummated the acquisition of the partner's entire stake in Cayman Islands Hospital, making it a wholly owned subsidiary of NH and thereby creating value for all our stakeholders

A rare case of a 5-year-old boy with fulminant hepatic failure was treated with an emergency liver transplant procedure at Mazumdar Shaw Medical Centre, Bengaluru

MSMC, Bengaluru treated a rare cancer called Alveolar Soft Part Sarcoma of Pelvic Bone. The affected part of the pelvic bone was removed and replanted after sterilising it via radiation through a technique called Extra Corporeal Radiotherapy

NH commissioned its state-of-the art 211 capacity bedded Narayana Superspeciality Hospital, Gurugram, a world class medical facility catering to the healthcare needs of the NCR region in March 2018

Extending advanced clinical programs beyond the metros, a minimal invasive surgery like TAVI was performed at Narayana Multispeciality Hospital, Mysore, first of its kind in the city

Our hospital in Howrah successfully performed a complicated procedure involving Intra-Cardiac Repair for Tetralogy of Fallot along with a complete chest wall reconstruction on a 2-year-old girl

CHAIRMAN's MESSAGE

TO THE ESTEEMED SHAREHOLDERS,

Providing affordable, quality healthcare to masses formed the bedrock of Narayana Hrudayalaya back in 2000 and we are proud to have carried this baton all these 18 years. We are progressing towards our aim of Healthy India with our continued endeavours driven by twin engines of frugal innovation and clinical excellence and fiscal year 2018 was no exception. It turned out to be a historic year for us as we projected ourselves on Pan-India stage with our maiden entry in Delhi NCR and Mumbai markets. Our focus on opening the doors of healthcare to a broader set of population helped us serve ~2.6 mn patients in FY18. Our ethos with patients' well-being at the epicentre have led to your company revolutionising every touch point of the patient care cycle.

National Health Protection Scheme – Inching towards the Dream of Ayushman Bharat

The Union Budget presented in Febuary 2018 saw the unveiling of a mega healthcare project, The National Health Protection Scheme (NHPS) is aimed at extending healthcare insurance to 100 mn families and raising the insurance ceiling to ₹ 5 lakhs per family. The scheme will target up to 500 million individuals from financially vulnerable households, a demographic that accounts for 41.3% of the population. The scheme of this scale will be a game changer for the Indian healthcare industry. In Rural India, 150,000 basic healthcare facilities exist only on paper and offer only maternal and child healthcare services. By providing free access to secondary and tertiary healthcare services to millions of people, it will open up avenues of growth for healthcare operators like NH which emphasises on universal healthcare coverage. We, at NH, are quite excited about this revolutionary scheme and are inclined towards working in tandem with the government agencies to progress towards this goal of universal healthcare for all.

Closing the Looming Healthcare Talent Gap – Carving Opportunities out of Problems

In the World Health Organisation's ranking of health systems of countries, India is ranked at 112, way below countries like Bangladesh, Indonesia, Iran and Iraq. This abysmal rank speaks volume about India's fragile medical infrastructure and shortage of clinical talent. A recent survey by Boston Consulting Group and Confederation of Indian Industry states that Indian healthcare sector will generate 40 mn new jobs by 2020. There is a huge opportunity in the healthcare sector as the World Bank predicts a shortage of 80 mn workers by 2030 globally and India will need 2 mn doctors and 6 mn nurses by that time. There is a dire need to create an ecosystem of skill sets built on a knowledge-based society. Private hospital operators have to work in tandem with government bodies to create a learning environment. Indian healthcare sector could turn out to be one of the largest employers and give an impetus to the economy. NH is working with various developmental agencies and other institutions, such as the National Skills Development Council, and College of Physicians and Surgeons to address this critical skills shortage. Our vision is to convert all our hospitals into training institutions that will train the healthcare workforce for the 21st century. NH is also investing in hospital management courses to prepare succession plans across all levels of the organisation.

~2.6 mn
patients treated at NH in 2018

~60%
of deaths occur due to Non-Communicable Diseases in India

Stepping up the Fight against the Non-Communicable Diseases

Today, Non-Communicable Diseases (NCD) are responsible for over 60% of deaths in India with cardio vascular disease being responsible for ~20% deaths and cancer not far behind at ~10% deaths. As per experts, cancer cases will increase significantly in the coming years. By 2020, around 1.7 mn people are expected to have cancer and deaths due to cancer will increase up to 20%.

To empower NH with all kinds of medical technology and clinical talent to fight the rapid rise of cancer, we devised a strategy to create regional Centre of Excellence (COE) across all our clusters which started off by creating state-of-the art oncology blocks in our flagship Health City Campus at Bengaluru and our unit at Mysore, followed by acquisition of Westbank Hospital at Kolkata to strengthen the oncology play in East and subsequently forging partnership to run renowned Dharamshila Cancer Care unit in Delhi so as to equip the northern cluster with oncology expertise. In the Western cluster, we are in the process of commissioning a radiation oncology block in Raipur unit. We believe that oncology would be the next driver of growth in the Indian healthcare context and with these COEs, we, at NH, would be able to provide world-class expertise and medical opinion on oncology cases.

Digitising Healthcare, Touching Lives

The ubiquity of technology and its seamless connect is permeating almost every aspect of the economy and its revolutionising impact on healthcare services is quite evident. We, at NH, work towards a single stated objective of improving health of our patients and technology has emerged as a potent tool in this regard.

In this direction, we are incubating a technology company, Cura Tech, and are the lead sponsors in this next generation startup which is building a digital clinical assistant into the Electronic Medical Record (EMR) which will assist the physicians in making faster, smarter and more accurate diagnoses. We strongly believe that digital health will make healthcare safer, affordable and accessible and that is why I am personally investing more and more of my time on creating software for doctors that will revolutionise their practice.

Caring for the Uncared

Since its inception, NH has taken various social responsibilities, informed by our experience and in alignment with our vision towards equitable, accessible and affordable healthcare for all. NH has sought to leverage on CSR towards realising broader system level goals and expand into different domains like healthcare, education and environment. Some of the initiatives are listed below:

E - Health Centre Program

NH is the healthcare partner in this program to operate & manage the eHealth Centre's (eHC). eHCs are fully equipped with workstations, open electronic medical records (EMR) systems, biometric patient identification and integrated diagnostic devices. 10 centres have now been established across India. Since the program's inception in December 2014, we have provided tele-consultations to ~45,000 patients and screened ~12,000 patients.

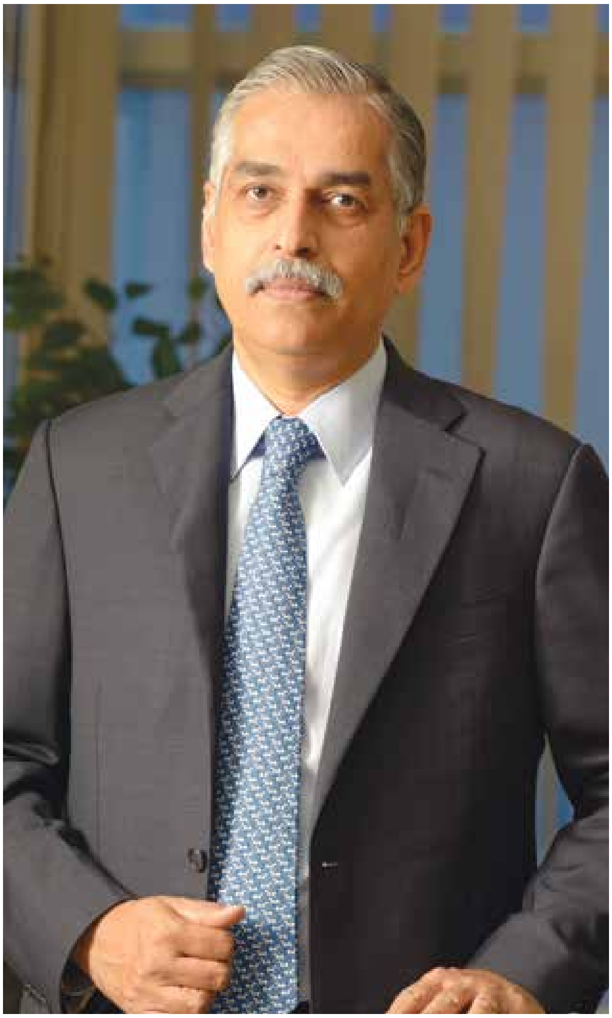
Mobile Mammography Screening

It aims to create awareness among the people about breast cancer and hence initiate early diagnosis. We have been able to screen ~20,000 women and ~5,000 women who have availed mammograms. We have detected 41 cases of breast cancer so far, with 11 women detected this year. 24 of the cases detected through these have been treated at NH facilities.

With all these endeavours, we strive to bring affordable quality healthcare within the reach of all the people. Our journey is not over until all people have universal access to quality healthcare and we will leave no stone unturned to realise this goal. At the end, I would like to thank all our stakeholders, employees and associates who have reposed trust and confidence in us.

Dr. Devi Prasad Shetty
Chairman

CEO's MESSAGE



DEAR STAKEHOLDERS,

It is a matter of great privilege for me to present the performance of your company for the FY17-18. Though the year gone by remained challenging for the Indian healthcare industry, but your company has shown resilience to the unpredictable regulatory environment and hence managed to close yet another year with commendable operational as well as financial performance.

Expanding All Arms: Unfolding Pan-India Play

With single-minded focus to serve patients across the country, we took conscious efforts to develop our operational network in Delhi NCR and Mumbai markets, where we did not have any presence until last year. NH ended fiscal year FY17-18 with one year of full operations at Dharamshila Narayana Superspeciality Hospital & Research Centre, East Delhi and SRCC Children's Hospital, Mumbai.

Beginning FY17-18, we also fortified our presence in Delhi NCR market by acquiring a near complete multi-speciality hospital in Gurugram which we have recently commissioned with the state-of-the-art medical infrastructure. Proximity of Dharamshila and Gurugram facilities in Delhi NCR will help us leverage upon the synergistic value emerging out of this well-knit cluster by encouraging the usage of shared resources and clinicians' mobility. With Northern cluster centred around Delhi NCR slowly taking shape, we are emerging as a true Pan-India quality healthcare service provider.

Treading Successfully in International Waters

By demonstrating our mettle at Cayman Islands Hospital, NH's only hospital outside India, we have taken nascent steps towards showcasing our clinical expertise and operational excellence in international geography. By earning the prestigious Gold Seal of Approval from Joint Commission International (JCI) just after a year of operations and breaking even at monthly EBITDA level in 24th month of its operations, this hospital has emerged as the premier healthcare destination in Caribbean region.

This hospital has clocked revenue of US$ 44. 6mn during FY18, which translates into a staggering CAGR of ~79% over the period of financial year 2015 to 2018 and is currently generating positive cash flows. For the FY17-18, with an average occupancy of 27%, this 4-year-old, 106 capacity bedded facility has delivered ~14% EBITDA margins, which we foresee to increase with ramp-up in occupancy. Based on the strong operational performance and prospects of Caribbean region, NH acquired the partner's entire stake in the hospital in January 2018, making it a wholly owned subsidiary of NH.

Despite the significant traction in Cayman Islands driven by our clinical excellence and efficient operations, we remain cautious and prudent on capital allocation in international territories. Buoyed by the confidence from this facility's performance and in line with our broader ambition to evolve as a quality healthcare provider at the global level, we are planning to establish our strategic entry in South-East Asia through our preferred engagement models, limiting our capital outlay.

US$ **44.6** mn
in revenues in FY18 from Cayman Islands Hospital

~10%
revenue contribution from International patients

Growing Contribution from International Patients

In addition to performing pioneering and critical work with the highest degree of clinical precision possible, we also keep exploring new avenues to maintain the growth momentum. Developing international patients' base was our well thought-through strategic call in this direction, which we believe, is an important lever of growth. With well-directed marketing activities, the share of international patients to group's revenues has increased tremendously from ~5% in FY16 to ~10% in FY18.

Strategic location and well-invested medical equipment across specialities under one roof has already helped Gurugram facility attract initial eyeballs from both doctors' fraternity and patients' community. Within ten days of its commissioning, the fact that an Iraqi patient chose our Gurugram hospital to undergo knee replacement surgery alludes to the brand pull NH has created in the minds of not only Indian patients but also their international counterparts. With these facilities and our Children's only hospital in Mumbai, we are confident that international community will play a vital role in driving the cog of NH's next phase of growth.

Exemplary Growth Led by Matured Centres

During the year just concluded, our operating revenues grew by 21.4% on a year-on-year basis at ₹ 22,809 mn. Though the growth was led by continual outperformance in its matured centres with over 5 years' vintage, but younger set of hospitals such as Whitefield, Guwahati, Jammu also provided a major thrust to Company's revenues. Our flagship Centres of Excellence continue to be the backbone of NH's performance, providing it the necessary cushion with ~50% revenue contribution. The Health City, Bengaluru continued to grow at an impressive revenue growth of close to ~16% in FY17-18. With our relentless endeavour towards performing cutting edge clinical procedures such as bone marrow transplants, minimal invasive surgeries etc., revenues of Mazumdar Shaw Medical Centre grew by ~20%. Despite being a single speciality hospital with close to 18 years in operations, Narayana Institute of Cardiac Sciences has been able to deliver industry-leading growth of ~12% yet again, which gives us the reason to cheer upon.

On the profitability front, we are quite satisfied with our resilient margins considering the impact of price cap on cardiac stents, losses at SRCC Children's Hospital, Mumbai and pre-commissioning expenses at our recently commissioned Gurugram facility and introduction of GST. Full year consolidation of Cayman Islands' Hospital from FY19 will provide a significant uptick to group's profitability and cash flows, now that it is 100% owned by NH.

From cash flows perspective, our intention has always been on judicious utilisation of capital. This resulted in NH enjoying the healthy headroom with gearing ratio being amongst the lowest in the industry until the beginning of FY18. Leveraging upon this strong financial strength, your Company managed to bolster its footprints within India by acquiring Gurugram facility and in overseas market by acquiring partner's remaining stake in Cayman Islands Hospital. Notwithstanding these intensive capital investments, our cash flow generation is as robust as they have been in the last two years.

While in the long run, we remain devoted towards growing our footprints but in the near term, we are focussed on consolidation of operations, specifically the newer hospitals in Delhi NCR and Mumbai. We also remain committed towards maximising the return on capital for our shareholders. With faith and support which all our stakeholders have shown in NH, we believe that we will be able to take this institution to the pinnacle of success. In the end, I wish to thank everyone for believing in our cause to provide quality healthcare services to the masses.

Best Regards,

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO and Managing Director

HCCI-CAYMAN
ISLANDS

Setting the Ground for The Pilot

Streamlined operations and supply chain efficiencies coupled with strict control on cost have been key differentiators in our growth story. On the back of the success we have achieved in Indian landscape, we put to test our skills and expertise, we

developed in Indian healthcare scenario, in international territories in 2014. This led to germinating the seed of international operations of NH and the Cayman Islands hospital came into picture in April 2014. We started as a minority equity partner with 28.6% stake with the responsibility of operations with NH and Ascension Health as the majority partner. The idea was to have a multispeciality unit in the developed world just outside the purview of US jurisdiction where NH could bring in element of frugality and innovation to drive down the cost and thus pass on the benefit to the patients.

Strong Footing on the Financial Paddle

Within two years of operations, this 106 capacity-bedded facility achieved its monthly breakeven at EBITDA level in its 24th month of operations and for fiscal year 2018, the unit reported an operating revenue of US$ 44.6 mn registering a CAGR of ~79% over FY15-18 and an EBITDA margin of ~14%. The facility broke even at PAT and free cash flows to equity level in FY18 points towards a building up of a strong positive trend in hospital operations and its profitability. In terms of average realisations, the facility is churning out an ARPOB of ~US$ 2.0 mn at an occupancy of ~27% in 2017-18.

Stage Set for Majority Play

The sheer success NH tasted in its maiden international project instilled a lot of confidence in the management about NH's capability to disrupt the foreign markets with its differentiated business model. This led the company to acquire the entire partner's stake in HCCI making it NH's wholly owned subsidiary recently. This transaction also strengthened the foundation of NH's global strategy aimed at expanding its presence in South East Asia and certain regions in Africa.

One-Stop Shop for All Your Medical Needs

The facility provides a slew of services i.e. adult cardiology, paediatric cardiology, adult and paediatric cardiac surgery, orthopaedic surgery, pulmonology, paediatric endocrinology, neurology, neurosurgery, medical oncology, urology among others under one roof. In terms of patients' footfalls, this unit attracts patients from the neighbouring islands of the Caribbean region and has the potential to further widen its catchment area and tap into healthcare markets of North Americas and Central Americas.

Clinical Excellence Delivered at Every Step

On the clinical front, the facility continues to make headlines with the success of its cutting-edge competitive medical cases it undertakes:

- For the first time in the region, Cardiac Contractility Modulation device was implanted to save a patient from heart failure at our Cayman Islands hospital
- First Arthroscopic Latarjet surgery in the Caribbean region was performed at the Cayman Islands hospital. It is the most difficult surgery in shoulder Arthroscopy and only about 10 surgeons in the world are currently using this technique
- 1,000th Cath procedure was performed at the facility in March 2018
- First limb lengthening procedure in the Caribbean region was performed at the facility using the magnetic telescopic nail
- Doctors at the Cayman Islands facility successfully performed a rare case of pulmonary thromboendarterectomy on an 80-year-old woman

CLINICAL REVIEW

Narayana Health has been at the forefront in the fight against Cardiovascular epidemic in India. The commitment of our cardiologists and cardiothoracic surgeons has led to increasingly better outcomes improving the lives of thousands of patients who visit many of our hospitals every day.

1,800
Cardiac MRI

5,300+
CT Coronary Angiography

We invest in state-of-the-art technology, training and education to stay ahead of the curve. As a result, in the last decade, we have become a preferred destination for hundreds of thousands of patients for complex as well as routine Coronary Artery Bypass Surgery and Valvular Diseases. We are slowly becoming one of the preferred centres for Heart Transplant. Complete Range of Cardiac Care Services:

Complete Range of Cardiac Care Services

Cardiac MRI

Cardiac MRI is used to diagnose a wide range of heart conditions. These include coronary heart disease, congenital heart disease, inherited heart condition, heart valve disease and cardiac tumours.

There is increasingly strong evidence that cardiac MRI is very good for complex cases and for diagnosing conditions where other tests have been ambiguous. It provides high-resolution images and can give very accurate measurements of the heart. It is also very safe, which is particularly important as some patients, such as those with complex congenital heart disease, need multiple scans over time.

Fractional Flow Reserve

Fractional Flow Reserve, or FFR, is a guide wire-based procedure that can accurately measure blood pressure and flow through a specific part of the coronary artery. The measurement of Fractional Flow Reserve has been shown useful in assessing whether to perform angioplasty or stenting on "intermediate" blockages or perform medical management of the case. It helps prevent unnecessary procedure and surgeries

Intravascular Ultrasound (IVUS)

Intravascular Ultrasound (or IVUS) allows us to see a coronary artery from the inside-out. This unique point-of-view picture, generated in real time, yields information that goes beyond what is possible with routine imaging methods, such as coronary angiography, performed in the cath lab, or even non-invasive Multislice CT scans.

Electrophysiology Study and 3D Mapping System

Electrophysiology studies (EPS) are tests that help doctors understand the nature of abnormal heart rhythms (arrhythmia) along with its location. Result of the procedure helps our doctors decide whether a pacemaker, an implantable cardioverter defibrillator, cardiac ablation or surgery is necessary, it also helps separating medical management cases from intervention cases.

The system enhances the accuracy of delivering Radiofrequency Catheter Ablation, which can treat and cure most cardiac arrhythmias in place of life-long treatments. The overall lifecycle cost of care for the patient comes down due to the curative nature of this therapy. Our hospital has performed more than 250 such procedures with 150% year-on-year growth.

CASES

- Our hospital in Jammu performed the first case of endovascular aortic repair in the region. Endovascular aneurysm repair (or endovascular aortic repair) (EVAR) is a type of endovascular surgery used to treat pathology of the aorta, most commonly an abdominal aortic aneurysm (AAA)
- Health City, Bengaluru diagnosed cyanotic heart disease, a type of congenital heart disease of a 2-year-old child. RVOT stenting, a latest hybrid technique was used to treat the patient
- Extending advanced clinical programs beyond the metros, a minimal invasive surgery like TAVI was performed at Narayana Multispeciality Hospital, Mysore, first of its kind in the city
- Our hospital in Howrah successfully performed a complicated procedure involving Intra-Cardiac Repair for Tetralogy of Fallot along with a complete chest wall reconstruction on a 2-year-old girl
- SS Narayana Heart Centre, Davangere corrected a rare adult heart defect known as ALCAPA-anomalous origin of the left coronary artery from the pulmonary artery

12,600
Angioplasty

6,400
CABG

37,000
Angiograms

600+
Valve Repair

World's Largest Paediatric Cardiac Sciences Program

5,100+
Congenital Heart Surgeries

3,000
Paediatric Cathlab Procedures

ONCOLOGY

Cancer is a growing menace in India. It is estimated that there are 2.5 mn patients in India and this number is increasing to the tune of 7 lakh every year. Overall, close to 5.5 lakh people die of cancer in India.

Cancers in oral cavity and lungs in males and cervix and breast in females account for over 50% of all cancer deaths in the country. The top five cancers in men and women account for 47.2% of all cancers.

The last decade has seen huge advancement in the cancer therapy with many new therapies now being tested in different stages for their efficacy to treat cancer. We, at Narayana Health, are trying to provide a spectrum of therapies in this speciality to provide best-in class treatment.

Cancer Treatment – Growing Choices

Cryosurgery

Cryosurgery is a type of treatment in which extreme cold produced by liquid nitrogen or argon gas is used to destroy abnormal tissue. Cryosurgery are used to treat early-stage skin cancer, retinoblastoma, and precancerous growths on the skin and cervix. Cryosurgery is also called cryotherapy.

Lasers

This is a type of treatment in which powerful beams of light are used to cut through tissue. Lasers can focus very accurately on tiny areas, so they can be used for precise surgeries. Lasers can also be used to shrink or destroy tumours or growths that might turn into cancer.

Photodynamic Therapy

Photodynamic therapy is a type of treatment that uses drugs which react to a certain type of light. When the tumour is exposed to this light, these drugs become active and kill nearby cancer cells. Photodynamic therapy is used most often to treat or relieve symptoms caused by skin cancer, mycosis fungoides, and non-small cell lung cancer.

Radiation Therapy

A radiation oncologist develops a patient's treatment plan through a process called treatment planning, which begins with simulation.

After simulation, the radiation oncologist then determines the exact area that will be treated, the total radiation dose that will be delivered to the tumour, how much dose will be allowed for the normal tissues around the tumour, and the safest angles (paths) for radiation delivery.

Intensity Modulated Radiation Therapy (IMRT)

IMRT uses hundreds of tiny radiation beam-shaping devices, called collimators, to deliver a single dose of radiation. The goal of IMRT is to increase the radiation dose to the areas that need it and reduce radiation exposure to specific sensitive areas of surrounding normal tissue.

Image-Guided Radiation Therapy (IGRT)

In IGRT, repeated imaging scans (CT, MRI, or PET) are performed during treatment. These imaging scans are processed by computers to identify changes in a tumour's size and location due to treatment and to allow the position of the patient or the planned radiation dose to be adjusted during treatment as needed.

Stereotactic Radiosurgery

Stereotactic radiosurgery (SRS) can deliver one or more high doses of radiation to a small tumour. SRS uses extremely accurate image-guided tumour targeting and patient positioning. Therefore, a high dose of radiation can be given without excess damage to normal tissue.

Stereotactic Body Radiation Therapy

Stereotactic body radiation therapy (SBRT) delivers radiation therapy in fewer sessions, using smaller radiation fields and higher doses than 3D-CRT in most cases. By definition, SBRT treats tumours that lie outside the brain and spinal cord.

Internal Radiation Therapy – Brachytherapy

Internal radiation therapy (brachytherapy) is radiation delivered from radiation sources (radioactive materials) placed inside or on the body. Several brachytherapy techniques are used in cancer treatment.

The Head and Neck Services has utilised precision driven 3D planning in the management of tumours of the maxilla and mandible. This service is available at very limited centres. The focus is to enhance the quality of reconstruction and provide optimal rehabilitation. This high-end service utilises the latest technology in Computer aided design (CAD) to pre-operatively assess the patient's disease, digitally plan the surgery in the jaws and similarly the reconstruction and finally execute this with accuracy in the operation theatre. Patient-specific cutting guides are printed preoperatively from the CT images and utilised during surgery. This significantly saves operation time and more importantly enhances the outcomes in terms of form and function. Coupled with ablation and reconstruction, our Head and Neck Centre also utilises this technology to rehabilitate the patients with implant supported dentures. The planning and placement of dental implants is also performed simultaneously during the same operation to produce the maximum functional outcomes for the patients.

23,000+
Radiotherapy Session

26,000+
Chemotherapy

200+
BMT

CASES

- MSMC treated a rare cancer called Alveolar Soft Part Sarcoma of Pelvic Bone. The affected part of the pelvic bone was removed and replanted after sterilising it via radiation through a technique called Extra Corporeal Radiotherapy
- For the first time in Eastern India, a patient was successfully treated with Flattering Filter-Free Radiotherapy in Narayana Superspeciality Hospital, Howrah bolstering our reputation as a leading player in oncology
- Narayana Superspeciality Hospital, Howrah, the leading oncology provider in the eastern region, continued to perform cutting-edge clinical work across multi-speciality domains with complex
- 'Arterial Switch' paediatric surgery being performed to treat life-threatening heart condition
- RTIICS, Kolkata performed the first advanced video assisted Thoracoscopy surgery in Eastern India to treat lung cancer

GASTRO SCIENCES

Gastro Sciences is a highly specialised service split into gastrointestinal medicine and surgical expertise including transplants. We treat the upper digestive tract, stomach, liver, colon, intestinal problems and pancreas.

Treatment here is specialised and covers most conditions of the gastrointestinal tract, helping in early detection and prevention of gastrointestinal diseases. We understand the chronic and evolving nature of digestive disorders prevalent in developing countries, and that is why NH is at the forefront of diagnosis and treatment of gastrointestinal diseases through minimally invasive technology.

We not only provide a wide range of service, but also practice quality parameters. Some of the quality parameters that we monitor are:

Laparoscopic Cholecystectomy Rate:

Laparoscopic cholecystectomy remains the gold standard procedure in treating patients with gallstone disease. Conversion to an open procedure is sometimes deemed necessary, especially in complex cases in which a prolonged laparoscopic operative time is anticipated. Narayana Health promotes LC wherever its feasible to do so. In most of our hospital the rate is nearly 100%.

Endoscopy Complication

Thousands of Indians every year undergo gastrointestinal (GI) endoscopic procedures, where a doctor inserts a tube-like instrument into the digestive tract, for instance to examine the anus, rectum, various parts of the intestines, the pharynx/throat, oesophagus or stomach, to look for signs of cancer, ulcers, and other symptoms.

We capture complication during endoscopy as use it as a quality parameter to improve our clinical services.

32,000+
Endoscopy Procedure

5,400+
Colonoscopy

3,600+
Cholecystectomy

CASES

- 45-year-old patient admitted with history of fainting attacks if he does not eat every two hours. On evaluation, he was found to have insulinoma in the region of pancreatic head. Excision of the tumour was done. Now the patient has recovered well and no more has recurrent fainting attacks.
- A 70-year-old male, with remote history of colon cancer surgery, had a persistent paracardial lymph node for more than one year. EUS guided biopsy revealed recurrence. Patient underwent surgery thereafter for oligo metastasis.
- 40-year-old male de-compensated liver disease with obscure, overt gastrointestinal bleed and spontaneous bacterial peritonitis was diagnosed to have portal colopathy with an unusual presentation of massive recurrent GI bleed. After a stormy hospital course, patient symptoms resolved with prolonged infusion of octreotide.

ROBOTIC
S U R G E R Y

Robotic Surgery is a type of minimally invasive surgery. "Minimally invasive" means that instead of operating on patients through large incisions, we use miniaturised surgical instruments that fit through a series of quarter-inch incisions. When performing surgery with the da Vinci - the world's most advanced surgical robot- these miniaturised instruments are mounted on three separate robotic arms, allowing the surgeon maximum range of motion and precision. The da Vinci's fourth arm contains a magnified high-definition 3-D camera that guides the surgeon during the procedure.

The surgeon controls these instruments and the camera from a console located in the operating room. Placing his fingers into the master controls, he can operate all four arms of the da Vinci simultaneously while looking through a stereoscopic high-definition monitor that literally places him inside the patient, giving him a better, more detailed 3-D view of the operating site than the human eye can provide. Every movement he makes with the master control is replicated precisely by the robot. When necessary, the surgeon can even change the scale of the robot's movements: If he selects a three-to-one scale, the tip of the robot's arm will move just one inch for every three inches the surgeon's hand moves. And because of the console's design, the surgeon's eyes and hands are always perfectly aligned with his view of the surgical site, minimising surgeon fatigue.

At Narayana Health, we are performing Robotic Surgery on some of the most complex cases in multiple speciality – Bariatric, Whipple, Gastro etc.

CASE

A one and half year-old boy from Iraq was facing issues related to obstruction to his left kidney (Pelvis-ureteric junction obstruction). We performed a robotic pyeloplasty operation on this small child. The baby made an excellent and rapid recovery and was discharged home after 2 days.

245
Robotic Surgeries

Transplant Program

610
Renal Transplant

13
Liver Transplant

9
Heart Transplant

RENAL SCIENCES

Given the exponential growth in diabetes and hypertension in India over the last two decades, the number of people suffering from renal diseases has increased manifold. At NH, we understood the immense burden of such a chronic health issue and made an affordable solution available for people across the social pyramid.

Over **2.7** Lakh
Hemodialysis sessions
done in FY 2017-18

Haemoglobin and Mineral Maintenance

Patients going through dialysis often find it difficult to maintain adequate haemoglobin or essential minerals such as sodium, potassium, Iron, etc. Our dialysis centres constantly investigate these vital numbers and guides patients effectively. These qualitative parameters are also compared with international program to ascertain the efficacy.

The Department of Nephrology treats all types of acute and chronic kidney disorders. As part of our clinical care, we focus on three distinct areas - chronic kidney disease (CKD), dialysis and transplant (renal replacement). Our dialysis units have state-of-the-art equipment and treatment facilities and work 24/7 to full capacity. A patient with end-stage renal disease faces two challenges – the ongoing repetitive cost of dialysis, including expensive medicines and opportunity loss of two to three days a week.

Quality control measures deployed at NH

Urea Reduction Ratio

URR stands for urea reduction ratio, meaning the reduction in urea as a result of dialysis. The URR is one measure of how effectively a dialysis treatment removed waste products from the body and is commonly expressed as a percentage. Narayana Health continuously looks into patients who are achieving more than 65% of URR.

CASE

A 25-year-old female had an open operation for right-sided PUJ obstruction at her local hospital about 6 years back. She presented with similar complaints of right flank pain, UTI and on evaluation showed a recurrent right PUJ obstruction. She underwent a major reconstructive procedure called Laparoscopic ureterocalicostomy, where in ureter is anastomosed to the lower pole of kidney for good dependent drainage.

TRAUMA AND ORTHOPAEDIC

Narayana Health provides comprehensive and world-class orthopaedic services. This department offers specialised care in the field of complex trauma, poly-trauma and related sub-specialities.

Orthopaedic department at our hospitals deliver personalised care utilising latest research and evidence-based medicine. The department provides management related to disorders of bone, joint and a variety of musculoskeletal disorders.

The demand for knee and hip replacement surgeries are increasing across Asia. The factors contributing to the rising demand include increasing awareness for possible treatments, growing elderly population and more patients with knee joint afflictions.

Infection Rate after Joint Replacement

Infection Rate after joint replacement allows us to gauge the quality of care after Joint Replacement. Current standard followed is 5.6% which is the benchmark set by Agency for Healthcare Research and Quality.

30-Day Readmission Rate following Joint Replacement

Hospital readmission is a focus of quality measures used by the hospitals worldwide to evaluate quality of care. Current standard followed is 3.3% for knee replacement and 5.6% for Total Hip Arthroplasty which is the benchmark set by Centre for Medicare and Medicaid.

CASE

Our doctors in Shimoga performed a complex procedure on a 11-year-old boy with crushed injury left leg. Doctors excised a significant area of Tibia and harvest vascularised fibula from opposite limb to fix the issue.

1,000+
Knee Replacement

330+
Hip Replacement

350+
Arthroscopy

Clinical Excellence through continuous improvement and monitoring

Narayana Health Clinical Outcome Excellence

"You can't improve what you don't measure".

Narayana Health is a strong proponent of this philosophy. We have developed a clinical balanced scorecard called Narayana Health Clinical Outcome Excellence or NHCOE. The balanced scorecard is comprised of 60 important parameters from 13 different areas such as Adult Cardiac Surgery, Paediatric Cardiac Surgery, Adult Cardiology, Paediatric Cardiology, Nephrology, Neurosciences, Trauma & Orthopaedics, Gastro Intestinal Sciences, Nursing, Hospital Infection Control etc. A committee headed by group chief of medical services continuously monitor these parameters and compare them with many national and international benchmarks, most of them being the leader in the respective areas. Finally, the hospitals are grouped into three different strata to curate our strategy for quality improvement. There are many benefits of such a system.

NHCOE allows us to quickly determine the best practices in our different hospitals

Allows us to track the overall improvement of a hospital over the time

NHCOE also allows us to track practice variation in different hospitals

NHCOE allows us to communicate progress of quality care to the non-clinical stakeholders

PATIENT SAFETY

Safe Surgery Checklist

The World Health Organisation published the WHO surgical safety checklist and Implementation Manual in 2008 to increase the safety of patients undergoing surgery. An independent international study at 357 hospitals located in 58 countries has demonstrated that the use of a surgical safety checklist has been associated with a 38% lower odds of 30-day death after emergency abdominal surgery compared with the same operations performed at hospitals that didn't have a checklist. This is just one example of improvement of patient safety. As the worldwide incident of traumatic injury, non-communicable disease such as cardiovascular disease and cancers continue to rise, the surgical intervention is also on the rise. Patients expect a safe environment in his/her entire stay in hospital.

Narayana Health uses a slightly different form of safe surgery checklist in its operating theatre. We have painstakingly built systems and software that enforces the implementation of checklist in all operating theatre. Other than surgery checklist, sterilisation of surgical equipment using state-of-the-art technology, targeted antibiotic prophylaxis, and many other practices that are followed in Narayana Health that improves that patient safety. These practices allow a huge role in protecting patient from contracting an infection especially during complex surgeries like CABG, Renal Transplant, etc.

Two-Identifier Policy of Patient Identification

As an added measure of patient safety Narayana Health has long adopted mandatory two identifiers for important patient events such as patient movement from ward to operation theatre and vice versa, admission of patients in the hospital, OT procedures. As a policy, MRN Number along with patient name or date of birth is used as identification of patient. The result shows. We didn't have wrong patient or wrong site surgery safety violation event in our hospital in the last year.

Safety at work

We pay a lot of attention into employee's health. We take "Safety as work" very seriously. Personal protective equipment, safe infusion practice, responsible disposal of medical waste and vaccinations are provided whenever its necessary both in preemptive and non-preemptive form. A database of employees with vaccination expiry date is always available to keep our employees always vaccinated.

Introduction of NAT – Patient Safety in Blood Transfusion

Blood is vital to human life and across the world, millions of lives are saved through blood transfusions. However, the risk of receiving improperly tested blood is increasingly high even with ongoing efforts to screen donated blood. Patients, especially those, who require transfusions regularly, are more at risk of getting infected with HIV or hepatitis B or hepatitis C if given blood that has not been tested correctly.

All licensed blood banks in India are required by law to test blood before transfusing to patients. However, there are limitations in the widely used serological tests (i.e. ELISA). Serological tests take time as they detect anti-bodies – the body's response to a virus. Since these viral infections take time to manifest, accurate results may not be noted, and infected blood is transfused as safe blood. Individual Donor Nucleic Acid Testing (ID-NAT) is the latest technological advance in ensuring the safety of the nation's blood supply. ID-NAT is a direct test which targets the viral DNA/RNA. As a result, windows period for testing positive comes down severely. Narayana Health has taken the positive step of introducing the Nucleic Acid Testing to take transfusion safety to next level. Overall, fewer than 100 blood banks in India have ID-NAT facility for safe blood transfusion. There are multiple benefits of ID-NAT.

ID-NAT is the most sensitive and specific test for detecting HIV, HCV and HBV infections in the blood. It has raised the bar in blood transfusion safety

ID-NAT complements serological screening by providing an additional layer of safety to blood supply, particularly in regions of high prevalence like India

ID-NAT prevents spread of HIV/AIDS and Hepatitis by significantly reducing the window period, resulting in fewer Transfusion Transmitted Infections and safer blood

ID-NAT not only prevents transfusion of window period infections but also detects occult infections (chronic cases) where no antibodies are present and mutant viruses (where the virus has modified its structure)

ID-NAT reduces risk of Transfusion Transmitted Infection among multi-transfused patients like Thalassaemic and those with cancer

Improves confidence in the hospital's blood supply by detecting false negative serology results

Window Period

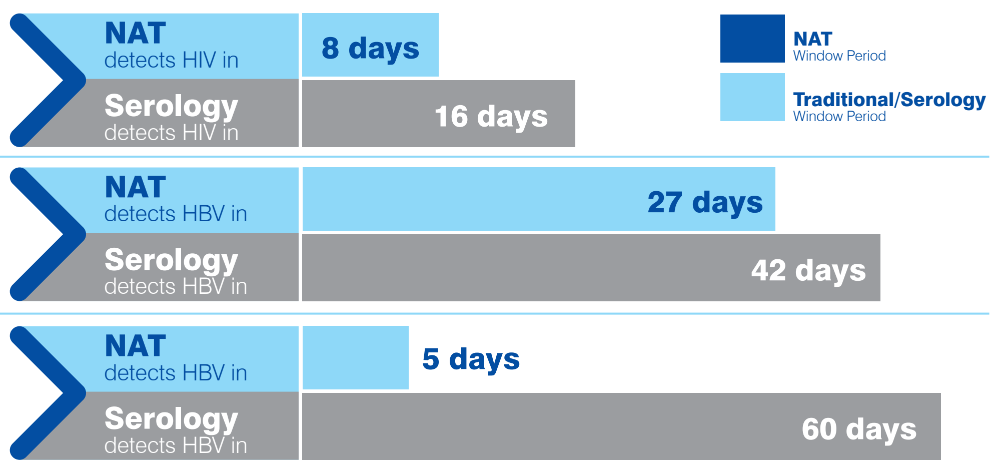
Individual Nucleic Acid Testing NAT vs. Serology

NAT tested blood is safest in the world

NAT **detects HIV 8 days earlier** than Serology testing

NAT **detects Hepatitis B 15 days earlier** than Serology testing

NAT **detects Hepatitis C 55 days earlier** than Serology testing



Barcoding of Laboratory Sample and Medicine

With the amount of patient safety challenges facing modern healthcare, it's difficult for the industry to manage information. Everyday hospitals deal with inventory complications, tracking materials, and patient validation. Not only is this time-consuming to perform manually, it also allows for human error. However, barcodes supply an easy-to-use and cost-effective solution to these current problems. Barcodes enable quick, accurate data entry for the healthcare industry, allowing time to be spent increasing efficiencies instead of manually entering data.

Narayana Health has adopted complete bar code identification policy for patient Laboratory samples. This has dramatically reduced misplaced samples and wrong identification of samples. Moreover, it has contributed heavily on the patient safety.

Another important step that we have taken is to barcoded medicine administration in our outpatient pharmacies. This has resulted in smoother operations and correct delivery of drugs.

SMAC

SOCIAL MOBILE ANALYTICS AND CLOUD

SMAC (Social, Mobile, Analytics and Cloud) is the concept that the convergence of four technologies is currently driving business

SMAC technologies hold great potential to help health care organisations reduce costs, streamline inefficiencies, improve quality, and demonstrate value. Experience with SMAC in industries such as entertainment, consumer goods, and banking shows that while each of these technologies can generate benefits independently, they are even better together - joint application can improve business processes dramatically. In health care, this may translate to increased efficiency and lower costs.

Narayana Health use social media to stay in touch with the population. We reach out to population with health information, news update and warning messages. As a result, we are one of the most followed healthcare brand in social media.

While social media helps communicating value to the population, we believe Mobile, Analytics and Cloud hold even greater potential. Almost five year ago we were one of the first healthcare delivery company to adopt cloud technology. Today, we are using mobile and analytics more than ever.

Hand Hygiene through Mobile App

Practicing hand hygiene is a simple yet effective way to prevent infections. Although Healthcare Institutions are very complex organisations in nature, but good hand hygiene practice is the simplest step that can be taken to improve patient safety. We take hand hygiene very seriously. We use mobile app to track the compliance of five moments of Hand Hygiene. The central committee responsible for NHCOE also regularly tracks the hand hygiene compliance. Good hand hygiene practice prevents patients from contracting healthcare associated infection.

Incident Management Mobile App

Over the last 10 years, more attention has been paid to embedding safety throughout the health system. Research conducted in the United States related to unintended damage and death in hospitals was an important catalyst in the process. This research was fundamental to the publication in the year 2000 of a report entitled "To err is human: Building a safer health system".

In 2005, the World Health Organisation (WHO) published guidelines related to the reporting of and learning from incidents. Based on the development and regulations in a large number of countries around the world, the WHO report contained numerous proposals for the establishment and structure of systems to facilitate safe incident reporting.

Another important development on the international stage was the publication of the Luxembourg Declaration of Patient Safety in April 2005. This declaration was formulated during a conference on patient safety, organised by the European Union. This statement contained a number of explicit recommendation about safe incident reporting. They read as follows.

"The conference recommends to the National authorities:

- To consider the benefits of a national voluntary confidential reporting system of adverse events and near misses.
- To create a culture that focuses on learning from near misses and adverse events as opposed to concentrating on “blame and shame” and subsequent punishment”.
- While there has not been any national direction on this front, Narayana Health has taken the patient safety to a different level. Incident Management is not new to our organisation, but the strategic approach to it has become increasingly professional. The digitisation of reporting, registering and analysing incidents has positively contributed to our patient safety culture.
- In Narayana Health, all nurses, administration personnel, paramedical professionals and doctors are given access to indigenously designed Healthcare Incident Management mobile app.
- They are encouraged to report all incidents from minor to extremely sentinel. Many benefits of such a system are enumerated below.
- It creates a learning platform for the hospitals as the incidents are analysed in regular interval and “lessons learnt from mistake” are shared with everyone else.
- In today’s world, mobiles are ubiquitous and easily accessible by everyone. It facilitates in faster resolution of the incident.
- One of the biggest inefficiencies in any organisation is inter-departmental communication. Out healthcare incident management system promotes inter-departmental cooperation and faster resolution of Healthcare-related incidents.

Telehealth Suite: Technology meets Health Care

Telehealth is the use of digital information and communication technologies, such as computers and mobile devices, to access health care services remotely and manage your health care. These may be technologies you use from home or that your doctor uses to improve or support health care services.

Narayana Health has been in the business of providing Telehealth solution for a long time, making us one of the biggest Telehealth service provider. In recent times, we have partnered with CISCO to provide telemedicine to different areas of the city which are directly not catered by our hospitals as well as some of the remotest part of India.

Launch of Virtual Oncology Clinic – Through this clinic, Narayana Health (NH) will provide superspeciality consultation to oncology patients across east network hospitals, who are unable to visit NSH Howrah

Launch of Tele Psychology Clinic – Narayana Health has launched a unique initiative called Tele Psychology. Under this initiative, there will be backend hospital which will be providing service for front end hospital. We expect that this will address the shortage of mental health doctors in remote areas

Clinical Analytics

One of the most important element of SMAC stack is Analytics. With continuous changes in the industry through government intervention and macroeconomic conditions change it has been paramount that we continuously innovate ourselves to reduce cost and improve quality. Clinical analytics provide insights into this process. One of the biggest area in this is the appropriate antibiotic usage in clinical areas. Our indigenously built antibiotics administration dashboard along with automated infection data dashboard provides real-time information on appropriateness of antibiotic medication along with the correlation of high end antibiotics with infection. Other than the above, clinical analytics gives us detailed information about infection bundle to reduce Healthcare Associated Infection.

Defined Daily Dose (DDD)

The DDD is the assumed average maintenance dose per day for a drug used for its main indication in adults. The DDD is a unit of measurement and does not necessarily reflect the recommended or Prescribed Daily Dose. Therapeutic doses for individual patients and patient groups will often differ from the DDD as they will be based on individual characteristics (such as age, weight, ethnic differences, type and severity of disease) and pharmacokinetic considerations.

WHO recommends measurement of antibiotic administration in DDD. We have adopted the framework and all our hospitals, along with different areas are rated in DDD on antibiotic administration. Some of the world's most advanced countries publish their result of antibiotic consumption. It helps us to compare our result and improve ourselves.

Surgical Site Infection Control

Surgical site infections are caused by bacteria that get in through incisions made during surgery. They threaten the lives of millions of patients each year and contribute to the spread of antibiotic resistance.

We monitor surgical site infection as it helps reduce hospital days for the patient while improving outcomes after surgery. The data helps us find out patterns of contracting such infection and help in data analysis and benchmark ourselves.

Ventilator Associated Pneumonia (VAP)

Ventilator-associated pneumonia (VAP) is pneumonia that develops 48 hours or longer after mechanical ventilation is given by means of an endotracheal tube or tracheostomy. Ventilator-associated pneumonia (VAP) results from the invasion of the lower respiratory tract and lung parenchyma by microorganisms.

We monitor VAP for 1000 ventilator days using the National Healthcare Safety Network Benchmark at 0.9 VAP per 1000 ventilator patient days. The data helps identify the risk factors and reduce the airway infection for all patients with ventilator support. In addition, VAP monitoring helps to lessen the prolonged time spent on the ventilator, length of ICU stay and length of hospital stay after discharge from the ICU.

Catheter related Urinary Tract Infection (CAUTI)

A urinary tract infection (UTI) is an infection involving any part of the urinary system, including urethra, bladder, ureters, and kidney. UTIs are the most common type of healthcare-associated infection reported. Among UTIs acquired in the hospital, approximately 75% are associated with a urinary catheter, which is a tube inserted into the bladder through the urethra to drain urine. Between 15-25% of hospitalised patients receive urinary catheters during their hospital stay. The most important risk factor for developing a catheter-associated UTI (CAUTI) is prolonged use of the urinary catheter.

The data helps institute best practices to prevent healthcare-acquired UTI and to reduce the number of catheter days for a patient. We monitor compliance with the external benchmark.

Central Line Associated Blood Stream Infection

A central line-associated bloodstream infection (CLABSI) is a serious infection that occurs when germs (usually bacteria or viruses) enter the bloodstream through the central line. Healthcare providers must follow a strict protocol when inserting the line to make sure the line remains sterile and a CLABSI does not occur. In addition to inserting the central line properly, healthcare providers must use stringent infection control practices each time they check the line or change the dressing. We monitor CLABSI for 1000 Central Line Days using the National Healthcare Safety Network Benchmark at 1.1 VAP per 1000 central line days.

REACHING NEW MILESTONE
IN SERVICES

Awards and Recognitions

- NH won BW Business World Digital India Award for "Most Innovative Citizen Engagement through Technology" in May 2017
- NH featured in "India's Top 500 Companies 2017" list by Dun & Bradstreet in June 2017
- NH won The Economic Times "The Best Asian Healthcare Brands 2017" award in September 2017
- SRCC Children's Hospital won "The Best Emerging Brand" award at the National Award for Marketing Excellence presented by Times Network in September 2017
- Narayana Institute of Cardiac Sciences, Bengaluru was listed among "The Most Trusted Hospitals" in Bangalore by Reader's Digest in September 2017
- Dharamshila Narayana Superspeciality Hospital, Delhi was listed among "The Most Trusted Hospitals" for oncology in Delhi by Reader's Digest in September 2017
- NH won "The Express Healthcare Excellence Award 2017" in Health Tourism category in September 2017
- Narayana Health was included among the Top 10 Most Innovative Companies in India by Fast Company (an American business magazine) in in March 2018
- NH won "The Health Brand of the Year in Healthcare" at the India Health & Wellness Awards in December 2017

New Equipment

- Single plane low radiation Cathlab System for Neuro & Vascular interventional procedures, Model Allura Clarity FD20 for MSMC Bangalore and NSH Gurugram
- Single plane low radiation Cathlab System, Model Allura Clarity FD10 for Ahmedabad NH Hospital and NSH Gurugram
- Endoscopic Ultrasound system - Endo-Sono and high end endoscopic system, Make Pentax for NH Dharamshila Hospital
- Endoscopic Ultrasound system - Endo-Sono and high end endoscopic system, Make Olympus for NSH Gurugram
- High end MRI 3.0 T, Model Ingenia Cx, Make Philips for NSH Gurugram with capability of cardiac MRI to enhance the diagnostic services
- 128 Slice CT scan, Model Ingenuity, Make Philips for NSH Gurugram Hospital
- Neuro, Spine and Ortho Navigation System, Model Nav3i, Make Stryker for NSH Gurugram Hospital

Tie-Ups

- Empanelment of RTIICS, Kolkata with Border Security Forces, Calcutta Journalists Club, Federation of Small and Medium Industries
- Empanelment of SRCC Mumbai with Mumbai Police department, Government of Assam and Government of Madhya Pradesh
- Empanelment of MSMC, Bengaluru with BHEL, GAIL, ISRO and NMDC

BOARD OF DIRECTORS

Dr. Devi Prasad Shetty

Dr. Devi Prasad Shetty is the Chairman of our Company and also an Executive Director. He is a cardiac surgeon with around 35 years of experience. After completing his MBBS from University of Mysore in 1978 and master's degree in 1982, he was granted a fellowship from the Royal College of Surgeons of England in 1989. He established Narayana Hrudayalaya in the year 2000. Dr. Shetty is also a recipient of honorary Doctorates from University of Minnesota in 2011, from Rajiv Gandhi University of Health Sciences in 2014 and from IIT Madras also in 2014.

Dr. Shetty initiated the concept of "Micro Health Insurance Scheme" in Karnataka, which eventually led to the Karnataka government implementing the Yeshasvini Scheme, a Micro Health Insurance Scheme for Rural Farmers.

Dr. Shetty is a Professor at Rajiv Gandhi University of Medical Sciences, Bengaluru, India and University of Minnesota Medical School, USA. He is a Recipient of a number of awards and honours most noteworthy being "Padma Shri and Padma Bhushan" Award in 2003 and 2012 respectively, conferred by the Government of India and the Rajyotsava Award in 2002 conferred by the Government of Karnataka. He received the '19th Nikkei Asia Prize, Economic and Business Innovation' by Nikkei Inc. in 2014. He is an active member of the European Association for Cardio-Thoracic Surgery since 1996 and a life member of the Indian Medical Association. He was also a member of the Finance Committee of the 47th Annual Conference of the Indian Association of Cardiovascular and Thoracic Surgeons. He was a member of the governing body of the Medical Council of India between 2010 and 2011.

Dr. Shetty is routinely invited for his advise and opinion on healthcare policies by Government of India, different states in India and recently by Government of Japan on Healthcare initiatives for G20 Summit.

Dr. Ashutosh Raghuvanshi

Dr. Ashutosh Raghuvanshi is the Vice Chairman, Group CEO & Managing Director of our Company. He is a cardiac surgeon with overall experience of 27 years and has played a pivotal role in building a strong team by identifying the right mix of people who have worked together in fostering NH's success story. It has been only under his able stewardship that from a single hospital in Bangaluru NH has become one of the leading Healthcare providers in India. He was honoured as the "CEO of the Year" in Health Care Leadership Awards, 2015 organised by Stars Group. Dr. Raghuvanshi completed his postgraduation in cardiac surgery from the University of Mumbai - post his M.B.B.S and M.S in general surgery. He has worked at several renowned hospitals in Mumbai including Balabhai Nanavati Hospital, Breach Candy Hospital and Research Centre, amongst others, Apollo Hospitals in Chennai and Manipal Heart Foundation in Bengaluru before joining NH. A strong clinical background merged with true business sense makes him one of the most coveted Healthcare Leader.

Mr. Viren Shetty

Mr. Viren Shetty is an Executive Director of our Company. He graduated from RV College of Engineering and has an MBA from Stanford Graduate School of Business. Mr. Viren joined Hospital Engineering Services department of Narayana Health in 2004. He is currently responsible for the strategy function at Narayana Health and is involved in identifying new growth opportunities for the Group.

Ms. Kiran Mazumdar Shaw

Ms. Kiran Mazumdar Shaw is a non-Executive Director of our Company. She is the Chairperson and Managing Director of Biocon Limited, an innovation led Biopharmaceutical Company, which is India's largest publicly listed biotech enterprise.

A first-generation entrepreneur with more than 43 years' of experience in the field of biotechnology. She holds a bachelor's degree in Science (Zoology Honours) from Bengaluru University and a masters' degree in Malting and Brewing from Ballarat College, Melbourne University, Australia. She has also been awarded several honorary degrees, including Honorary Doctorate of Science from Ballarat University, National University of Ireland, Trinity College, Dublin and the University of Glasgow. She has several national & international recognitions to her credit, the most noteworthy being the 'Padma Shri' and the 'Padma Bhushan' in 1989 and 2005, respectively, conferred by the Government of India. She has also been conferred with the highest French distinction - Chevalier de l'Ordre National de la Légion d'Honneur (Knight of the Legion of Honour) in 2016. She has been named among the most influential people by reputed international magazines.

She is an independent Member of the board of Infosys. She is a founder member of Karnataka's Vision Group on Biotechnology and currently chairs this forum. She had also setup the Association of Biotech Led Enterprises (ABLE) in 2003 as its first President and currently she is Non-Executive Chairperson. She is also the Member of the Governing Council of National Institute of Immunology and National Biopharma Mission Steering Committee, both constituted by the Dept. of Biotechnology, Govt. of India.

BOARD OF DIRECTORS

Mr. Dinesh Krishna Swamy

Mr. Dinesh Krishna Swamy is an Independent Director of our Company. He is a professional with around 30 plus years of experience. He received a bachelor's degree from the Government Science College, Bengaluru in 1971. Thereafter, he was granted a master's degree in Mathematics from Bengaluru University, followed by his honorary doctorate in literature from the Karnataka State Open University in 2007. In 1981, Mr. Dinesh Krishna Swamy became a founding member of Infosys Limited. Since its founding, he has held various positions such as, a board member, head of Quality, Information systems, head of the Communication Design group and Chairman of Infosys Australia. He holds the position of the President of Infosys Science Foundation, Trustee of Centre for Brain Research at Indian Institute of Science, Bengaluru.

Mr. Muthuraman Balasubramanian

Mr. Muthuraman Balasubramanian is an Independent Director of our Company. He has been on the board of several companies and educational institutions. He is a professional with over around 49 years of experience. He holds a bachelor's degree in metallurgical engineering from Indian Institute of Technology, Madras and a master's degree in business administration from the Xavier Labour Relations Institute, Jamshedpur. Muthuraman joined Tata Steel Limited in 1966 and has held various positions at Tata Steel Limited including Vice-President (Marketing and Sales) and Vice President (Cold Rolling Mill Projects) and Managing Director. He retired from Tata Steel Limited as Vice Chairman.

He served on the board of Bosch India Limited for six years. He was also on the board of directors of Tata Industries Limited. He was the chairman of the Board of Governors of the Indian Institute of Technology, Kharagpur, National Institute of Technology, Jamshedpur and Xavier's Labour Relations Institute, Jamshedpur.

Currently, he is also on the board of directors of Sundaram Fasteners Limited and Ashirvad Pipes Private Limited. Muthuraman has been conferred with the prestigious 'Padma Bhushan' award in 2012, from the Government of India. He received the Tata Gold Medal in 2002 from the Indian Institute of Metals, Calcutta for his significant contribution to the metallurgical industries particularly to iron and steel industry.

Mr. Arun Seth

Mr. Arun Seth is an Independent Director of our Company. He is an alumnus of IIT Kanpur and IIM Calcutta. He has worked in senior commercial positions in the HCL, Usha Martin and the UB Group, in the last 40 years. He was a Managing Director of British Telecom since 1995 and retired as Non-Executive Chairman of British Telecom in India in 2012. He was also on the board of Airtel and Tech Mahindra, Samtel Avionics Ltd and Intex Technologies Ltd. He took early retirement to focus on bringing the benefits of IT and Telecom to the real-world businesses i.e. energy, health, fintech and payments, hospitality, retail etc. and helps create a vibrant entrepreneurial system.

Currently he is also an independent Director on the board of various companies including listed company like Jubilant Foodworks Ltd. He is currently on the Nasscom product Council and in the past he has served on the Executive Committee for Nasscom for the last 10 years. He is an Advisory board member of TERI and a Governing member of the TERI University board. He was on the board of IIM Lucknow and IIT Delhi and retired in March 2016.

Mr. B N Subramanya

Mr. B N Subramanya is an Independent Director of our Company. Mr. Subramanya holds a bachelor's degree in commerce from Bengaluru University. He became an associate member of the Indian Institute of Chartered Accountants of India in the year 1982. He has around 31 years of experience. He began his career with Varsons Chemicals Private Limited wherein he worked as the general manager, finance for a period of four years. He is a fellow member at ICAI since April 13, 1994. He has been a member of the board at M.S. Ramaiah University of Applied Sciences, M.S. Ramaiah – HCG Cancer Centre and Governing Council of International Medical School, Bengaluru. Currently, he is also on the board of directors of Red Couch Interactive (India) Private Limited and QS-Era India Private Limited.

Mr. Manohar D Chatlani

Mr. Manohar D Chatlani is an Independent Director of our Company. He is the founder and chairman of Bangalore-based MD Retail India Private Ltd, which owns and operates the Men's Favorite Shop and SOCH fashion & lifestyle retail chains.

With immense passion for retail and experience of more than 45 years in retail sector, business development, leadership roles he brings strong commercial experience and in-depth knowledge of the Indian retail market.

He is also on the board of Queencity Developers Private Limited and The Bangalore Commercial Association.

Management Discussion and Analysis

21%
Y-o-Y revenue growth during FY 2017-18

Company Overview

With "Healthcare for All, All for Healthcare" objective, NH started out on a mission in 2000 to provide affordable healthcare across the spectrum of population. Patient-Centricity is deeply ingrained in the DNA of NH and this focus on patients' requirements arising out of our strong understanding of patients' needs helps us to be a true differentiator in the Indian healthcare landscape. With this goal in mind, we have been expanding in various regions which are of strategic interest to us.

With Delhi NCR and Mumbai regions now a part of vibrant NH umbrella, we have projected ourselves as a Pan-India healthcare provider. As of 1st May 2018, NH operates 24 hospitals, 7 heart centres and 19 primary care facilities and a multi-speciality hospital in Cayman Islands adding up to 6,232 operational beds and 7,273 capacity beds.

With dominance in southern, eastern clusters and emerging presence in northern and western regions, NH is progressing along to be a true Pan-India healthcare provider. Recent commissioning of Gurugram Hospital coupled with transformation of Dharamshila Cancer Care Unit to a tertiary multi-speciality hospital will play a crucial role in evolution of the northern cluster which already has our Jammu unit operational for almost 2 years. The strategic location of our Gurugram facility supplemented by state-of-the-art medical technology deployed there makes it an ideal fit for patients looking out for premium healthcare services with an element of affordability.

Narrowing down to fiscal year 2018, we are pleased to report remarkable results both on financial and operational front. At the consolidated level, the Company reported an industry leading, impressive growth of ~21%. On the profitability front, we are delighted with the performance as it has been achieved with our newly commissioned facilities just in their first year of operation. Business was also impacted by price cap on cardiac stents, knee implants and introduction of GST. Notwithstanding the impact of these transient ripples, profitability margins are quite impressive highlighting the NH's growth story.

Delving into international operations, we started Cayman Islands Hospital with the idea of providing world-class tertiary care to the historically underserved Caribbean market. We are proud today that our strategy of offering high quality and affordable care has brought great success and recognition across the region. Cayman Islands unit registered a revenue growth of ~37% YoY with a phenomenal (FY15-FY18) CAGR of ~79% and EBITDA margin of ~14% in FY18. This unit's capability of attracting patients across the Caribbean region could be a game changer for NH. With Cayman's success, we continue to scout for opportunities globally which could create a synergistic impact with a well laid-out strategy which limits our capital outlay coupled with frugal innovation in operations and supply chains.

It is really a feather in our cap when it comes to clinical expertise, we continue to take challenging medical cases and register best-in-class clinical outcomes so as to be a great medial institution.

Some of our achievements in clinical excellence are highlighted below:

1 Mazumdar Shaw Medical Centre (MSMC), Bengaluru successfully separated conjoined twins. This medical problem is a rare event, occurring once in ~100,000 births and the survival rate is also very low

2 SMVDNSH, Jammu performed the first case of Endovascular Aortic Repair. This is the first case of its kind in the region. This establishes our pre-eminence in performing cutting edge cardio-vascular procedures

3 Our hospital in Mumbai performed Extracorporeal Membrane Oxygenation (ECMO) on a little girl suffering from H1N1 and severe hypoxemic respiratory failure, the procedure being first of its kind in a paediatric case in Mumbai

4 For the first time in Eastern India, a patient was successfully treated with Flattering Filter-Free Radiotherapy in Narayana Superspeciality Hospital, Howrah, bolstering our reputation as a leading player in oncology

Business Review

More than 5 years' bucket

NH's matured facilities continue to shine and this is evident from the fact that they have delivered revenue growth of ~12% on a year-on-year basis. The ability to consistently translate this high revenue growth into best-in-class EBITDAR margins of ~22% speaks volumes of our operational excellence, achieved over the years. This bucket continues to register healthy average realisations which are at ~₹ 8.0 mn with an average occupancy of 65% signalling a large scope for ramp-up.

The Three Firmest Pillars of NH

MSMC, housed in Health City, Bengaluru driven by tertiary and quaternary services such as Bone Marrow Transplant, introduction of Da Vinci Robotics, grew at a stupendous 20%. Its sister facility i.e. NICS, Bengaluru registered an impressive 12% growth, despite being a clinical behemoth in terms of sheer size and number of beds catering to just one speciality i.e. Cardiac Sciences.

Yet again this year, RTIICS Kolkata operated at the highest levels of occupancy (~85%). This accomplishment, despite the challenging and unpredictable regulatory regime in West Bengal points towards the eminent stature RTIICS has gained over the years. This is testament to the faith of people in NH's capabilities to provide quality healthcare services.

Clinical Intervention-led Growth

Close to 7-year-old facility, Raipur though started slowly but has picked-up nicely over the past 3-4 years. With partner's investment in civil infrastructure and our investment in medical equipment, we are aiming to commission a radiation oncology block this fiscal. It is heartening to say that our Mysore unit has received very strong patient traction since its inception and to cater to the burgeoning patients' needs, we have started civil work on putting-up a new block. At our Jaipur unit, we are in the process of commissioning a radiation oncology block.

~12%
Y-o-Y revenue growth registered in NH's matured facilities

3-5 years' bucket

While NH's performance is centred around its matured facilities, but the younger set of hospitals such as facilities in Guwahati, HSR and Whitefield have also shown promising results by growing at impressive rates on a year-on-year basis. The pace of ramp-up and profitability at these units is something we did not envision at the onset of operations. With increase in occupancy levels, supported by inherent operating leverage, we expect 8.4% EBITDAR margins in FY18 of this bucket to converge to those registered by our matured facilities. With this bucket inching towards matured operations along with a strong brand pull, the hospitals in this category enjoy in their respective regions, average realisations are at ₹ 9.5 mn and occupancy at 57%.

Tailor-made Approach towards Payee Profile

We have restructured operations at our HSR unit a bit in line with a secondary neighbourhood hospital. Our Whitefield facility, being present in a highly affluent region, is amongst the highest ARPOB units of our network with ARPOB surpassing ₹ 10 mn. We continue to remain bullish on it going forward and are in advanced stages of capacity expansion by setting up 150-bedded new block.

Less than 3 years' bucket

This bucket houses our newest additions to the NH's vibrant umbrella of operations. It includes our unit up north in Jammu which is now a 2-years-old facility along with our one of its kind recently commissioned children-only facility in Mumbai and a recently commissioned multispeciality facility in Gurugram.

Budding Facilities but Promising Signs of Growth

Though the hospitals in this category are still in nascent stages of their operational life-cycle but the fact that NH has managed to penetrate two of the most affluent markets of Delhi NCR and Mumbai highlights the importance of existence of these hospitals. The response till date has been quite phenomenal due to their prime locations, catering to large catchment areas and affluent payee profile.

We expect SRCC Mumbai, one of its kind Children-only facility, to take the normal time for ramping up, but cardiac services department has shown healthy signs of traction led by our tie-up with the Assam Government. Through government and institutional associations, we are working on treating patients in other specialties as well. Cases such as our hospital in Mumbai performed Extracorporeal Membrane Oxygenation (ECMO) on a little girl suffering from H1N1 and severe hypoxemic respiratory failure, the procedure being first of its kind in a paediatric case in Mumbai, highlights the clinical expertise we have.

Our Jammu facility, despite being in challenging terrain, is growing at a healthy rate and has shown strong occupancy ramp-up.

Our recently commissioned multispeciality hospital in Gurugram which is in close proximity to Indira Gandhi International Airport, New Delhi will leverage on India's burgeoning medical tourism industry and thus attract international patients. Its world-class medical and civil infrastructure buoyed by the best clinical talent will act as an enabling force to help strengthen NH its footprints in the region.

Acquired Operations

Inorganic route has remained an important pillar of NH's growth and this bodes well by the fact that this bucket currently comprises ~15% of group's total hospital operational beds and ~13% of total hospital revenues. By gaining access to these operational facilities, we managed to minimise the time-to-market and gain significant head start in respective geographies, which is not the case in greenfield projects.

- **Growing Eminence in Eastern India**
  In FY 2013-14, NH added Westbank units to its network with an aim to gain greater foothold in Eastern India, centred around Kolkata. Since then, Westbank has evolved as a Centre of Excellence and a leading Oncology player in Eastern India. Buoyed by the strong patients' response from neighbouring areas including Bangladesh, we commissioned 2nd LINAC at Westbank in June 2017.

- **NH Projects itself on the Country Map**
  Before forging partnership with Dharamshila Cancer Foundation and Research Centre, NH's presence in Northern India was limited only to Jammu. Having already expanded service offerings at Dharamshila facility to include Orthopaedics, Neuro Surgery, Nephrology, Kidney Transplant, Urology, GI Sciences, we are progressing well on transforming this Oncology focussed unit, with strong track record of close to two decades, into a multispeciality hospital. This is also in line with our business model to de-risk our business from single-speciality.

Besides these hospitals, we also operate 7 heart centres and 19 primary healthcare facilities. Our clinic in Langford Town, Bengaluru is the latest entrant in our network. Equipped with most of the Lab & Diagnostics equipment such as X-RAY, ECG, TMT, ECHO, EEG & USG, this hybrid clinic provides service offerings ranging from OPD consultation to day care services such as dialysis, chemotherapy, endoscopy etc. This clinic predominantly caters to high income group population in upmarket residential locality of Bengaluru. We expect this facility to emerge as an important referral point for our Health City, Bengaluru.

The successful operations across categories encourage us to work hard even more and continuously explore new avenues to achieve the goal of becoming a preferred healthcare partner for patients, doctors, insurance company, government establishments etc.

India Hospital Network

As on May 1st 2018, we operate 24 hospitals in India.

Engagement framework	Comments	Number of Units	Number of Operational Beds	Gross Block + CWIP (INR Mn)[1]	Capital Cost per Bed (INR Mn)
Owned OR Long Term / Perpetual Lease	Owns and operates on freehold basis OR land taken on long term / perpetual lease	9 hospitals	2,918	12,498	4.3
Revenue Share / Rentals	Operates and pays a revenue share / rent to owner of the hospital	10 hospitals	1,903	3,596	1.9
Public-Private Partnership	Operates with nominal investment in partnership with public entities	2 hospitals	337	190	0.6
Managed Hospitals	Provides healthcare services to third parties for a management fee	3 hospitals	587	–	–
Heart Centres	Runs cardiac sciences' department out of 3rd party hospitals & pays revenue share	7 Heart Centres and 1 Clinic	381	566	1.5

1 Figures exclude cash and non-cash government grant of ~INR 1,500 Mn and a non-cash lease provision of ~₹ 1,062 Mn which form the part of total Gross Block as per Ind AS.

Operating Performance

Fiscal year 2018 was a noteworthy year for us on multiple counts. From expanding our reach in northern and western clusters to increasing our stake to 100% in Cayman Islands Hospital, it has been a year filled with key milestones. With the expansion exercise under the theme "unfolding India's play", recent commissioning of our Gurugram hospital has added the necessary muscle to our budding northern cluster and is anticipated to leverage on the operational synergies to be created by it being in proximity to Dharamshila Hospital.

Our de-risking exercise centred around decreasing our reliance on three flagship facilities has been tremendously successful, as for the first time ever, their contribution to the group's revenues has come down below ~50% in Q4 FY18. Our endeavours to project ourselves as a multi-speciality health provider has resulted in strengthening of other pillars of strength apart from cardiac sciences which now accounts for ~42% from ~55% in 2015 with other specialities catching up such as gastro sciences now at 15%, oncology now contribute~10% with neuro sciences and renal sciences not far behind at 8% and 8% respectively. This strategy of creating Centre of Excellences around other specialities and emphasising on advanced medical care along with tapping the international lucrative patients' base resulted in improvement in realisations which led to ARPOB at ₹ 8.0 mn in FY18 from ₹ 5.8 mn in FY15.

The group witnessed a strong uptick in average occupied beds at 2,725 in FY18 majorly due to the expansion exercise we undertook in North and West India along with strong occupancy ramp-up across our other network hospitals. With attracting international patients in the network on the radar for quite sometime, we are pleased with the progress this payor category has reported with ~10% contribution to revenues.

Key Figures of Balance Sheet Statement

(₹ in million)

	Consolidated Figures FY 16-17 *	NH India FY 17-18	NCHL Consolidated FY 17-18	Consolidated Figures FY 17-18
Long-Term Borrowings	1,798	4,940	2,023	6,963
Short-Term Borrowings	90	376	-	376
Trade Payables	2,066	2,692	270	2,962
Gross Tangible Assets	14,439	18,538	3,706	22,244
Trade Receivables	1,569	2,219	571	2,790
Inventories	524	588	248	836

* Figures of HCCI were not consolidated in FY16-17.

NH India Balance Sheet Review

Long -Term Borrowings

The movement in the Long-Term Borrowing of the company from ₹1,798 mn to ₹4,940 mn is on account of funding the Gurugram transaction wherein we acquired a near complete hospital in Gurugram, funding of the Cayman Islands' transaction in which we acquired the entire partner's stake in HCCI. These transactions were a part of a well-thought through exercise aimed at expanding into crucial market of Delhi NCR which is termed as India's medical tourism hub and Cayman transaction is a part of global ambition to project NH as an international brand.

Short-Term Borrowings

The short-term borrowings have increased from ₹90 mn in 2016-17 to ₹376 mn in 2017-18. This increase was due to meet the short-term capital commitments of the Company.

Trade Payables

The trade payables have increased from ₹ 2,066 mn in 2016-17 to ₹ 2,692 mn in 2017-18 due to increase in the volume of business done during the year as the growth in revenues was quite robust in 2017-18 over the last year.

Assets

Gross Tangible Assets

Gross Tangible Assets increased from ₹ 14,439 mn in 2016-17 to ₹ 18,538 mn in 2017-18. Bulk of this increase is attributed towards addition of new facilities to the group's umbrella i.e. commissioning of facilities in Delhi NCR and Mumbai, strengthening the medical equipment base across our network.

It is important to note that the Gross Block figures include cash and non-cash Government Grant of ~₹1,500 mn as per Ind AS which was not a part of Gross block as per the previous IGAAP. Also, as per the Ind AS accounting, the overtaking the operations of Dharamshila Cancer Care Hospital has led to creation of non-cash lease provision of ₹1,062 mn which has further bloated up the Gross Block.

As per the IND AS, a government grant may take the form of transfer of a non-monetary asset such as land and other resources, for the use of the entity. In these circumstances, the fair value of non-monetary assets is assessed, and both the grant and asset are accounted at that fair value. The impact of this grant is on account of land in Narayana Multispeciality Hospital, Jaipur, Narayana Multispeciality Hospital, Ahmedabad and building in Narayana Superspeciality Hospital, Guwahati.

Trade Receivables

The trade receivables (net of provision for doubtful receivables) went up from ₹1,569 mn last year to ₹2,219 mn in 2017-18. This increase in the receivables is mainly on account of increase in revenues of the Company over the last year and some part of the increase in receivables is also attributed to delay in payments related to certain government schemes.

Inventories

The inventory has increased from ₹ 524 mn last year to ₹ 588 mn. This nominal increase of ~12% in inventory compared to a major uptick of ~17% in revenues reflects the Company's efficient supply chain management. Setting up of warehouses across the country to cater to needs of the facilities in their respective regions has turned out to be quite effective in managing the inventories at optimal level.

Key Figures of Profit & Loss Statement

(₹ in million)

	Consolidated Figures FY 16-17*	NH India FY 17-18	NCHL Consolidated FY 17-18	Consolidated Figures FY 17-18
Operating Income	18,782	22,039	770	22,809
Cost of Material Consumed	4,359	5,407	158	5,565
Manpower Expenses	7,608	9,127	318	9,445
Other Expenses	4,526	5,492	185	5,677
Operating Rent	482	582	-	582
Repairs and Maintenance	754	950	37	987
Power and Fuel	499	629	22	651
Advertisement	375	469	41	510
Business Promotion	173	296	-	296
EBITDA	2,463	2,200	112	2,312

* Figures of HCCI were not consolidated in FY16-17.

NH India P&L Review

Operating Income:

The Company' revenue from operations increased from 18,782 mn in 2016-17 to 22,039 mn in 2017-18. This increase of 17.3% is due to:

Sustained performance of matured centres which increased from ₹ 482 mn to ₹ 581 mn with Health City, Bengaluru growing at 16% along with a robust performance of less than 5 years' centres (Excluding recently commissioned units) which grew by ~24%.

Commissioning of new hospitals in Delhi NCR and Mumbai i.e. Dharamshila Multispeciality Hospital in Delhi and SRCC children's Hospital in Mumbai which also added to group revenues.

Cost of Material Consumed

The cost of material consumed (purchase of medical consumables, drugs and surgical equipment and changes in inventories of medical consumables, drugs and surgical equipment) increased to ₹ 5,407 mn in 2017-18 from ₹ 4,359 mn last year. The major reasons for the same are:

Introduction of GST during FY18 led to an increase in cost of medicines and consumables.

Robust increase in revenues due to strong patients' footfall across the network.

Capping of prices of cardiac stents led to a decrease in stent realisation and thus leading to higher consumables as a percentage of operating revenues.

Increase in high end Procedures - LVAD & TAVI during the year leading to increase in consumables as a percentage of operating revenues.

Manpower Expenses (Employees Benefits + Prof. Fees paid to Doctors)

The manpower expenses including professional fees paid to doctors have increased from ₹ 7,608 mn in 2016-17 to ₹ 9,127 mn in 2017-18. This absolute increase is majorly due to hiring of clinical talent across our recently commissioned facilities at Delhi NCR and Mumbai.

Increase in headcount at the corporate level and unit level also attributed to an increase in manpower cost.

In addition, the Company had a non-cash provisioning impact of ₹ 42 mn in 2017-18 due to outstanding employee stock options (ESOPs).

Other Expenses

The other expenses (excluding professional fees to doctors) of the Company at the India business level have increased to ₹ 5,492 mn from ₹ 4,526 mn in the previous fiscal. Some of the key heads and the movement of expenses across each is explained below:

Operating Rent

The operating rent increased from ₹482 mn in 2016-17 (2.6% of total operational revenue) to ₹ 582 mn (2.6% of total operational revenue) in 2017-18. The absolute increase in operating rent is due to rentals associated with commissioning of new centres such as a clinic at

Langford Town, Bengaluru and setting up of an international wing in Healthy City, Bengaluru. However, operating rent as a % of revenues remains unchanged due to strong increase in revenues over the last year.

Repair and Maintenance

The repair and maintenance expenses have increased from ₹754 mn in 2016-17 to ₹950 mn in 2017-18. This increase is because of cost incurred in regard to MEP and IT infrastructure at newly commissioned facilities at Delhi NCR and Mumbai and clinic at Langford Town, Bengaluru as well as maintenance of our existing facilities.

Power and Fuel

The overall power and fuel cost has increased from ₹499 mn in 2016-17 to ₹629 mn in 2017-18. This is primarily due to increase in electricity consumption because of commissioning of new facilities in Mumbai, Delhi NCR and a new clinic in Langford, Bengaluru along with increased consumption across the network due to increase in occupied beds in FY18.

Business Promotion and Advertisements

These expenses were at ₹765 mn for 2017-18. This cost continues to grow with expansion of NH's network.

- Advertisements and publicity cost increased from ₹375 mn in 2016-17 to ₹469 mn in 2017-18 due to promotion exercise we undertook as we commissioned facilities in Mumbai, Delhi NCR and a clinic in Langford town in Bengaluru.

- Business Promotion increased from ₹173 mn in 2016-17 to ₹296 mn in 2017-18 due to setting up of a call centre to facilitate booking the consultation appointments at the network level, increase in international promotional expenses to tap more international patients into NH network.

EBITDA

The Company registered an EBITDA of ₹2,200 mn in FY 2017-18 for its India business. The dip in profitability is majorly on account of operational/pre-commissioning losses associated with our newly commissioned facilities. These facilities in Delhi NCR and Mumbai together contributed to losses worth ₹ 405 mn. Additionally, capping on cardiac stent prices impacted our revenues which led to directly impacting the EBITDA significantly. Introduction of GST also increased our cost leading to downward pressure on the profitability.

Finance Cost

NH enjoys the best-in class commercials on loans and borrowings from various banks. Increase in Finance cost is attributed to the spike in net debt of the Company.

The debt increased due to funding of the Gurugram transaction where in the company acquired a near complete ~200 capacity-bedded hospital in Gurugram leading to higher finance cost.

Finance cost as also increased due to Ind AS adjustment as per which the Company has recorded a finance lease liability in regard to the overtaking operations of the Dharamshala Cancer Care Hospital in Delhi. It is not actually an interest expense but a significant portion of rentals which we pay to our partner as per our agreement.

A part of finance cost is also attributed to NH India having US$ 25 mn of debt on its books in regard to the Cayman Islands' transaction we consummated during FY18. This debt is US dollar denominated and has come at very attractive commercials.

Board's Report

Dear Members,

Your Directors have immense pleasure in presenting their Eighteenth Annual Report on the business and operations of the Company and Audited Financial Statements for the financial year ended 31st March 2018.

1. Financial Summary/Highlights, Performance and State of Affairs of The company

(₹ in mn, except per share data)

Particulars	Standalone		Consolidated	
	2017-18	2016-17	2017-18	2016-17
Income				
Revenue from Operations	18,475.75	16,459.15	22,809.07	18,781.65
Other Income	186.38	181.46	189.00	174.82
Total Income	**18,662.13**	**16,640.61**	**22,998.07**	**18,956.47**
Total Expenditure*	**16,719.17**	**14,335.29**	**20,686.42**	**16,493.09**
Earnings Before Interest, Tax, Depreciation and Amortisation and Exceptional items	**1,942.96**	**2,305.32**	**2,311.65**	**2,463.38**
Less: Interest & Depreciation	977.24	800.14	1,467.05	1,017.24
Less: Exceptional items	11.58	31.91	(5.41)	13.40
Profit before tax	954.14	1,473.27	850.01	1,432.74
Less: Income Tax	369.92	522.18	289.64	523.66
Profit/(Loss) After Tax	**584.22**	**951.09**	**560.37**	**909.08**
Add: Share of Profit/ (Loss) in Associate(Net)	-	-	(46.35)	(79.34)
Profit for the year	**584.22**	**951.09**	**514.02**	**829.74**
Add: Other Comprehensive Income	(4.61)	3.80	34.79	0.35
Net Profit/(Loss)	**579.61**	**954.89**	**548.81**	**830.09**
Earnings Per Share (Basic)	2.88	4.70	2.53	4.10
Earnings Per Share (Diluted)	2.88	4.69	2.53	4.09

*Expenses before depreciation and amortisation, finance costs and exceptional items.

2. Performance Overview

Standalone Operations

- During the year under review, the total income of the Company increased from ₹ 16,640.61 mn in 2016-17 to ₹ 18,662.13 mn in 2017-18.
- Earnings before Interest, Tax, Depreciation and Amortization and Exceptional items decreased from ₹ 2,305.32 mn in 2016-17 to ₹ 1,942.96 mn in 2017-18.
- Profit for the year decreased from ₹ 951.09 mn in 2016-17 to ₹ 584.22 mn in 2017-18.

Consolidated Operations

- During the year under review, the total income of the Company increased from ₹ 18,956.47 mn in 2016-17 to ₹ 22,998.07 mn in 2017-18.
- Earnings before Interest, Tax, Depreciation and Amortization and Exceptional items decreased from ₹ 2,463.38 mn in 2016-17 to ₹ 2,311.65 mn in 2017-18.
- Profit for the year decreased from ₹ 829.74 mn in 2016-17 to ₹ 514.02 mn in 2017-18.

Your Company continues to emphasize on maintaining the highest standards of clinical excellence, patient care and satisfaction. With regards to accountability and governance, your Company continues to ensure an environment of transparency and responsibility while aiming for the highest standards of corporate governance and trust.

3. Transfer To Reserves

Dividend and transfer to reserves

The Company since its maiden public listing of shares in 2016 had pursued its growth ambition during the last financial year by acquiring 130 bedded hospital in Gurugram which has since commenced operations. The Company had also entered into asset light model agreement with Dharamshila Cancer Foundation and Research Centre in Delhi which has been converted into a multispecialty hospital. These growth investments and further upgradation of existing facilities of the Company have been carried out to provide world class health service with an objective to further grow the business.

The Company continues to look at growth prospects through new investment opportunities. Considering that consolidation is taking place in the Healthcare Industry in India, it presents us with more challenges in terms of growth and it is imperative that the Company looks at available options for organic as well as in-organic growth. Achieving a consistent sustainable growth over the next few years and consolidating Company's position competitively would be a key objective.

While the Company appreciates the desire of the investors to have dividends for a return on investment, the Management is of the bonafide belief that it is appropriate to retain the earnings to pursue the much needed growth ambitions which is also in the interest of all the Shareholders. Such a strategy will not only hold the Company in good stead in times ahead but will also enhance Shareholders value in the medium to long term.

Hence, the Board has not recommended any dividend for the financial year under review.

The Company has adopted a Dividend Declaration Policy and it is available on the Company's website at https://www.narayanahealth.org/stakeholder-relations/company-policies.

During the year, ₹ 579.61 mn was transferred to Reserves.

4. Subsidiary and Associate Companies

REVIEW OF PERFORMANCE OF SUBSIDIARIES AND ASSOCIATE COMPANIES

As on 31st March 2018 the Company has:

- 9 Subsidiary Companies (excluding NewRise Healthcare Private Limited and Narayana Hrudayalaya Hospitals Malaysia Sdn Bhd (Narayana Malaysia) and
- 2 Associate Companies

None of the above Companies is a Material Subsidiary within the meaning of Material Subsidiary as defined under the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 except Narayana Cayman Holdings Limited. Pursuant to the provisions of Section 129 of the Companies Act, 2013, a Statement containing the salient features of the Financial Statements of the Company's Subsidiaries and Associates in Form AOC-1, that forms part of this Report is attached as **Annexure I**.

Pursuant to Section 129 of the Companies Act, 2013, the Consolidated Financial Statements of the Company, prepared in accordance with the relevant Accounting Standards specified under Section 133 of the Companies Act, 2013 read with the Rules made thereunder, forms part of this Annual Report.

Further, pursuant to provisions of Section 136 of the Companies Act, 2013,

i. The Annual Report of the Company, containing therein its Standalone and Consolidated Financial Statements are available on the Company's website i.e., https://www.narayanahealth.org/stakeholder-relations.

ii. The audited Financial Statements of Subsidiary Companies are available on the website of the Company i.e., https://www.narayanahealth.org/stakeholder-relations, post approval of Members of the Company.

The brief details of all the Subsidiary and Associate Companies are as follows:

i) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)

NHSHPL is a wholly owned subsidiary of the Company and is engaged in the business of operating and maintaining hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary has a multispecialty hospital in Mysore, offering a wide range of services across specialties, which includes cardiology, cardiac surgery, nephrology, urology, neurology, neuro-surgery, endocrinology, orthopaedics, internal medicines, obstetrics, gynaecology, paediatrics, neonatology,gastroenterology and oncology to name a few. The subsidiary also operates and runs the Dharamshila Narayana Superspecialty Hospital in Delhi under a Service Agreement with Dharamshila Cancer Foundation and Research Centre. Other financial information is included in Form AOC-1.

ii) Meridian Medical Research & Hospital Limited (MMRHL)

MMRHL is a subsidiary of the Company and is engaged in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary has two hospitals in Howrah offering multi-specialty and super-specialty healthcare services like, oncology, cardiology, cardiac surgery, nephrology, urology, neurology, neuro surgery, etc. Further, other financial information is included in Form AOC-1.

iii) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)

NVDSHPL is a wholly owned subsidiary of the Company and is engaged in the business of providing healthcare services of superior quality with latest advanced technology, clinics, health centers, diagnostic centers and other related activities. This subsidiary has a hospital at Kakryal near Katra in Jammu which caters to patients across more than 20 different specialties, with radiology, obstetrics & gynaecology, oncology, etc. Further, other financial information is included in Form AOC-1.

iv) Narayana Hospitals Private Limited (NHPL)

NHPL is a wholly owned subsidiary of the Company and is authorized to engage in the business of operation of hospitals, clinics, health centers, nursing homes and other related activities. Further, other financial information is included in Form AOC-1. This subsidiary is yet to commence operations.

v) Narayana Institute for Advanced Research Private Limited (NIARPL)

NIARPL is a wholly owned subsidiary of the Company and is authorized to engage in the business of research and development work connected with faculty of medicines and operation of hospitals, clinics, health centers, nursing homes and other related activities. This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

vi) Narayana Health Institutions Private Limited (NHIPL)

NHIPL is a wholly owned subsidiary of the Company and is authorized to engage in the business of running medical colleges and operation of hospitals, clinics, health centers, nursing homes and other related activities.This subsidiary is yet to commence operations. Further, other financial information is included in Form AOC-1.

vii) NewRise Healthcare Private Limited (NRHPL)

NRHPL was a wholly owned subsidiary of the Company which was acquired from Panacea Biotech Limited during the year under review. NRHPL was subsequently merged with the Company vide Regional Director's Order dated 4th October 2017.

viii) Narayana Hrudayalaya Hospitals Malaysia Sdn Bhd (Narayana Malaysia)

Narayana Malaysia was a wholly owned subsidiary of the company and was authorized to engage in the business of hospitals, nursing homes, medical and other research centers, maternity homes and other related activities.This subsidiary had commenced the process of Members' Voluntary winding up in 2017 as per the extant provisions of the Malaysian Company Law. The liquidation of the subsidiary has been completed and stands dissolved on 27th March 2018.

ix) Narayana Cayman Holdings Ltd (NCHL)

NCHL is a wholly owned subsidiary of the Company and has the power and authority to carry out any object not prohibited by the Companies Law of the Cayman Islands. Further, other financial information is included in Form AOC-1. NCHL is a material subsidiary within the meaning of material subsidiary as defined under SEBI (Listing obligations and Disclosure Requirement) Regulations, 2015.

x) Narayana Holdings Private Limited (Narayana Holdings)

Narayana Holdings is a wholly owned subsidiary of the Company and is a Company incorporated in the Republic of Mauritius in April, 2016. Further, other financial information is included in Form AOC-1.

xi) Health City Cayman Islands Ltd (HCCI)

HCCI is a company incorporated in Cayman Islands and operates a hospital in Cayman Islands. Company held 28.6% equity shares in HCCI through its wholly owned subsidiary Narayana Cayman Holdings Limited (NCHL) and the balance 71.4% of the shares of HCCI was held by Ascension Health Ventures LLC, USA, (AHV) an affiliate of Ascension Health Alliance, USA (AHA). HCCI bought back 71.4% held by AHV during the year under review.

Consequent to this buy back, HCCI, became a 100% step down subsidiary of Company .

Associate Companies

i) Cura Technologies Inc (Cura)

Cura is an Associate Company incorporated in the State of Delaware, USA, in which the Company holds 43.33% of common stock of the associate company through NCHL and the remaining shares are held by Mr. Samir Mitra and others. This company is engaged in the business of developing software and technology to transform delivery of patient care. Further, other financial information is included in Form AOC-1.

ii) ISO Healthcare

ISO Healthcare is an Associate Company incorporated in Mauritius in which the Company holds 20% of the equity shares through Narayana Holdings. Further, other financial information is included in Form AOC-1.

5. SHARE CAPITAL

As on 31st March 2018, the Authorized Share Capital of the Company is ₹3,800 mn comprising 30,90,00,000 Equity Shares of ₹10 each and 7,10,00,000 Preference Shares of ₹10 each. The Paid-up Share Capital is ₹2,043.61 mn comprising of 20,43,60,804 Equity Shares of ₹10 each. The Authorized Share Capital of the Company was increased from ₹3000 mn to ₹3,800 mn on consolidation of Authorised Share Capital of NewRise Healthcare Private Limited with the Authorised Share Capital of the Company consequent to Regional Director's Order dated 4th October 2017 amalgamating NewRise Healthcare Private Limited with the Company.

6. DIRECTORS' RESPONSIBILITY STATEMENT

In terms of Section 134 (5) of the Companies Act, 2013, the Directors would like to state that:

i) In the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanation relating to material departures, if any.

ii) The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that were reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for the year under review.

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

iv) The Directors have prepared the annual accounts on a going concern basis.

v) The Directors have laid down internal financial controls to be followed by the Company and such internal financial controls are adequate and were operating effectively.

vi) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

Based on the framework of internal financial controls and compliance systems established and maintained by the Company, work performed by the internal, statutory and secretarial auditors and external consultants, including audit of internal financial controls over financial reporting by the statutory auditors, and the reviews performed by management and the relevant Board Committees, including the Audit, Risk and Compliance Committee the Board is of the opinion that the Company's internal financial controls were adequate and effective during 2017-18.

7. BOARD OF DIRECTORS AND COMMITTEES

Composition of Board of Directors and changes thereof

Your Company's Board of Directors comprises Executive Directors, Non-Executive Directors (One Woman Director) and Independent Directors. The Composition of the Board along with the changes, if any, thereof is detailed in the Corporate Governance Report which forms a part of this Report.

During the year under review, there has been no change in the Directors of the Company. Ms. Kiran Mazumdar Shaw Non-Executive Director who retired by rotation was re-appointed as a Director at the Seventeenth Annual General Meeting of the Company held on 3rd August 2017. Mr. Viren Shetty, Whole-time Director is retiring by rotation at the ensuing Annual General Meeting and being eligible has offered himself for re-appointment.

Pursuant to the provisions of Section 203 of the Companies Act, 2013, the Key Managerial Personnels (KMPs) of the Company are:

S. No.	Name of the KMPs	Position held in the Company
1.	Dr. Ashutosh Raghuvanshi	Vice-Chairman, Group CEO & Managing Director
2.	Mr. Venugopalan Kesavan	Group Chief Financial Officer
3.	Mr. Sridhar S	Group Company Secretary, Legal & Compliance Officer

The term of office of Dr. Devi Prasad Shetty as the Whole-time Director, Dr. Ashutosh Raghuvanshi as Managing Director and Mr. Viren Shetty as the Whole-time Director is expiring on 28th August 2018. Based on the recommendation of the Nomination and Remuneration Committee, the Board has re-appointed them at the Board meeting held on 29th May 2018 subject to approval of the members in the ensuing Annual General Meeting.

The term of office of Mr. Dinesh Krishna Swamy, Mr. Muthuraman Balasubramanian, Mr. Arun Seth and Mr. B N Subramanya, Independent Directors is coming to an end on 7th August 2018 while the term of office of Independent Director Mr. Manohar D Chatlani is coming to an end on 10th September 2018.The Board of Directors at their meeting held on 29th May 2018 has recommended the re-appointment of all the Independent Directors for a second term of 5 years. The Notice of 18th Annual General Meeting of the Company contains the above proposals for the approval of the Members.

Committees and their Constitution

As required under the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board has formed four Committees viz. Stakeholders' Relationship Committee, Audit, Risk and Compliance Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

Keeping in view the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the Board decides the Terms of Reference of these Committees and the assignment of Members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

The Members of the Committees are

S. No.	Stakeholders' Relationship Committee	Audit, Risk and Compliance Committee	Nomination and Remuneration Committee	Corporate Social Responsibility Committee
1.	Mr. Muthuraman Balasubramanian	Mr. B N Subramanya	Mr. Arun Seth (upto 25th October 2017 and again from 26th March 2018)	Mr. Dinesh Krishna Swamy
2.	Mr. B N Subramanya	Mr. Dinesh Krishna Swamy	Ms. Kiran Mazumdar Shaw	Dr. Ashutosh Raghuvanshi
3.	Dr. Ashutosh Raghuvanshi	Mr. Muthuraman Balasubramanian	Mr. Dinesh Krishna Swamy	Mr. B N Subramanya
4.	Mr. Viren Shetty	-	Mr. Muthuraman Balasubramanian (from 25th October 2017 upto 26th March 2018)	-

Number of meetings of the Board

The meetings of the Board are scheduled at regular intervals to decide and discuss on the business performance, policies, strategies and other matters of significance. The schedule of the meetings is circulated in advance to ensure proper planning and effective participation in meetings. In certain exigencies, decisions of the Board are also accorded through circulation.

The Board during the financial year under review met seven (07) times. Detailed information regarding the meetings of the Board and meetings of the Committees of the Board is included in the Report on Corporate Governance which forms a part of Board's Report.

8. COMPANY'S POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS

Company's policy on Directors' appointment and remuneration and other matters provided in Section 178(3) of the Companies Act, 2013 is available on our website at https://www.narayanahealth.org/stakeholders-relations/company-policies.

9. DECLARATION BY INDEPENDENT DIRECTORS OF THE COMPANY

A Declaration of independence in compliance with Section 149(6) of the Companies Act, 2013, has been taken on record from all the Independent Directors of the Company.

10. PERFORMANCE EVALUATION OF DIRECTORS

Pursuant to the provisions of the Companies Act, 2013 and Regulations 17 and 19 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, evaluation of every Director's performance was carried out by the Nomination and Remuneration Committee. The performance evaluation of Non-Independent Directors and Board as a whole, Committees thereof and Chairman of the Company was carried out by the Independent Directors through a separate meeting of the Independent Directors held on 26th March 2018. Evaluation of Independent Directors was carried out by the entire Board of Directors, excluding the Director being evaluated.

The evaluation was carried out on the basis of response of the Directors to a structured questionnaire covering various aspects of Board performance such as Board composition and expertise, Board oversight, strategy and direction, Corporate Governance and Board administration and inputs shared by the Directors at the meeting.

11. AUDITORS

A. Statutory Auditors

M/s. Deloitte Haskins and Sells LLP (Firm Registration Number 117366W/W-100018), Chartered Accountants, Bengaluru are the statutory auditors of the company who were appointed at the 17th Annual General Meeting of the Company held on 3rd August 2017 for a period of 5 years.

Auditor's Report

The Auditors' have issued an unmodified Report for the year ended 31st March 2018 and hence, do not call for any comments from the Management under Section 134 of the Companies Act, 2013.

B. Cost Auditors

The Board has approved the appointment of M/s. PSV & Associates, Cost Accountants having Firm Registration Number 000304, as the Cost Auditor of the Company for the financial year 2018-19 at a remuneration of ₹3,00,000 (Rupees Three Lakh) only, exclusive of reimbursement of tax and all out of pocket expenses incurred, if any, in connection with the cost audit.

The Board of Directors of the Company proposes the ratification of remuneration of M/s. PSV & Associates, Cost Accountants as the Cost Auditor of the Company, for financial year 2018-19 at the ensuing Annual General Meeting.

C. Secretarial Auditor

The Company has appointed M/s. Ganapathi and Mohan, (Firm Registration No. P2002KR57100), Practicing Company Secretaries to undertake the Secretarial Audit of the Company for financial year 2017-18. The Report of the secretarial audit is annexed herewith as **Annexure IX**.

There is no qualification, reservations or adverse remarks made by M/s. Ganapathi and Mohan, Practicing Company Secretaries, Secretarial Auditor of the Company in their Secretarial Audit Report.

12. INTERNAL AUDIT SYSTEMS

Your Company has continued its engagement with M/s. Ernst & Young LLP, Chartered Accountants, to conduct internal audit across the organization. We have also strengthened the in-house internal audit team to supplement and support the efforts of M/s. Ernst & Young LLP.

13. MATERIAL CHANGES AND COMMITMENTS, IF ANY, AFFECTING THE FINANCIAL POSITION OF THE COMPANY OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR TO WHICH THESE FINANCIAL STATEMENTS RELATE AND THE DATE OF THE REPORT

There are no material changes affecting the financial position of the Company between the end of the financial year to which these financial statements relate and the date of the Report.

14. DEPOSITS

Your Company has not accepted any deposits within the meaning of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

15. PARTICULARS OF LOANS, SECURITIES, GUARANTEES AND INVESTMENTS

The loans given, security provided, guarantees given and investments made by the Company under Section 186 of the Companies Act, 2013 are given in the notes to the Financial Statements.

16. RELATED PARTY TRANSACTIONS

The Company has taken necessary approvals as and when required as per the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details of the transactions entered into with the Related Parties are stated in the notes to accounts and Form AOC-2 as prescribed under the Companies Act, 2013 is annexed herewith as **Annexure II**.

17. THE EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form MGT-9 is annexed herewith as **Annexure III**.

18. CORPORATE SOCIAL RESPONSIBILITY

Your Company is building a robust support structure to empower the less privileged sections of society. Through its community outreach programs, your Company is building the infrastructure necessary to bring about the changes to ensure improved health and well-being for the community. As a responsible corporate citizen, your Company undertook several social welfare initiatives. Annual Report on Corporate Social Responsibility is annexed herewith as **Annexure IV**.

19. PARTICULARS OF EMPLOYEES

The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report and is appended herewith as **Annexure V** to the Boards' report. The statement containing particulars in terms of Section 197(12) of the Companies Act, 2013 read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 forms part of this Annual Report.

Considering the first proviso to Section 136(1) of the Companies Act, 2013, the Annual Report, excluding the aforesaid information, is being sent to the Members of the Company and others entitled thereto. The said information is available for inspection at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing Annual General Meeting. Any shareholder interested in obtaining a copy thereof, may write to the Secretarial Team of the Company in this regard.

20. EMPLOYEE STOCK OPTION PLAN

The Company has adopted the Narayana Hrudayalaya Employee Stock Option Plan (NH ESOP), 2015 pursuant to the approval of the Board on 7th September 2015 and the approval of Shareholders on 12th September 2015. The Plan is administered by the Nomination and Remuneration Committee through Narayana Health Employees Benefit Trust. Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014 the details of the Employee Stock Option Plan are annexed as **Annexure X** to this report:

21. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is detailed in **Annexure VI**.

22. SIGNIFICANT OR MATERIAL ORDERS PASSED BY THE REGULATORS/ COURTS

There are no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and Company's operation in future.

23. MANAGEMENT DISCUSSION AND ANALYSIS REPORT

A detailed analysis of the Company's operational and financial performance as well as the initiatives taken by the Company in its key functional areas are separately discussed in this Annual Report.

24. CORPORATE GOVERNANCE

Your Company places utmost importance on its fiduciary role as a guardian of stakeholders' interest and strives to achieve a mutually aligned objective of value and wealth creation for all interested parties. The Board and the Management humbly acknowledges this role and continues to propagate this belief through all layers of the organization to create an environment of accountability and trust.

These responsibilities continue to be the focus of its attention through the tumultuous ride along the path of expansion, ensuring the highest standards of ethics and integrity in all its business dealings while avoiding potential conflicts of interest. The result of this is a corporate structure which serves its ever expanding business needs while maintaining transparency and adherence to the above stated beliefs.

A report on Corporate Governance and a certificate from M/s. Ganapathi and Mohan, (Firm Registration No. P2002KR57100), Bengaluru, affirming the compliance with the various provisions of the Corporate Governance as stipulated under Regulation 27 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 forms part of the Annual Report and is annexed to Board's Report as **Annexure VII** and **Annexure VII A**, respectively.

25. BUSINESS RESPONSIBILITY REPORT

The Board of Directors of the Company has adopted the Business Responsibility Policy of the Company at its meeting held on 29th May 2017 which is available on our website i.e., https://www.narayanahealth.org/stakeholder-relations/company-policies.

Details of the various initiatives taken by the Company towards the well being of consumers, employees and the equitable development of the society at large, sustainability of the environment, etc. are given separately in the Business Responsibility Report attached in **Annexure VIII**.

26. VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has developed a Whistle Blower Policy with a view to provide a mechanism for employees and Directors of the Company to voice concerns and grievances in a responsible manner.

Further, details of the same are provided in Corporate Governance Report attached to this Report.

27. DISCLOSURES AS PER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place a Policy on prevention of sexual harassment in workplace framed under Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013. Internal Complaints Committee (ICC) has been set up to redress complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. Below is the report on the same containing details of number of cases filed, their disposal, nature of action taken, number of cases pending and number of workshop/awareness sessions conducted.

No. of cases reported	No. of cases disposed	Nature of Action Taken	No. of cases pending	No. of workshops conducted (Induction & Refresher)	No. of participants
3	3	Out of 3 cases, in 1 case the services of the respondent was terminated. One case was not proved to be sexual harassment and subsequently action has been initiated as per the disciplinary policy. One case has been settled through conciliation.	Nil	344	7054

28. RISK MANAGEMENT POLICY

The Board of Directors of the Company has formed Audit, Risk and Compliance Committee with well-defined roles and responsibilities of the Committee which includes reviewing and recommending of risk management plan and the risk management report for approval of the Board. The Audit, Risk and Compliance Committee evaluates internal financial controls and risk management systems. The Risk Management Policy of the Company is available on our website i.e., https://www.narayanahealth.org/stakeholder-relations/company-policies.

29. INSIDER TRADING POLICY

The Board of Directors of the Company has revised the insider trading policy at its meeting held on 6th November 2017. The Policy is available on our website i.e., https://www.narayanahealth.org/stakeholder-relations/company-policies.

30. DECLARATION ON CODE OF CONDUCT

The Company has adopted the Code of Conduct for all its Senior Management Personnel and Directors and the same is affirmed by all the Board Members and Senior Management Personnel as required under Regulation 34 read with Part D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. A declaration signed by Dr. Ashutosh Raghuvanshi, the Vice-chairman, Group CEO & Managing Director of the Company affirming the compliance with the Code of Conduct of the Company for the financial year 2017-18 has been annexed as part of this Report.

31. ACKNOWLEDGEMENT

Your Directors are grateful for all the help, guidance and support extended to them by patients, bankers, suppliers and investors. Your Directors also wish to thank the medical professionals and employees at each level for their hard work, commitment and performance during the year.

For and on behalf of the Board

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO
& Managing Director,
DIN: 02775637

Mr. Viren Shetty
Whole-time Director
DIN: 02144586

Place: Bangalore
Date: 29th May 2018

DECLARATION ON CODE OF CONDUCT

To,
The Members of
Narayana Hrudayalaya Limited

I, Dr. Ashutosh Raghuvanshi, Vice-chairman, Group CEO & Managing Director of the Company declare that all the Members of the Board of Directors and Senior Management Personnel have affirmed compliance with the Code of Conduct for the financial year ended 31st March 2018.

For **Narayana Hrudayalaya Limited**

Dr. Ashutosh Raghuvanshi
Vice-chairman, Group CEO & Managing Director
DIN: 02775637

Date: 29th May 2018

FORM AOC-1

(Pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventures

PART "A": SUBSIDIARIES

(Information in respect of each subsidiary to be presented with amounts in ₹)

S. No.	1	2	3	4	5	6	7	8
Name of the subsidiary	**Narayana Institute for Advanced Research Private Limited**	**Narayana Health Institutions Private Limited**	**Narayana Hospitals Private Limited**	**Narayana Hrudayalaya Surgical Hospital Private Limited**	**Narayana Vaishno Devi Specialty Hospitals Private Limited**	**Narayana Cayman Holdings Limited**	**Meridian Medical Research & Hospitals Limited**	**Narayana Holdings Private Limited**
Reporting period for the subsidiary concerned, if different from the holding company's reporting period	**31 March 2018**	**31 March 2018**	**31 March 2018**	**31 March 2018**	**31 March 2018**	**31 March 2018**	**31 March 2018**	**31 March 2018**
Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	INR	INR	INR	INR	INR	INR	INR	INR
Share capital	10,383,870	11,040,400	532,614,420	191,345,000	10,000,000	31,074	290,213,000	50,407,500
Reserves & surplus	46,408,763	(11,426,473)	118,224,475	(21,293,000)	(10,853,222)	2,815,159,206	121,751,000	(8,871,676)
Total assets	57,015,033	633,130	2,136,910,716	1,972,587,000	97,427,951	5,342,681,863	1,271,984,000	41,621,812
Total Liabilities	222,400	1,019,200	1,466,071,815	1,802,535,000	98,281,171	2,527,491,581	859,587,499	85,988
Investments	-	-	-	-	-	50,286,958	-	37,492,100
Turnover	-	-	30,401,158	1,532,901,616	683,277,483	773,114,919	1,398,610,000	4,395
Profit before taxation	(221,366)	(229,160)	18,851,944	(211,158,000)	(411,135)	3,332,103	23,694,000	4,204,838
Provision for taxation	-	-	-	-	-	-	(80,127,000)	-
Profit after taxation	(221,366)	(229,160)	18,851,944	(211,158,000)	(411,135)	3,332,103	103,821,000	4,204,838
Proposed Dividend	-	-	-	-	-	-	-	-
% of shareholding	100.00%	100.00%	100.00%	100.00%	100.00%	100.00%	99.12%	100.00%

Notes:-

1. Names of subsidiaries which are yet to commence operations.
   i) Narayana Hospitals Private Limited
   ii) Narayana Institute for Advanced Research Private Limited
   iii) Narayana Health Institutions Private Limited
2. Names of subsidiaries which have been liquidated or sold during the year
   i) Narayana Hrudayalaya Hospitals Malaysia Sdn, Bhd was liquidated and stands dissolved on 27th March, 2018.
   ii) NewRise Healthcare Private Limited was wholly owned subsidiary of the company was acquired from Panacea Biotech Limited on 21st April 2017, was subsequently merged with the company vide Regional Directors order dated 4th October 2017.
3. The figures reported for Narayana Cayman Holdings Limited are consolidated figures including its subsidiary company Health City Cayman Islands Limited, Cayman.

PART "B": SUBSIDIARIES/JOINT VENTURES

Name of Associates/Joint Ventures	Cura Technologies Inc. (Associate)	ISO Healthcare (Associate)
	USD	USD
Latest Balance Sheet Date	**31 March 2018**	**31 March 2018**
Shares of Associate/Joint Ventures held by the company on the year end No.	390,000,000	1,287
Amount of Investment in Associates	39,000	662,000
Extent of Holding %	43.33%	20.02%
Description of how there is significant influence		
Reason why the associate/ joint venture is not consolidated	**Consolidated as per Ind AS 28**	**Consolidated as per Ind AS 28**
Net worth attributable to Shareholding as per latest Balance Sheet	(1,487,516)	1,271,552
Profit / (Loss) for the year		
i. Considered in Consolidation	(727,074)	77,091
i. Not Considered in Consolidation	(950,919)	308,006

Notes :-

1. Names of associates or joint ventures which are yet to commence operations.
   i) ISO Healthcare
   ii) Cura Technologies Inc
2. Names of associates or joint ventures which have been liquidated, impaired or sold during the year. - Nil

Place: Bengaluru
Date: 29th May 2018

Dr. Ashutosh Raghuvanshi
Vice-Chairman, Group CEO
& Managing Director
DIN: 02775657

Mr. Viren Shetty
Whole-time Director
DIN: 02144586

ANNEXURE II

FORM NO. AOC – 2

[Pursuant to clause (h) of sub-section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014]

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arm's length transactions under the third proviso thereto.

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS: NIL

2. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS:

S. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
1.	Hrudayalaya Pharmacy, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Shetty (Whole-time Director) Dr. Varun Shetty (Son of Dr. Devi Prasad Shetty) and Dr. Anesh Shetty (Son of Dr. Devi Prasad Shetty)	Purchase of goods or materials	Ongoing	Purchase of Medicines and Surgical Consumables. Value of transactions during the year was ₹ 2,09,821	23rd March 2017	NIL
2.	Amaryllis Healthcare Private Limited Mr. Viren Shetty (Whole-time Director) is a Director & Member in Amaryllis Healthcare Private Limited.	Purchase of goods or materials	Ongoing	Supply of disposable drapes. Value of transactions during the year was ₹ 9,43,09,632	23rd March 2017	NIL
3.	Biocon Limited, Ms. Kiran Mazumdar Shaw (Non-Executive Director) is the Chairman and Managing Director of Biocon Limited.	Purchase of goods or materials	Ongoing	Purchase of Medicine. Value of transactions during the year was ₹ 9,56,48,225	23rd March 2017	NIL
4.	Health City Cayman Islands, subsidiary company in Cayman Islands effective from 2 January 2018. Dr. Devi Prasad Shetty (Chairman), Dr. Ashutosh Raghuvanshi (Managing Director) and Mr. Viren Shetty (Whole-time Director) are Directors of Health City Cayman Islands Ltd.	Sale / Purchase of Property & purchase of goods or materials.	Ongoing	Sale/Purchase of Biomedical Equipments, medicines and consumables, software license. Value of transactions during the year was ₹ 14,54,94,669	23rd March 2017 and 2nd August, 2017	NIL
		Rendering of service	Ongoing	For providing cloud managed services. Value of transactions during the year was USD 1,20,000	23rd March 2017 and 2nd August, 2017	NIL
5.	Charmakki Infrastructures, Partnership firm owned by Mrs. Shakuntala Shetty (Wife of Dr. Devi Prasad Shetty), Mr. Viren Shetty (Whole-time Director),Dr. Varun Shetty (Son of Dr. Devi Prasad Shetty) and Dr. Anesh Shetty (Son of Dr. Devi Prasad Shetty)	Leasing of property – payment of rent	Ongoing	Nursing Hostel Rent. Value of transactions during the year was ₹ 57,45,656.	23rd March 2017	NIL
6.	Narayana Hospitals Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) is the Managing Director and a Nominee Shareholder in this Company.	Leasing of property – payment of rent	Ongoing	Hospital Lease rent. Value of transactions during the year was ₹ 96,52,500	23rd March 2017, 29th May, 2017 and 2nd August 2017	NIL
		Manpower Services	Ongoing	For providing manpower services and services. Value of transactions during the year was ₹ 29,78,769		NIL

S. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
7.	Narayana Hrudayalaya Surgical Hospital Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Dr. Ashutosh Raghuvanshi (Managing Director) are Directors and Nominee Shareholders in Narayana Hrudayalaya Surgical Hospital Private Limited.	Leasing of property – payment of rent	Ongoing	Hospital Lease rent. Value of transactions during the year was ₹ 45,04,500 (including tax).	23rd March 2017 and 2nd August 2017	NIL
8.	Narayana Health Institutions Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Dr. Ashutosh Raghuvanshi (Managing Director) are Directors in the Company	Reimbursement of expenses	Ongoing	Payment towards professional fees and others. Value of transactions during the year was ₹ 2,11,819	6th November 2017	NIL
9.	Narayana Institute for Advanced Research Private Limited, Wholly Owned Subsidiary. Dr. Devi Prasad Shetty (Chairman) and Mr. Viren Shetty (Whole-time Director) are Directors in the Company	Reimbursement of expenses	Ongoing	Payment towards professional fees and others. Value of transactions during the year was ₹ 2,06,276	6th November 2017	NIL
10.	Mazumdar Shaw Medical Foundation (MSMF), Section 8 Company formed under the Companies Act, 2013. Dr. Devi Prasad Shetty (Chairman) and Ms. Kiran Mazumdar Shaw (Non- Executive Director) are the Directors in Mazumdar Shaw Medical Foundation.	Leasing Arrangement	Ongoing	Payment towards use of Bone marrow transplant units. Value of transactions during the year was ₹ 2,93,00,740 (including tax).	23rd March 2017	NIL
		Availing Services	Ongoing	Availing of Diagnostic Services. Value of transactions during the year was ₹ 42,56,070.	23rd March 2017	NIL
11.	TriMedx India Private Limited, The Company owns 10% of the equity share capital of that Company. Dr. Ashutosh Raghuvanshi (Managing Director) was a director in TriMedx India Private Limited upto 27th March 2017.	Availing or rendering of services	Ongoing	Servicing of Bio- Medical Equipments. Value of transactions during the year was ₹ 24,49,08,628	23rd March 2017	NIL
12.	Meridian Medical Research & Hospital Limited, Subsidiary in which the Company is holding 99.12% of the shares.	Purchase of goods or materials and fixed assets	Ongoing	Sale of Medicine and fixed assets. Value of transactions during the year was ₹ 3,45,899	23rd March 2017 and 2nd August 2017	NIL
13.	Narayana Vaishno Devi Specialty Hospitals Pvt. Ltd, Wholly Owned Subsidiary of the Company. Dr. Devi Prasad Shetty (Chairman), Dr. Ashutosh Raghuvanshi (Managing Director), Mr. Viren Shetty (Whole-time Director), Ms. Kiran Mazumdar Shaw (Non-Executive Director) are Directors in Narayana Vaishno Devi Specialty Hospitals Private Limited. Also, Dr. Devi Prasad Shetty, Dr. Ashutosh Raghuvanshi and Mr. Viren Shetty are Nominee Shareholders in this Company Dr. Varun Shetty, relative (son) of Dr. Devi Prasad Shetty.	Rendering of service	Ongoing	For providing manpower services. Value of transactions during the year was ₹ 8,83,354	23rd March 2017	NIL
		Appointment to office or place of profit.	Ongoing	Payment of professional fees for providing consultancy services. Value of transactions during the year was ₹ 8,71,294	23rd March 2017 and 2nd August, 2017	NIL
		IT service	Ongoing	Payment towards ITS service reimbursement. Value of transactions during the year was ₹ 70,03,929	23rd March 2017 and 2nd August 2017	NIL

S. No.	Name(s) of the related party and nature of relationship	Nature of contract/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board	Amount paid as advances, if any
14.	Dr. Anesh Shetty, relative (son) of Dr. Devi Prasad Shetty.	Appointment to office or place of profit.	On Going	Payment of remuneration for appointment as Executive Assistant to CEO. Value of transactions during the year was ₹ 25,42,668	23rd March 2017 and 29th May 2017	NIL
15.	Dr. Vivek Shetty, relative of Dr. Devi Prasad Shetty.	Appointment to office or place of profit.	On Going	Payment of professional fees - Junior Consultant. Value of transactions during the year was ₹ 10,50,000	23rd March 2017	NIL
16.	Dr. Varun Shetty, relative (son) of Dr. Devi Prasad Shetty.	Appointment to office or place of profit.	Ongoing	Payment of professional fees for providing consultancy services. Value of transactions during the year was ₹ 48,00,000	23rd March 2017 and 29th May 2017	NIL

Dr. Ashutosh Raghuvanshi
Vice-chairman, Group CEO & Managing Director
DIN: 02775637

Mr. Viren Shetty
Whole-time Director
DIN: 02144586

Place: Bengaluru
Date: 29th May 2018

ANNEXURE III

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN

As on Financial Year ended on 31st March 2018

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION & OTHER DETAILS

1	Corporate Identity Number (CIN)	L85110KA2000PLC027497
2	Registration Date	19th July 2000
3	Name of the Company	Narayana Hrudayalaya Limited
4	Category/Sub-category of the Company	Public Limited Company/ Limited by shares
5	Address of the Registered office & contact details	No.258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore-560099 +918071222129
6	Whether listed company	Yes
7	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited, Karvy Selenium Tower B, Plot 31 – 32, Gachibowli Financial District, Nanakramguda, Hyderabad, Telangana-500032 +914067161500

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

(All the business activities contributing 10 % or more of the total turnover of the company shall be stated)

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Running hospitals, Diagnostic Centres, Clinical Centers or Test Laboratories.	8610	99.06%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Narayana Hospitals Private Limited, No. 258/A, Bommasandra Industrial Area, Hosur Road, Bangalore -560099	U85110KA2004PTC033913	Subsidiary	100	2(87)
2	Narayana Institute for Advanced Research Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore -560099	U85121KA2006PTC040989	Subsidiary	100	2(87)
3	Narayana Health Institutions Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk , Bangalore -560099	U85110KA2008PTC046981	Subsidiary	100	2(87)
4	Narayana Hrudayalaya Surgical Hospital Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk , Bangalore -560099	U85100KA2010PTC055453	Subsidiary	100	2(87)
5	Narayana Vaishno Devi Specialty Hospitals Private Limited, No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bangalore -560099	U85110KA2014PTC076218	Subsidiary	100	2(87)
6	Meridian Medical Research & Hospitals Limited, West Bank Hospitals, Andul Road, Howrah-711109	U85110WB1995PLC071440	Subsidiary	99.12	2(87)
7	Narayana Cayman Holding Limited, 89, Nexus Way, Camana Bay, Grand Cayman K1-9007, Cayman Islands	OG-240427	Subsidiary	100	2(87)

S No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
8	Narayana Holdings Private Limited, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	137695-C1/GBL	Subsidiary	100	2(87)
9	*Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights, 50490 Kuala Lumpur, Wilayah Persekutuan	961782-T	Subsidiary	100	2(87)
10	**NewRise Healthcare Private Limited, B-1 Extn./ A-27, Mohan Co-op. Indl. Estate, Mathura Road, New-Delhi Delhi DL 110 044	U85110DL2002PTC114987	Subsidiary	100	2(87)
11	***ISO Healthcare, Les Cascades Building, Edith Cavell Street, Port Louis, Mauritius	136656-C2/GBL	Associate	20	2(6)
12	****Cura Technologies Inc., 1013 Centre Road Suite, 403B Street, Wilmington, New Castel, 19805	5618975	Associate	43.33	2(6)
13	*****Health City Cayman Islands Limited, 89, Nexus Way, Camana Bay, Grand Cayman K1-9007, Cayman Islands	OG-240426	Step Down Subsidiary	100	2(87)

* Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd. Liquidated on 27th March, 2018

** NewRise Healthcare Private Limited was merged with Narayana Hrudayalaya Limited vide Regional Director's Order dated 4th October 2017

*** Narayana Hrudayalaya Limited holds 20% in this company via its wholly owned subsidiary Narayana Holdings Private Limited.(Mauritius)

**** Narayana Hrudayalaya Limited holds 43.33% in this company via its wholly owned subsidiary Narayana Cayman Holdings Limited.

***** Narayana Hrudayalaya Limited holds 100% in this company via its wholly owned subsidiary Narayana Cayman Holdings Limited.

IV. SHARE HOLDING PATTERN

(Equity share capital breakup as percentage of total equity)

(i) Category-wise share Holding

Category Code	Category of Shareholder	No. of shares held at the beginning of the year [As on 1st April 2017]				No. of shares held at the end of the year [As on 31st March 2018]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(A)	**Promoter and Promoter Group**									
(1)	**Indian**									
(a)	Individual/ HUF	12,67,83,666	0	12,67,83,666	62.04	12,67,83,666	0	12,67,83,666	62.04	0.00
(b)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Bodies Corporate	37,02,064	0	37,02,064	1.81	37,02,064	0	37,02,064	1.81	0.00
(d)	Financial Institutions/ Banks	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Others	0	0	0	0.00	0	0	0	0.00	0.00
	Sub Total (A) (1)	**13,04,85,730**	**0**	**13,04,85,730**	**63.85**	**13,04,85,730**	**0**	**13,04,85,730**	**63.85**	**0.00**
(2)	**Foreign**									
(a)	Individuals (NRIs/ Foreign Individuals)	0	0	0	0.00	0	0	0	0.00	0
(b)	Bodies Coporate	0	0	0	0.00	0	0	0	0.00	0
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0
(e)	Others	0	0	0	0.00	0	0	0	0.00	0
	Sub Total (A) (2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0**
	Total A=A(1)+A(2)	**13,04,85,730**	**0**	**13,04,85,730**	**63.85**	**13,04,85,730**	**0**	**13,04,85,730**	**63.85**	**0.00**

Category Code	Category of Shareholder	No. of shares held at the beginning of the year [As on 1st April 2017]				No. of shares held at the end of the year [As on 31st March 2018]				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(I)	(II)	(III)	(IV)	(V)	(VI)	(VII)	(VIII)	(IX)	(X)	(XI)
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds/UTI	1,29,39,781	0	1,29,39,781	6.33	87,95,349	0	87,95,349	4.30	-2.03
(b)	Financial Institutions/ Banks	8,266	0	8,266	0.00	2,39,856	0	2,39,856	0.12	0.12
(c)	Central Government/ State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Foreign Institutional Investors	1,22,31,673	0	1,22,31,673	5.99	1,95,29,234	0	1,95,29,234	9.56	3.57
(g)	Foreign Venture Capital Funds	1,15,61,932	43,60,804	1,59,22,736	7.79	1,06,21,978	0	1,06,21,978	5.20	-2.59
(h)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Others	1,97,47,762	0	1,97,47,762	9.66	1,17,65,046	0	1,17,65,046	5.76	-3.91
	Sub-Total (B)(1)	**5,64,89,414**	**43,60,804**	**6,08,50,218**	**29.78**	**5,09,51,463**	**0**	**5,09,51,463**	**24.93**	**-4.84**
(2)	**Non-Institutions**									
(a)	Bodies Corporate	5,72,739	0	5,72,739	0.28	77,90,583	0	77,90,583	3.81	3.53
(b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	30,52,813	1	30,52,814	1.49	49,52,961	1	49,52,962	2.42	0.93
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	71,67,132	0	71,67,132	3.51	76,42,347	0	76,42,347	3.74	0.23
(c)	Others									
	Clearing Members	31,270	0	31,270	0.02	53,421	0	53,421	0.03	0.01
	NBFC	5,469	0	5,469	0.00	5,969	0	5,969	0.00	0.00
	Non Resident Indians	1,63,699	0	1,63,699	0.08	2,93,303	0	2,93,303	0.14	0.06
	NRI Non-Repatriation	24,180	0	24,180	0.01	2,31,493	0	2,31,493	0.11	0.10
	Trusts	20,07,553	0	20,07,553	0.98	19,53,533	0	19,53,533	0.96	-0.03
(d)	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B)(2)	**1,30,24,855**	**1**	**1,30,24,856**	**6.37**	**2,29,23,610**	**1**	**2,29,23,611**	**11.22**	**4.84**
	Total (B)=B(1)+B(2)	**6,95,14,269**	**43,60,805**	**7,38,75,074**	**36.15**	**7,38,75,073**	**1**	**7,38,75,074**	**36.15**	**0.00**
		19,99,99,999	**43,60,805**	**20,43,60,804**	**100.00**	**20,43,60,803**	**1**	**20,43,60,804**	**100.00**	**0.00**
(C)	**Shares held by custodians, against which Depository Receipts have been issued**									
(1)	Promoter and Promoter Group	0	0	0	0.00	0	0	0	0.00	0.00
(2)	Public	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-Total (C)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Grand Total (A+B+C)	**19,99,99,999**	**43,60,805**	**20,43,60,804**	**100.00**	**20,43,60,803**	**1**	**20,43,60,804**	**100.00**	**0.00**

(ii) Shareholding of Promoter

S No.	Promoters' Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of shares	% of total shares of the Company	% of shares Pledged/ encumbered to total shares	No. of shares	% of total shares of the Company	% of shares Pledged / encumbered to total shares	
1	Dr. Devi Prasad Shetty	6,47,00,571	31.66	0.00	6,47,00,571	31.66	0.00	0.00
2	Mrs. Shakuntala Shetty	6,20,83,095	30.38	0.00	6,20,83,095	30.38	0.00	0.00
3	Narayana Health Academy Private Limited	37,02,064	1.81	0.00	37,02,064	1.81	0.00	0.00

(iii) Change in Promoters' shareholding (please specify, if there is no change) - No change

S No.	Particulars	Date	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	At the beginning of the year			13,04,85,730	63.85	13,04,85,730	63.85
	Changes during the year			0	0	0	0
	At the end of the year			13,04,85,730	63.85	13,04,85,730	63.85

(iv) Shareholding Pattern of top ten Shareholders as on 31st March 2018

S No.	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name-CDC Group PLC						
	At the beginning of the year			1,17,65,046	5.76	1,17,65,046	5.76
	Changes during the year			0	0.00	0	0.00
	At the end of the year			1,17,65,046	5.76	1,17,65,046	5.76
2	Name-Ashoka Investment Holdings Limited						
	At the beginning of the year			88,94,128	4.35	88,94,128	4.35
	Changes during the year	02.06.2017	Transfer	2,38,700	0.12	86,55,428	4.24
		16.06.2017	Transfer	3,07,696	0.15	83,47,732	4.08
		02.03.2018	Transfer	76,924	0.04	82,70,808	4.05
		09.03.2018	Transfer	59,616	0.03	82,11,192	4.02
		23.03.2018	Transfer	40,385	0.02	81,70,807	4.00
	At the end of the year			81,70,807	4.00	81,70,807	4.00
3	Name-JP Morgan Mauritius Holdings IV Limited						
	At the beginning of the year			79,82,716	3.91	79,82,716	3.91
	Changes during the year	09.06.2017	Transfer	21,693	0.01	79,61,023	3.90
		16.06.2017	Transfer	1,98,060	0.10	77,62,963	3.80
		23.06.2017	Transfer	13,33,399	0.65	64,29,564	3.15
		30.06.2017	Transfer	45,763	0.02	63,83,801	3.12
		07.07.2017	Transfer	34,78,609	1.70	29,05,192	1.42
		14.07.2017	Transfer	3,00,000	0.15	26,05,192	1.27
		01.09.2017	Transfer	8,81,819	0.43	17,23,373	0.84
		15.09.2017	Transfer	10,77,000	0.53	6,46,373	0.32
		22.09.2017	Transfer	6,46,373	0.32	0	0.00
	At the end of the year			0	0.00	0	0.00
4	Name-CDC India Oppurtunities Limited						
	At the beginning of the year			43,60,804	2.13	43,60,804	2.13
	Changes during the year			0	0.00	0	0.00
	At the end of the year			43,60,804	2.13	43,60,804	2.13

S No.	For each of the Top 10 Shareholders	Date	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
5	Name-Franklin Templeton Investment Funds						
	At the beginning of the year			34,90,000	1.71	34,90,000	1.71
	Changes during the year	14.07.2017	Transfer	9,79,342	0.48	44,69,342	2.19
		13.10.2017	Transfer	3,555	0.00	44,65,787	2.19
		26.01.2018	Transfer	48,316	0.02	45,14,103	2.21
	At the end of the year			45,14,103	2.21	45,14,103	2.21
6	Name-Ambadevi Mauritius Holding Limited						
	At the beginning of the year			26,67,804	1.31	26,67,804	1.31
	Changes during the year	02.06.2017	Transfer	71,300	0.03	25,96,504	1.27
		16.06.2017	Transfer	92,258	0.05	25,04,246	1.23
		02.03.2018	Transfer	23,076	0.01	24,81,170	1.21
		09.03.2018	Transfer	17,884	0.01	24,63,286	1.21
		23.03.2018	Transfer	12,115	0.01	24,51,171	1.20
	At the end of the year			24,51,171	1.20	24,51,171	1.20
7	Name-Ratnakar Shetty						
	At the beginning of the year			20,43,608	1.00	20,43,608	1.00
	Changes during the year			0	0.00	0	0.00
	At the end of the year			20,43,608	1.00	20,43,608	1.00
8	Name-Murali Krishnan KN						
	At the beginning of the year			20,07,553	0.98	20,07,553	0.98
	Changes during the year	01.12.2017	Transfer	52,262	0.03	19,55,291	0.96
		15.12.2017	Transfer	732	0.00	19,54,559	0.96
		12.01.2018	Transfer	732	0.00	19,55,291	0.96
		19.01.2018	Transfer	1,758	0.00	19,53,533	0.96
	At the end of the year			19,53,533	0.96	19,53,533	0.96
9	Name-SBI Blue Chip Fund						
	At the beginning of the year			18,50,778	0.91	18,50,778	0.91
	Changes during the year	02.03.2018	Transfer	6,67,960	0.33	11,82,818	0.58
		09.03.2018	Transfer	1,08,300	0.05	10,74,518	0.53
		16.03.2018	Transfer	4,57,375	0.22	6,17,143	0.30
		23.03.2018	Transfer	6,17,143	0.30	0	0.00
	At the end of the year			0	0.00	0	0.00
10	Name-ICICI Prudential Long Term Equity Fund (Tax Saving)						
	At the beginning of the year			17,79,986	0.87	17,79,986	0.87
	Changes during the year	02.06.2017	Transfer	3,23,714	0.16	14,56,272	0.71
	At the end of the year			14,56,272	0.74	14,56,272	0.74

(v) Shareholding of Directors and Key Managerial Personnel

S No.	Shareholding of each Directors and each Key Managerial Personnel	Date	Reason	Shareholding at the beginning of the year		Cumulative shareholding during the year	
				No. of shares	% of total shares	No. of shares	% of total shares
1	Name- Dr. Devi Prasad Shetty						
	At the beginning of the year			6,47,00,571	31.66	6,47,00,571	31.66
	Changes during the year			0	0.00	0	0.00
	At the end of the year			6,47,00,571	31.66	6,47,00,571	31.66
2	Name- Ms. Kiran Mazumdar Shaw						
	At the beginning of the year			47,05,671	2.30	47,05,671	2.30
	Changes during the year			0	0.00	0	0.00
	At the end of the year			47,05,671	2.30	47,05,671	2.30

V. INDEBTEDNESS AS ON 31ST MARCH 2018

Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in mn)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1,195.27	0	0	1,195.27
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0.74	0	0	0.74
Total (i+ii+iii)	**1,196.01**	**0**	**0**	**1,196.01**
Change in Indebtedness during the financial year				
* Addition	4,044.75	0	0	4,044.75
* Reduction	-325.78	0	0	-325.78
Net Change	3,718.97	0	0	3,718.97
Indebtedness at the end of the financial year				
i) Principal Amount	4,914.24	0	0	4,914.24
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0.38	0	0	0.38
Total (i+ii+iii)	**4,914.62**	**0**	**0**	**4,914.62**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S No.	Particulars of Remuneration	Name & Designation			Total Amount (₹)
		Dr. Devi Prasad Shetty Chairman & Whole-time Director	Dr. Ashutosh Raghuvanshi Vice Chairman, Group CEO & Managing Director	Mr. Viren Prasad Shetty Whole-time Director	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,47,60,404	2,81,92,393	87,99,996	8,17,52,793
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	39,600	39,83,499		40,23,099
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	Nil	Nil	Nil	0
2	Stock Option	Nil	Nil	Nil	0
3	Sweat Equity	NA	NA	NA	0
4	Commission	Nil	Nil	Nil	0
	- as % of profit				
	- others, specify				
5	Others, please specify (NPS contribution)	0	14,17,440	0	14,17,440
	Others, please specify (performance related pay)	77,19,360	54,32,794	17,54,404	1,49,06,558
	Total	**5,25,19,364**	**3,90,26,126**	**1,05,54,400**	**10,20,99,890**
	Ceiling as per the Act (10% of profits calculated under section 198 of the Companies Act, 2013)		Within the limit		

B. Remuneration to other Directors

S No.	Particulars of Remuneration	Name of Directors						Total Amount (₹)
		Mr. Manohar D Chatlani	Mr. B N Subramanya	Mr. Arun Seth	Mr. Muthuraman Balasubramanian	Mr. Dinesh Krishna Swamy	Ms. Kiran Mazumdar Shaw	
1	Independent Directors							
	Fee for attending Board and Committee meetings	2,50,000	8,00,000	2,00,000	6,50,000	7,00,000		26,00,000
	Commission *	10,00,000	10,00,000	10,00,000	10,00,000	10,00,000		50,00,000
	Others, please specify							
	Total (1)							
2	Other Non-Executive Directors							
	Fee for attending Board and Committee meetings						3,50,000	3,50,000
	Commission						10,00,000	10,00,000
	Others, please specify							
	Total (2)							
	Total (B)=(1+2)	**12,50,000**	**18,00,000**	**12,00,000**	**16,50,000**	**17,00,000**	**13,50,000**	**89,50,000**
	Total Managerial Remuneration							89,50,000
	Overall Ceiling as per the Act (1% of the profits calculated under section 198 of the Companies Act, 2013)	Within the limit						

*Commission paid of ₹ 10 Lakhs pertains to the FY 2016-17.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

S No.	Particulars of Remuneration	Name of Key Managerial Personnel & Designation		Total Amount (₹)
		Mr. Venugopalan Kesavan CFO	Mr. Sridhar S CS	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,40,84,328	30,16,730	1,71,01,058
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			0
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	0
2	Stock Option	Nil	Nil	0
3	Sweat Equity	Nil	Nil	0
4	Commission	Nil	Nil	0
	- as % of profit			0
	- others, specify			0
5	Others, please specify (NPS Contribution)	4,19,376	61,664	4,81,040
	Others, please specify (Employer PF)	21,600	21,600	43,200
	Others, please specify (Performance related pay)	23,07,584	2,31,276	25,38,860
	Others, please specify (Retention bonus)	25,00,000	0	25,00,000
	Total	**1,93,32,888**	**33,31,270**	**2,26,64,158**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Mr. Viren Shetty
Whole-time Director
DIN: 02144586

Place: Bengaluru
Date: 29th May 2018

ANNEXURE IV

NARAYANA HRUDAYALAYA CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES ("NH CSR")

1. BRIEF OUTLINE OF NH CSR POLICY AND OVERVIEW OF PROGRAMS UNDERTAKEN DURING THE FINANCIAL YEAR 2017-18:

1.1 Brief outline of NH CSR Policy:

1.1.1 NH CSR Policy Statement:

NH aims to make a positive difference in the lives of the people by engaging in activities that eliminates or alleviates pain and suffering to the under privileged sections of the society.

1.1.2 NH CSR Objectives:

- Promoting healthcare facilities for the upliftment of people at large and creating a positive impact by addressing issues of accessibility and affordability.
- Promoting educational facilities to help and assist in unfolding the creative potentials and talents of the children and amateurs.
- Strive for socio-economic development thereby reducing inequality between rich and poor.

1.1.3 NH CRS Focus Areas

- Healthcare
- Education

1.1.4 NH CSR Projects (discussed in detail in later section of the report)

- Rajiv Gandhi Arogya Yojana (RAY)
- Railway Clinics
- Mobile Mammography Screening
- Care Companion Program
- E -Health Centers
- Udaan
- Shorapur Maternal Obstetric Monitoring (MOM) Program
- Community Radio Station initiative
- Non-communicable diseases (NCD) program

1.1.5 Governance and Administration

Board of Directors has:

- Appointed CSR Committee
- Ensured that the CSR activities are in conformity to the activities mentioned in Schedule VII of the Companies Act, 2013.
- Approved the CSR policy as recommended by the CSR Committee.
- Ensured that the Company spent the approved budget in the financial year to comply with Section 135 of Companies Act, 2013 and Rules notified.

CSR Committee has:

- Formulated and recommended the CSR Policy for approval of the Board.
- Recommended CSR programmes and budget allocation.
- Instituted a transparent monitoring mechanism for implementation of the CSR activities and expenditure of funds.
- Taken professional support from individuals and organisations having expertise in related fields to carry out aforesaid activities.

1.1.6 Project based approach:

NH follows a project-based approach for carrying out its CSR initiatives.

1.1.7 Overview of projects/programs undertaken during the Financial Year 2017-18:

Rajiv Gandhi Arogya Yojana (RAY):

This program was initiated in November 2005 to develop a model of rural primary health care system in Amethi. The project currently includes 4 Primary Healthcare Clinics spread across four blocks of Amethi constituency and covers the basic healthcare needs of around 200 villages catering to a population of more than 60,000 people. Since its inception, the program has served more than 20,65,000 patients from marginalized communities. In the past year, more than 13,000 patients availed primary healthcare services at these clinics.

Railway Clinics:

This program was initiated in July 2011 in the State of Karnataka in collaboration with Southern Railways. The objective is to provide timely care to the patients or accident victims in railway stations, and thereby curb the increasing number of deaths due to railway accidents. These centres provide basic medical assistance and emergency needs before the patient reaches the hospital. Since inception, these clinics have helped treat 13,936. In past financial year, the majestic railway clinic treated around 1403 passengers.

Mobile Mammography Screening:

Breast cancer is the commonest cancer in urban Indian women and second most common in rural women, with 140,000 new breast cancer patients being diagnosed annually (Indian Council of Medical Research, 2001; Ferlay, et al., 2013). Ubiquitous realities such as lack of organized screening programs, paucity of diagnostic aids, patriarchal mind-set, illiteracy and lack of awareness have resulted in majority of women being diagnosed at a locally advanced stage (Agarwal, Pradeep Aggarwal, Yip, & Cheung, 2007). The effort therefore, of the mammography screening program, has been to educate, screen, identify and refer patients for further treatment. Since February 2014, the program has provided screened more than 20,000 women through 541 camps organized across several districts in Karnataka. In the process, 5,335 mammograms were conducted and till date, 43 women have been diagnosed with breast cancer and treated successfully. In the past financial year, the program reached out to 7,000 women through 171 camps and 2,048 mammograms were conducted.

Care Companion Program:

The Care Companion Program (CC Program) was first set up in 2013 in the NH Hospital in Mysore. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource. This program is designed to educate patient family members with low or no prior medical knowledge for attending to the needs of patients. The program undertakes in-hospital education-cum-training program for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc. These sessions are conducted in Hindi, Tamil, English, Telugu, Bengali, Assamese and Kannada. The program has been implemented across 24 facilities of NH, wherein the program was introduced in five facilities in the last financial year. Since its inception in 2013, more than 80,000 families have been educated, with 45,000 families who were trained in the last financial year. As per an impact study conducted across five units to assess caregiver competencies and perception, 82% of the care givers stated that they have learnt to deal with the medical situation while 87% stated that they felt confident of handling patient care requirements after attending the program.

E - Health Centre Program (eHCs):

The program focuses on delivering quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. NH is the healthcare partner to implement, operate and manage eHealth Centres. The centres are rapidly deployable healthcare facilities powered by cloud-enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services. A Total of 9 eHealth Centres have been established in states of Karnataka, West Bengal, Rajasthan and Gujarat. A total footfall of 64,037 has been witnessed since inception. In the last financial year, 28,572 patients were provided teleconsultations, 3,200 people were screened through 40 general and specialty camps and 144 community meetings were conducted to educate local population on the prevalent diseases and ways of prevention. As per the findings of a socio-economic impact study conducted across five centres to understand out of pocket expenditures in the community on healthcare, there has been a reduction in direct expenses (consultation, medicines, investigations) by 36% and indirect expenses (wage loss, travel cost) by 44% post inception of eHCs.

Case Narration:

A 17-year-old girl named Farha Jabi visited Tikiapara eHC in West Bengal with complaint of difficulty in breathing. As advised, she underwent echocardiogram at the centre, leading to provisional diagnosis of valvular heart disease. She was immediately referred to NH Hospital in Kolkata where the diagnosis was confirmed, and surgery was advised. Belonging to poor socio-economic background, Farha was provided financial supported through NH CSR and the associated local NGO for the surgery. She was treated successfully and has been leading a healthy life since then.

Udaan:

India has a large shortfall of doctors. According to the World Health Organization, India has seven doctors for every 10,000 people, half the global average. These shortages exist despite India having one of the largest medical education systems in the world. The unwillingness of doctors to work in rural areas is another challenge. Considering these twin challenges, the objective of the program has been to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage on towards realizing medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community. In collaboration with Mindtree, 56 high-school students had been identified for the program of which 26 students progressed to join Jain University. With additional support from Jain University, the students have been coached, mentored and would be appearing for medical selection test in current year. The Udaan Bidar program was initiated with Shaheen group of Institutions in Bidar wherein 20 pre-university students have been selected and provided full scholarship. The Udaan students are regularly motivated and mentored by NH panel of doctors.

Shorapur Maternal Obstetric Monitoring program

Yadgir District has been identified by the Ministry of Health and Family Welfare as a High Priority District for the implementation of focused health care interventions under National Health Mission (NHM). Based on statistical data for maternal healthcare indices, it was decided to pilot maternal healthcare interventions in Shorapur Taluk of Yadgir District. The program leveraged on workflow improvements and technology innovations to address early detection & referral of high risk pregnancies. Our team stationed in Shorapur co-ordinated free drives for Ultrasonography (USG), High Risk Pregnancy detection (HRP), as well as blood transfusion for anaemic pregnant women. Since November 2016, NH radiologists have regularly travelled to Shorapur and have conducted 5185 free USG reviews for pregnant women. Almost 20% of the pregnant women were diagnosed with high-risk conditions and referred to nearest District hospital. Narayana Health introduced High Risk Pregnancy identification forms to evaluate and identify high risk pregnancy at the government general hospital. With implementation of this workflow innovation, there has been a 50% rise in detection of high risk pregnancy cases. Over the past year, our team has also co-ordinated the blood transfusion for 268 severely anaemic women at the Government General Hospital. Regular communitisation activities were conducted by field staff to improve awareness towards anemia, signs and symptoms of high risk pregnancies and need for early referral of pregnant women identified with such conditions.

Community Radio program

The Company has supported Narayana Hrudayalaya Foundation for the Community Radio Programme and the Foundation was granted 90.4 spectrum wireless operating license in January 2017 for establishing a community radio station in Health city, Anekal. The broader objective of our community radio station is to serve as a consensus-building platform wherein communication processes would help the communities around us to share common understanding and common goals. The community radio was named “Namma Nadi” with focus on health, education, environment, culture and civic issues within the primary and secondary zones of health city. Various programs were aired on Namma Nadi with participation from multiple communities of interest.

Non-Communicable Diseases (NCD) Program

This new program was initiated in June 2017 with a focus to improve awareness and conduct screening for non-communicable diseases including breast and oral cancer. The focus has been on a continuum of activities including promotive, preventive and curative services. The program has been initiated at five locations – Mysore, Jamshedpur, Delhi, Howrah and Bangalore. In collaboration with various local institutions, government healthcare bodies and non-governmental organizations, the program has been able to serve more than 5,000 people in the last year. Post the awareness sessions conducted by the NCD team, impact assessment surveys were conducted amongst a section of the population and it was found that there had been an overall increase of 40% in the knowledge about breast and oral cancer amongst the respondents. Patients identified with oral lesions or breast pathologies were further provided free consultation, biopsies and relevant diagnostic interventions.

2. COMPOSITION OF CSR COMMITTEE:

Mr. Dinesh Krishna Swamy	Chairman
Mr. B N Subramanya	Member
Dr. Ashutosh Raghuvanshi	Member

3. AVERAGE NET PROFIT (BEFORE TAX) FOR LAST THREE FINANCIAL YEARS IS ₹ 967.90 MN

4. PRESCRIBED CSR EXPENDITURE (I.E. 2% OF THE AMOUNT MENTIONED INPOINT 3 ABOVE) IS ₹ 19.36 MN

5. DETAILS OF CSR SPENT DURING FINANCIAL YEAR:

(₹ in mn)

S. No.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the projects or programs were undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs Sub-heads: Direct Expenditure on projects or programs	Amount spent on projects or programs Sub-heads: Overheads	Cumulative expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1.	Rajiv Gandhi Arogya Yojana (RAY)	Healthcare and Enhancing livelihood	Amethi, Uttar Pradesh	1.87	1.75	0.29	2.04	Direct
2.	Railway Clinics	Healthcare	Karnataka	1.69	0.60	0.01	0.70	Direct
3.	Mobile Mammography Screening	Healthcare	Karnataka	2.72	2.84	0.47	3.31	Direct
4.	Care Companion Program	Healthcare and Enhancing livelihood	PAN India	1.89	0.67	0.11	0.78	Direct
5.	Udaan – A Scholarship Programme	Promoting Education	Karnataka	0.58	0.52	0.09	0.61	Direct
6.	E-Health Center	Healthcare and Enhancing livelihood	PAN India	5.46	6.17	1.02	7.19	Direct
7.	Shorapur MOM Program	Healthcare	Karnataka	2.61	2.27	0.38	2.66	Direct
8.	Community Radio	Healthcare and Enhancing livelihood	Karnataka	0.68	0.04	0.006	0.04	Direct
9.	NCD	Healthcare and Enhancing livelihood	Karnataka	2.67	4.17	0.78	5.49	Direct
10.	Ground Water Recharge	Healthcare and Enhancing livelihood	Karnataka	0.30	-	-	-	Direct
	Total			**20.45**	**19.59**	**3.23**	**22.82**	

6. OUR RESPONSIBILITY STATEMENT:

We hereby affirm that the CSR Policy, as approved by the Board, has been implemented and the CSR Committee monitors the implementation of CSR projects and activities in compliance with our CSR objectives.

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director,
DIN: 02775637

Mr. Viren Shetty
Whole-time Director
DIN: 02144586

Place: Bengaluru
Date: 29th May 2018

ANNEXURE V

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company is detailed as under:

a. The ratio of the remuneration of each Director to the median remuneration of the employees of the Company for the financial year:

Non-Executive Directors	Ratio to median remuneration
Mr. Muthuraman Balasubramanian	4.98
Mr. Dinesh Krishna Swamy	4.98
Mr. Manohar D Chatlani	4.98
Mr. Arun Seth	4.98
Ms. Kiran Mazumdar Shaw	4.98
Mr. B N Subramanya	4.98

Executive Directors	Ratio to median remuneration
Dr. Devi Prasad Shetty	261.30
Mr. Viren Shetty	52.55
Dr. Ashutosh Raghuvanshi	194.31

b. The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year:

Directors, Chief Executive Officer, Chief Financial Officer, Company Secretary	% increase
Dr. Devi Prasad Shetty	3%
Mr. Viren Shetty	14%
Dr. Ashutosh Raghuvanshi	3%
Mr. Venugopalan Kesavan	15%
Mr. Sridhar S*	0.0%

* Mr. Sridhar S was appointed in March 2017

c. The percentage increase in the median remuneration of employees in the financial year: 10%

d. The number of permanent employees on the rolls of Company: 10,737

e. Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.

On an average, employees received an annual increase of 9% based on individual performance against the managerial remuneration of 5.5%.

f. Affirmation that the remuneration is as per the remuneration policy of the Company.

The Company affirms that the remuneration is as per the remuneration policy adopted by the Company.

ANNEXURE VI

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on conservation of energy, technology absorption and foreign exchange earnings and outgo stipulated under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 is given below:

(A) CONSERVATION OF ENERGY

Process improvement and utilization of existing resources was taken as a key agenda for Energy Conservation initiatives in financial year 2017-18 in the Company. Various initiatives have been undertaken by the Company to optimize the energy usage and cost.

Key energy conservation measures executed in the Financial Year 2017-18 are summarized below:

a. Completed six (6) comprehensive energy audits at hospitals located in Bangalore, Howrah, Jaipur, Ahmedabad, Kolkata, Jamshedpur in association with a renowned Industry Expert.

b. Internal energy audits through in-house Energy Manager/Auditor at 12 hospitals located across India.

c. Following improvement measures identified in audits were budgeted for implementation in Financial Year 2018-19:

- Installation of Variable Frequency Drives (VFD)/ Electronically Controlled (EC) motors for Air Handling Units
- Installation of Eco-Mesh/Adiabatic Cooling System for Chillers
- Chiller and Pump Replacement
- Solar Roof Top Panels
- Energy Monitoring System

d. More than 85% total energy consumption at Health City Campus, Bengaluru are sourced from Renewable energy sources i.e. Solar Power.

e. Successfully commissioned an energy conservation project worth ₹ 9.1 mn, at Health City Campus located in Bengaluru resulting in an estimated savings of ₹ 3.4 mn/year.

f. Based on the outcomes of Life Cycle Cost assessment, an additional capex of ~₹ 2 mn was incurred to procure high-efficiency chillers at facilities located in Jaipur and Bengaluru.

g. Reasonable power factor improvement and contract demand optimization has been achieved at facilities located in Kolkata (5 facilities), Jamshedpur and Bengaluru. A consistent power factor of 0.95 or more is maintained at majority of facilities, resulting in an anticipated savings of ₹ 1.9 mn/year from power factor incentives.

h. Further optimization of operating procedures expected to deliver a partially intangible savings of ₹ 4.4 mn/ year.

i. Gradual replacement of conventional lighting system with LEDs are carried out across the NH group and procurement of other conventional lights has been minimized wherever possible.

j. Following table summarizes savings achieved in Financial Year 2017-18 with specific efforts on energy conservation and energy cost savings:

(₹ in mn)

Activity	Benefits (Approximate)
Operating Procedure Optimization	2.40
Energy Conservation Project through Bosch	1.42
Sourcing Renewable Energy through Open Access (Total 20 Lac kWh was sourced from Dec 2017)	2.00
Power Factor Improvement and Contract demand optimization	1.59
Total	**7.41**

Note: The numbers presented above are those calculated for the time from which various activities were commissioned which were mostly towards middle of the financial year. Hence, they do not represent the annual benefit, and represent only the approximate values of actual benefits in the financial year 2017-18.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption are detailed as under

1. Patient engagement platform was released in selected units successfully enabling patients to access their reports and schedule appointments digitally through app and web-portal. The platform would be expanded to include various other patient centric features aimed at improving their experience and broadening their interaction with Narayana Health.

2. Identity consolidation across business applications was carried out ensuring that the users could use the same credentials to log in to their Office 365 (Email and Collaboration suite), NEST (Employee Self Service Portal), Complaint Management System, IT Service Management portal and their respective desktops and laptops. This measure is aimed at reducing the complexity for the Company's staff.

3. Automation of user creation, role assignment and user deactivation in various applications was also rolled out reducing manual intervention, increasing accuracy and improving the overall turnaround time. This measure improves the overall compliance to information security guidelines.

4. Healthcare incident tracking app was rolled out in pilot hospitals to ensure a real-time logging of all clinical incidents. Through ease of use the app targets to improve compliance in reporting and provide a wealth of data for analysis to derive insights into areas of improvement. This aims to improve the quality of clinical outcomes in the long run.

5. Group-wide laptop, desktop, email and server protection was bolstered through the adoption of new solutions, vulnerability tests and other related measures ward off virus, ransomware and malware attacks. Information security continues to be a key focus area for Company's IT.

(ii) The benefits derived like product improvement, cost reduction, product development or import substitution

- Reduce complexity
- Transform digitally by reducing manual intervention
- Reduce possibilities of non-compliance to information security guidelines
- Improve overall turnaround time

(iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

The Company is in the business of providing healthcare services and it continues to use the latest technology through import of medical equipments.

(iv) The expenditure incurred on Research and Development-

NIL

(C) FOREIGN EXCHANGE EARNINGS AND EXPENDITURE:

(amount in ₹ mn)

Particulars	2017-18	2016-17
Foreign Exchange Earnings	1,045.35	299.21
Foreign Exchange Expenditure	31.98	36.06
Value of Imports on CIF Basis	128.46	217.34

ANNEXURE VII

CORPORATE GOVERNANCE REPORT

1. CORPORATE GOVERNANCE PHILOSOPHY

Your Company is committed to the principles of 'Accountability', 'Transparency' and 'Trusteeship' in its dealing with stakeholders. Accordingly, in the endeavor to take balanced care of stakeholders, your Company adheres to good Corporate Governance practices in its business processes.

The Company is conscious of the fact that the success of an organization reflects the professionalism, conduct and ethical values of its management and employees. In addition to compliance with regulatory requirements, the Company endeavors to ensure that highest standards of ethical and responsible conduct are met throughout the organization. The Company has a strong legacy of fair, transparent and ethical governance practices. The Company has adopted a Code of Conduct for its Board Members and Senior Management. In addition, the Company's terms of appointment of Independent Directors suitably incorporates the duties of Independent Directors as laid down in the Companies Act, 2013. These Codes and terms of appointment are available on the Company's website and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

A Report on Corporate Governance, in accordance with the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, is outlined below.

2. BOARD OF DIRECTORS

The Board of Directors (the Board) is at the core of the Company's Corporate Governance practices and oversees how Management serves and protects the long-term interest of its stakeholders. It brings in strategic guidance, leadership and an independent view to the Company's Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of ethics, transparency and disclosure.

The Board consists of an optimal combination of Executive and Non-Executive Independent Directors, representing a judicious mix of in-depth knowledge and experience.

(a) Composition and Category of Directors

The Board comprises of 9 (Nine) Directors viz. 3 (Three) Executive Directors and 6 (Six) Non-Executive Directors including 5 (Five) Independent Directors and One-Woman Director.

Composition of the Board and Committee composition as on 31st March 2018 are given below

S. No.	Name of Director	Designation	Category	Board	Audit, Risk and Compliance Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
1	Dr. Devi Prasad Shetty	Chairman & Whole-time Director	Promoter	√√	-	-	-	-
2	Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO and Managing Director	Executive Director	√	-	√	-	√
3	Mr. Viren Shetty	Whole-time Director	Executive Director	√	-	-	-	√
4	Ms. Kiran Mazumdar Shaw	Director	Non-Executive Woman Director	√	-	-	√	-
5	Mr. Manohar D Chatlani	Director	Independent Non-Executive	√	-	-	-	-
6	Mr. Dinesh Krishna Swamy	Director	Independent Non-Executive	√	√	√√	√	-

S. No.	Name of Director	Designation	Category	Board	Audit, Risk and Compliance Committee	Corporate Social Responsibility Committee	Nomination and Remuneration Committee	Stakeholders' Relationship Committee
7	Mr. Muthuraman Balasubramanian	Director	Independent Non-Executive	√	√	-	√√ *	√√
8	Mr. Arun Seth	Director	Independent Non-Executive	√	-	-	√√**	-
9	Mr. B.N Subramanya	Director	Independent Non-Executive	√	√√	√	-	√

√√-Chairperson
√-Member

* Mr. Muthuraman Balasubramanian was the Chairman of Nomination and Remuneration Committee from 25th October 2017 to 26th March 2018.

** Directorship of Mr. Arun Seth stood vacated according to the list of disqualified Directors published by Registrar of Companies, Kolkata under Section 164 (2) of the Companies Act, 2013 as one of the Companies in which Mr. Arun Seth was a Director failed to file requisite Returns with the Registrar of Companies, Kolkata. The Board of Directors of the Company at its meeting held on 25th October 2017 took note of the vacation of office of Directorship of Mr. Arun Seth in the Company. Subsequently, Mr. Arun Seth was granted an interim injuction by the Calcutta High Court against the disqualification. Consequently, Mr. Arun Seth was reinstated as the member of the Board on 31st January 2018 and as a member and Chairman of the Nomination and Remuneration Committee on 26th March 2018.

(b) Changes in the composition of the Board

- **Change in designations and appointments**
  No changes in designations and appointments of the Directors took place during the year under review. Ms. Kiran Mazumdar Shaw, Non-Executive Director who retired by rotation was re-appointed as Director at the Seventeenth Annual General Meeting of the Company held on 3rd August 2017.

- **Resignations or removal of the Directors, if any**
  None of the Directors resigned during the year under review.

- **Disqualification of the Directors, if any**
  During the year under review, Mr. Arun Seth was disqualified to be a Director of a Company. On 15th November 2017, he had secured an interim injuction from Kolkata High Court whereby his disqualification was set aside, and he could continue to be a Director on Board of the Companies in which he was serving as a Director before the disqualification notification. Consequent to the order, Mr. Arun Seth was reinstated on the Board of the Company at a Meeting of the Board of Directors held on 31st January 2018.

(c) Attendance of each director at the Board Meetings and the last Annual General Meeting

Directors	Number of Board Meetings		Attendance at the last Annual General Meeting
	Held	Attended	
Dr. Devi Prasad Shetty	07	07	Yes
Dr. Ashutosh Raghuvanshi	07	07	Yes
Ms. Kiran Mazumdar Shaw	07	05	Yes
Mr. Muthuraman Balasubramanian	07	06	Yes
Mr. B N Subramanya	07	07	Yes
Mr. Manohar D Chatlani	07	05	No
Mr. Viren Shetty	07	07	Yes
Mr. Dinesh Krishna Swamy	07	07	Yes
Mr. Arun Seth	07	04	Yes

(d) Number of other Boards or Board Committees in which Director is a Member or Chairperson

Number of Directorships and Committee Chairmanships / Memberships held by Directors in other public companies as on 31st March, 2018 are given herein below. Other directorships do not include directorships of private limited companies, foreign companies and companies under Section 8 of the Companies Act, 2013. Chairmanships / Memberships of Board Committees includes only Audit Committee and Stakeholders' Relationship Committee.

S. No.	Name of the Director	No. of Directorship in other public entities including this entity	No. of memberships in Audit/ Stakeholders' Relationship Committee(s) in other public entities including this entity	No. of post of Chairperson in Audit/ Stakeholders' Relationship Committee held in public entities including this entity
1	Dr. Devi Prasad Shetty	2	0	0
2	Dr. Ashutosh Raghuvanshi	2	Stakeholders' Relationship Committee-1 Audit Committee – 1	0
3	Mr. Viren Shetty	2	Stakeholders' Relationship Committee-1	0
4	Ms. Kiran Mazumdar Shaw	8	0	0
5	Mr. Manohar D Chatlani	1	0	0
6	Mr. Dinesh Krishna Swamy	1	Audit Committee-1	0
7	Mr. Muthuraman Balasubramanian	3	Audit Committee -2 Stakeholders' Relationship Committee – 1	Stakeholders' Relationship Committee -1
8	Mr. Arun Seth	7	Audit Committee-4 Stakeholders' Relationship Committee – 1	Audit Committee-1
9	Mr. BN Subramanya	2	Audit Committee -2 Stakeholders' Relationship Committee -1	Audit Committee -2

(e) Number of Board meetings held, dates on which held

During the financial year under review 07 (Seven) Board Meetings were held on 29th May 2017, 21st July 2017, 2nd August 2017, 25th October 2017, 6th November 2017, 31st January 2018 and 26th March 2018. The gap between two Board Meetings did not exceed 120 (One Hundred and Twenty) days as required under Section 173 of the Companies Act, 2013 read with Rule 3 & 4 of the Companies (Meetings of Board and its Powers) Rules, 2014 along with Regulation 17 (2) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. These Meetings were well attended including Independent Directors.

(f) Meeting of Independent Directors

The Company's Independent Directors are required to meet at least once in every Financial Year in compliance with the provisions of the Companies Act, 2013. Such meetings are conducted to enable Independent Directors to discuss the matters pertaining to the Company's affairs and put forth their views. Further, Independent Directors also review the performance of the Non-Independent Directors, Chairperson (after considering the views of Executive and Non-Executive Directors of the Company) and the Board as a whole. During the Financial Year under review, the Independent Directors met on 26th March 2018 and all the Independent Directors attended the Meeting.

(g) Pecuniary Relationship

There were no pecuniary relation or transactions of Non-Executive Directors *vis-a-vis* the Company other than:

a. The sitting fees, commission and reimbursement of expenses incurred by them for the purpose of attending meetings of the Company.

b. Ms. Kiran Mazumdar Shaw (Non-Executive Director) holds 4705671 equity shares of ₹ 10 each of the Company as on 31st March 2018.

(h) Familiarization Programs for Board Members

The Board Members are provided with necessary documents/ brochures, reports and internal policies to enable them to familiarize with the Company's procedures and practices.

Periodic presentations are made at the Board and Committee Meetings, on business and performance updates of the Company, operations review, quarterly and annual results, budgets, review of internal audit reports and action taken reports, statutory compliances, risk management, operations of subsidiaries and business strategy and risks involved. Such presentations and documents provide an opportunity to the Independent Directors to interact with the Senior Management Team of the Company and help them understand the Company's strategy, operations, services, organization structure, finance, human resources, technology, quality and such other areas as may arise from time to time.

The Policy on the familiarization programs for Independent Directors and their terms of appointment are also posted on the website of the Company and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

3. BOARD PROCEDURE

A detailed agenda and notes thereon are sent to each Director in advance of Board and Committee Meetings. All material information is incorporated in the agenda for facilitating meaningful and focused discussions at the meeting. Where it is not practicable to attach any documents with the agenda, it is tabled before the meeting with specific reference to this effect in the agenda. To enable the Board to discharge its responsibilities effectively, the Board is kept abreast at every meeting on the overall performance of the Company. All the relevant reports are also presented at the Board Meetings.

The Chairman of the Board and Company Secretary, in consultation with other concerned members of the Senior Management, finalizes the agenda for Board meetings.

Every Board member can suggest the inclusion of additional items in the agenda. The Board meets at least once a quarter to review the quarterly results and other items on the agenda and also on the occasion of the Annual General Meeting. Additional meetings are held when necessary.

4. BOARD MEMBER EVALUATION

One of the key functions of the Board is to monitor and review the Board evaluation framework. The Board works with the Nomination and Remuneration Committee to lay down the evaluation criteria for the performance of the Chairman, the Board, Board Committees and Executive / Non-Executive / Independent Directors.

Some of the performance indicators, based on which the Independent Directors are evaluated include:

- The ability to contribute to and monitor our corporate governance practices.
- The ability to contribute by introducing international best practices to address business challenges and risks.
- Active participation in long-term strategic planning.
- Commitment to the fulfilment of a Director's obligations and fiduciary responsibilities; these include participation in Board and Committee meetings.

To improve the effectiveness of the Board and its Committees, as well as that of each individual Director, a formal Board review is internally undertaken on an Annual basis. The Members may refer to the Board's Report for the evaluation process followed by the Company.

5. AUDIT, RISK AND COMPLIANCE COMMITTEE

The Audit, Risk and Compliance Committee has been constituted in terms of Section 177 of the Companies Act, 2013 read with Regulation 18 and 23 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Terms of Reference of Audit, Risk and Compliance Committee are broadly as follows:

The Audit, Risk and Compliance Committee provides direction to the audit function and monitors the quality of internal and statutory audit. The Committee functions as per the provisions of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the provisions of the Companies Act 2013. The responsibilities of the Committee include review of the Quarterly and Annual financial statements before submission to Board, review and approval of related party transactions, review of compliance of internal control system, overseeing the financial reporting process to ensure transparency, sufficiency, fairness and credibility of financial statements etc. The Committee also reviews the functioning of whistle blower mechanism, adequacy and effectiveness of internal audit function, risk management and control systems, review of management discussion and analysis of financial condition and results of operation.

As on 31st March 2018, the Audit, Risk and Compliance Committee comprised of 3 Directors. All are Independent Directors and the details of the same are as follows:

Director	Nature of Directorship	Designation
1. Mr. B N Subramanya	Independent Director	Chairman
2. Mr. Dinesh Krishna Swamy	Independent Director	Member
3. Mr. Muthuraman Balasubramanian	Independent Director	Member

Meetings and attendance during the year

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. B N Subramanya	26th May 2017	6	6
Mr. Dinesh Krishna Swamy	29th May 2017 02nd August 2017	6	6
Mr. Muthuraman Balasubramanian	06th November 2017 31st January 2018 23rd March 2018	6	6

6. NOMINATION AND REMUNERATION COMMITTEE

The scope and function of the Nomination and Remuneration Committee is in accordance with Section 178 of the Companies Act, 2013 read with Regulation 19 and Part D of Schedule II of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Terms of Reference of the Nomination and Remuneration Committee includes determination of the Company's policy on specific remuneration packages for the Executive Directors, oversee the framing, review and implementation of compensation policy of the Company on behalf of the Board. The Committee's terms also include to form a policy, procedures and schemes and to undertake overall supervision and administration of Employee Stock Option Plan (ESOP) of the Company and to review the Board structure, size and composition and make recommendation for any change. The Committee also formulates evaluation criteria for Directors and the Board.

The Nomination and Remuneration Policy is also posted on the website of the Company and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

The composition, name of members and chairperson of the Nomination and Remuneration Committee are as under:

Director	Nature of Directorship	Designation
1. Mr. Arun Seth*	Independent Director	Chairman
2. Mr. Muthuraman Balasubramanian**	Independent Director	Chairman
3. Mr. Dinesh Krishna Swamy	Independent Director	Member
4. Ms. Kiran Mazumdar Shaw	Non-Executive Director	Member

Meetings and attendance during the year:

Name of the members attending the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Arun Seth*	26th May 2017	3	0
Mr. Muthuraman Balasubramanian**	06th November 2017	3	2
Ms. Kiran Mazumdar Shaw	26th March 2018	3	2
Mr. Dinesh Krishna Swamy		3	3

** Directorship of Mr. Arun Seth stood vacated according to the list of disqualified Directors published by Registrar of Companies, Kolkata under Section 164 (2) of the Companies Act, 2013 as one of the Companies in which Mr. Arun Seth was a Director failed to file requisite Returns with the Registrar of Companies, Kolkata. The Board of Directors of the Company at its meeting held on 25th October 2017 took note of the vacation of office of Directorship of Mr. Arun Seth in the Company. Subsequently, Mr. Arun Seth was granted an interim injuction by the Calcutta High Court against the disqualification. Consequently, Mr. Arun Seth was reinstated as the member of the Board on 31st January 2018 and as a member and Chairman of the Nomination and Remuneration Committee on 26th March 2018.

** Mr. Muthuraman Balasubramanian was the chairman of Nomination and Remuneration Committee from 25th October 2017 to 26th March 2018.

7. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The members of the Stakeholders' Relationship Committee are:

Director	Nature of Directorship	Designation
1. Mr. Muthuraman Balasubramanian	Independent Director	Chairman
2. Mr. B. N. Subramanya	Independent Director	Member
3. Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO & Managing Director	Member
4. Mr. Viren Shetty	Whole-time Director	Member

Meetings and attendance during the year:

Name of the members attended the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Muthuraman Balasubramanian	29th May 2017 02nd August 2017	4	4
Dr. Ashutosh Raghuvanshi	31st January 2018 26th March 2018	4	4
Mr. B N Subramanya		4	4
Mr. Viren Shetty		4	4

The scope and function of the Stakeholders' Relationship Committee is in accordance with Section 178 of the Companies Act, 2013. The terms of reference of the Stakeholders' Relationship Committee of our Company include effectively overseeing the resolution of the grievances of the security holders of the company including complaints related to transfer of shares, non-receipt of Annual Reports, resolving investors' complaints pertaining to share transfers, issue of duplicate share certificates, transmission of shares and other shareholder related queries, complaints etc.

The details with regard to Stakeholders' grievances as on 31st March 2018 are:

S. No.	Particulars	Related Details
1.	Name of the Non-Executive Director heading the Committee	Mr. Muthuraman Balasubramanian (Independent Director), Chairman
2.	Name and Designation of Compliance Officer	Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer
3.	No. of shareholder' complaints received as on 31st March 2018	12
4.	No. of complaints not solved to the satisfaction of shareholders as on 31st March 2018	0
5.	No. of pending complaints as on 31st March 2018	0

8. OTHER COMMITTEES

a. Corporate Social Responsibility Committee

The members of the Corporate Social Responsibility Committee are:

Director	Nature of Directorship	Designation
1. Mr. Dinesh Krishna Swamy	Independent Director	Chairman
2. Mr. B. N. Subramanya	Independent Director	Member
3. Dr. Ashutosh Raghuvanshi	Vice Chairman, Group CEO & Managing Director	Member

Meetings and attendance during the year

Name of the members attended the meeting	Date of Committee Meeting	No. of meetings held	No. of meetings attended
Mr. Dinesh Krishna Swamy	02nd August 2017 06th November 2017 23rd March 2018	3	3
Mr. B N Subramanya		3	3
Dr. Ashutosh Raghuvanshi		3	3

The Committee owns the Corporate Social Responsibility Policy and recommends any changes to the Policy (or related activities) from time to time to the Board. The Committee also oversees the implementation of the Policy, approves plans/ programs.

The Corporate Social Responsibility Policy is also posted on the website of the Company and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

b. Risk Management Committee

In terms of Regulation 21 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the top 500 listed entities, are required to constitute a Risk Management Committee. The responsibilities related to the Risk Management Committee are being performed by our Audit, Risk and Compliance Committee.

In addition to the scope and function of the Audit, Risk and Compliance Committee of the Company as referred above, the scope of the Committee is also to assist the Board in fulfilling its responsibilities about the identification, evaluation and mitigation of operational, strategic and environmental risks. The Committee has the overall responsibility of monitoring and approving the risk policies and associated practices of the Company. It is also responsible for reviewing and approving risk disclosure statements in public documents or disclosures.

The Risk Management Policy is also posted on the website of the Company and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

9. REMUNERATION TO DIRECTORS

a. Remuneration to Directors for the Financial Year 2017- 2018

(In ₹)

Director	All elements of remuneration packages of the Directors				Total
	Salary and allowances	Contribution to PF and other funds #	Other benefits and perquisites	Performance related pay**	
Dr. Devi Prasad Shetty, Chairman & Whole-time Director	4,47,60,404	0	39,600	77,19,360	5,25,19,364
Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO & Managing Director	2,81,92,393	14,17,440	39,83,499	54,32,794	3,90,26,126
Mr. Viren Shetty, Whole-time Director	87,99,996	0	0	17,54,404	1,05,54,400

** Performance related pay pertains to the financial year 2016-17

Towards National Pension Scheme contribution

b. Remuneration to Non-Executive, Independent Directors paid as on 31st March 2018

(In ₹)

Director	All elements of remuneration packages of the Directors				Total
	Sitting fees (Board)	Sitting fees (Committees)	Commission*	Other benefits, if any	
Mr. Arun Seth	2,00,000	-	10,00,000	-	12,00,000
Ms. Kiran Mazumdar Shaw	2,50,000	100,000	10,00,000	-	13,50,000
Mr. B N Subramanya	3,50,000	4,50,000	10,00,000	-	18,00,000
Mr. Manohar D Chatlani	2,50,000	-	10,00,000	-	12,50,000
Mr. Muthuraman Balasubramanian	3,00,000	3,50,000	10,00,000	-	16,50,000
Mr. Dinesh Krishna Swamy	3,50,000	3,50,000	10,00,000	-	17,00,000

The remuneration of Non-Executive Directors comprises of sitting fees of ₹ 50,000/- per Board Meeting and ₹ 25,000/- per Committee Meeting in accordance with the provisions of Companies Act, 2013. Also, reimbursement of expenses incurred by the Non-Executive Directors in connection with attending the Board Meetings, Committee Meetings, General Meetings and in relation to the business of the Company are extended to the Non-Executive Directors.

*Commission paid of ₹ 10 Lakhs pertains to the financial year 2016-17.

c Service Contracts Notice and Severance Fees

As at 31st March 2018, the Board comprised of 9 members including 3 Executive Directors and 6 Non-Executive Directors of which 5 Directors are Independent Directors. The Executive Directors are the employees of the Company and are subject to service conditions as per the Company's Policy. There is no separate provision for payment of severance fees. However, Independent Directors are subject to a notice period of 30 days but are not eligible for severance fee.

d. Criteria for making payment to Non-Executive Directors

The criteria of making payment to the Non-Executive directors is based on the varied roles played by them towards the Company. It is not just restricted to Corporate Governance or outlook of the Company, but they also bring along with them significant professional expertise and rich experience across the wide spectrum of functional areas such as technology, corporate strategy, finance and other corporate functions. The Company seeks their expert advice on various matters in general management, strategy, business planning, finance, science, technology and intellectual property.

e. Disclosure of relationships between Directors inter-se

There is no inter-se relationship between any Directors except Dr. Devi Prasad Shetty, Chairman & Whole-time Director and Mr. Viren Shetty, Whole-time Director of the Company.

f. Number of shares and convertible instruments held by Non-Executive Directors

Ms. Kiran Mazumdar Shaw holds 4705671 equity shares of ₹ 10 each as on 31st March 2018.

The Company has not issued any convertible instruments.

10. GENERAL BODY MEETINGS

a. Details of location and time, where last three Annual General Meetings were held:

Financial year ended	Day, Date and Time of Annual General Meeting	Location
3rd August 2017	Thursday, 3rd August 2017 at 11.30 AM	"Sathya Sai Samskruta Sadanam", No. 20, Hosur Road, Bengaluru – 560029
31st March 2016	Friday, 29th July 2016 at 10.30 AM	"White Feather", No. 40/41-1, Hobli-Begur, Opposite to Metro Whole-sale and PES College, NICE Tollgate, Electronic City, Phase - I, Hosur Main Road, Bengaluru-560100.
31st March 2015	Saturday, 8th August 2015 at 11.30 AM	No. 258/A, Bommasandra Industrial Area, Hosur Road, Bengaluru – 560099.

b. Details of Special Resolutions passed in the previous three Annual General Meetings

Annual General Meeting held on 3rd August 2017	Annual General Meeting held on 29th July 2016	Annual General Meeting held on 8th August 2015
1. Alteration of Articles of Association with respect to removal of common seal clause.	1. Increase in the limits for borrowings under section 180(1)(c) of the Companies Act, 2013 upto ₹ 1,000 Crores.	1. Appointment of Mr. David Michael Easton as Director.
	2. Appointment of Dr. Anesh Shetty for office or place of profit in an Associate Company.	2. Conversion of Private Company into a Public Company.
	3. Amendment in the Liability Clause of the Memorandum of Association of the Company.	3. Adoption of revised Articles of Association of the Company.
	4. Alteration of Articles of Association of the Company.	-

11. DETAILS OF POSTAL BALLOTS

S. No	11th August 2017
1.	Increase in the limits for providing Loans, Guarantee, Security and making Investments under Section 186 of the Companies Act, 2013
2.	**Scrutinizer for Postal Ballot** Mr. Sudhindra KS CP No: 8190 FCS No: 7909 M/s S. Kedarnath and Associates Company Secretaries, No. 85, Ojus Apartments, 004, Ground Floor, 04th Main, 13th Cross, Malleswaram Bengaluru- 560003.
3.	**Voting Pattern** As per Annexure A of this Corporate Governance Report.

12. DETAILS OF SPECIAL RESOLUTION PROPOSED TO BE CONDUCTED THROUGH POSTAL BALLOT AT THE ENSUING ANNUAL GENERAL MEETING

Pursuant to the Companies (Amendment) Act, 2017, any item of business required to be transacted by means of postal ballot, may be transacted at a general meeting by a company which is required to provide the facility to Members to vote by electronic means under Section 108, in the manner provided in that Section. The Company therefore, shall be transacting the businesses in the ensuing Annual General Meeting by electronic means.

Remote e-voting and insta poll voting at the Annual General Meeting.

To allow the Members to vote on the resolutions proposed at the Annual General Meeting, the Company has arranged for a remote e-voting facility. The Company has engaged Karvy Computershare Pvt. Ltd. to provide e-voting facility to all the Members. Members whose names appear on the register of Members as on 27th July 2018 shall be eligible to participate in the e-voting. The facility for voting through insta poll will also be made available at the Annual General Meeting, and the Members who have not already cast their vote by remote e-voting can exercise their vote at the Annual General Meeting.

13. MEANS OF COMMUNICATION

a. Financial results

The quarterly, half yearly and yearly financial results are sent to the Stock Exchanges immediately after the Board approves the same. These results are published in newspapers like Financial Express (English) and Vijaya Vani (Kannada).

B. The results along with investor presentations and press release are also posted on the website of BSE Limited and National Stock Exchange of India Limited, and on Company's website i.e., https://www.narayanahealth.org/stakeholder-relations/investor-presentations.

14. GENERAL SHAREHOLDER INFORMATION

a. Annual General Meeting

Venue

"Sathya Sai Samskruta Sadanam",
No. 20, Hosur Road, Bengaluru – 560029.

Day, date and time

Friday, 3rd August 2018 at 11.30 A.M.

b. Financial Year:

Financial Year covers the period from 1st April 2017 to 31st March 2018.

c. Listing on Stock Exchanges

Equity Shares of the Company are listed on the BSE Limited (BSE Limited), Department of Corporate Services, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 and National Stock Exchange of India Limited (NSE), Exchange plaza, Bandra Kurla Complex, Mumbai – 400 050. The requisite listing fees have been paid in full to the Stock Exchanges where the Company's Shares are listed.

d. Stock Exchange Codes

NSE: NH and BSE: 539551

e. Demat International Security Identification Number (ISIN) in NSDL and CDSL for Equity Shares

ISIN: INE410PO1011

f. Suspension of Trading

None of the securities of the Company were suspended from trading on stock exchanges during the year under review.

g. Registrar and Share Transfer Agents

Karvy Computershare Private Limited situated at Karvy Selenium Tower B, Plot No. 31 & 32, Gachibowli, Financial District, Nanakramguda, Hyderabad - 500032, Telangana

h. Share Transfer System

Trading in equity shares of the Company through recognized Stock Exchanges is permitted only in dematerialized form. Shares sent for transfer in physical form are registered and returned within a period of 30 days from the date of receipt of documents, provided the documents are complete and valid in all respects.

i. Distribution of shareholdings as on 31st March 2018

NARAYANA HRUDAYALAYA LIMITED					
Distribution Schedule as on 31st March 2018 (Total)					
S. No	**Category**	**No. of Cases**	**% of Cases**	**Amount**	**% of Amount**
1.	1 - 5000	32186	93.25	28281020.00	1.38
2.	5001 - 10000	1376	3.99	9808210.00	0.48
3.	10001 - 20000	519	1.50	7350520.00	0.36
4.	20001 - 30000	131	0.38	3232530.00	0.16
5.	30001 - 40000	69	0.20	2428880.00	0.12
6.	40001 - 50000	48	0.14	2223140.00	0.11
7.	50001 - 100000	63	0.18	4581740.00	0.22
8.	100001 & Above	123	0.36	1985702000.00	97.17
	Total	**34515**	**100.00**	**2043608040.00**	**100.00**

j. Category of Equity Shareholders as on 31st March 2018

Consolidated Shareholding Pattern As on 31st March 2018

Category	No. of Holders	Total Shares	% to Equity
Promoter individuals	2	1267,83,666	62.039131
Foreign portfolio investors	60	195,29,234	9.556252
Resident individuals	31,962	123,82,683	6.059226
Foreign bodies corporates	1	117,65,046	5.756997
Foreign venture capital	2	106,21,978	5.197659
Mutual funds	16	87,95,349	4.303834
Bodies corporates	387	77,94,966	3.814316
Promoters bodies corporate	1	37,02,064	1.811533
Trusts	1	19,53,533	0.955924
Non-resident indians	749	2,93,303	0.143522
Banks	3	2,37,900	0.116412
Non-resident indian non repatriable	285	2,31,493	0.113277
H U F	1,001	2,08,612	0.102080
Clearing members	47	53,034	0.025951
NBFC	3	5,969	0.002921
Indian financial institutions	1	1,956	0.000957
Foreign nationals	1	18	0.000009
Total	**34,522**	**2043,60,804**	**100**

k. Dematerialization of Shares & Liquidity

As on 31st March 2018, except one resident individual holding 1 (one) share in physical form, the entire Paid-up Equity Share Capital of the Company is held in dematerialized form with National Securities Depository Limited and Central Depository Services (India) Limited.

l. Outstanding ADRs/GDRs Warrants or any Convertible Instruments, conversion date and likely impact on Equity

The Company had not issued any ADRs/GDRs Warrants or any Convertible Instruments during the year under review.

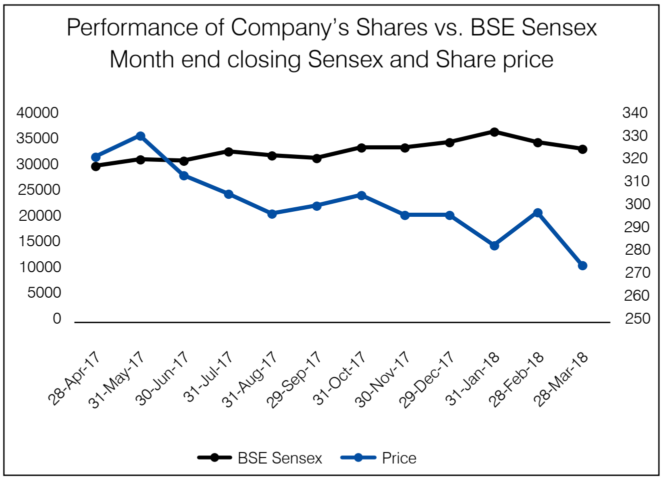
m. Address for correspondence

Mr. Sridhar S, Group Company Secretary, Legal and Compliance Officer.

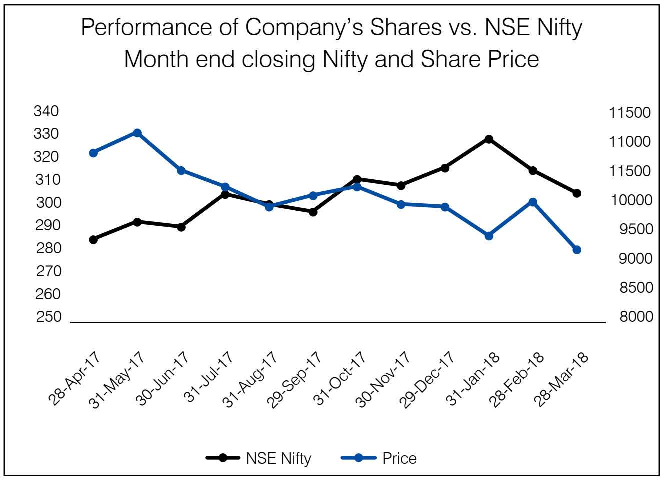
Narayana Hrudayalaya Limited, Corporate Office, 2nd Floor, 261/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru – 560099.

n. Performance in comparison to broad-based indices

i. BSE:



ii. NSE:



o. Unit Locations

In view of the nature of the Company's business viz. Healthcare and allied activities, the Company operates from various facilities in India and abroad.

The first facility was established in Bengaluru with approximately 225 operational beds and since then the company has grown to 25 hospitals, 7 heart centres and a network of primary care facilities across India and an international hospital in the Cayman Islands.

p. Market price data -- Monthly High/Low and Volumes:

Month	National Stock Exchange			Bombay Stock Exchange		
	High (₹)	Low (₹)	Total Traded Quantity	High (₹)	Low (₹)	Total Traded Quantity
April 2017	335.70	311.10	12,48,692	334.50	311.00	6,11,500
May 2017	336.00	290.15	23,15,189	333.45	290.50	1,38,842
June 2017	345.00	299.55	33,40,003	343.50	300.00	12,74,676
July 2017	320.15	286.10	59,31,773	321.95	286.80	21,68,823
August 2017	311.00	286.10	21,32,431	312.00	281.50	92,233
September 2017	304.90	291.20	22,89,228	304.95	285.00	4,84,021
October 2017	310.50	297.10	6,46,517	310.00	292.80	71,922
November 2017	309.90	290.00	10,31,713	308.10	290.35	65,940
December 2017	302.00	281.45	18,68,358	308.00	280.70	70,282
January 2018	301.00	285.00	13,78,016	305.00	285.25	1,43,674
February 2018	320.90	284.00	42,70,304	320.50	284.00	12,93,048
March 2018	303.70	277.10	20,22,355	306.35	278	66,647

15. DISCLOSURES

a. Related Party transactions

During 2017-18, there were no materially significant transactions entered into between the Company and its Promoters, Directors or the Management, Holding Company, Subsidiaries, Associates or relatives that may have potential conflict with the interest of the Company at large except for those mentioned in the Directors' Report. Further, details of related party transactions form part of notes to the standalone accounts of the Annual Report and a policy about same is available on the Company's website i.e., https://www.narayanahealth.org/stakeholder-relations/company-policies.

b. Details of Non-compliance with respect to Capital Markets

The Company has complied with all the requirements of regulatory authorities with respect to capital markets. There were no instances of non-compliances by the Company and no penalties or strictures were imposed on the Company by the Stock Exchanges or SEBI or any statutory authority, on any matter related to the capital markets during the year under review.

c. Whistle Blower Policy/Vigil Mechanism

The Company has developed a Whistle Blower Policy with a view to provide a mechanism for Directors, employees and stakeholders of the Company to report their genuine concern. The Whistle Blower Policy is also posted on the website of the Company and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

d. Compliance with mandatory requirements

The Company has complied with all mandatory requirements to the extent applicable to the Company.

e. Link for policy on determining Material Subsidiaries

The Company has a Policy for determining material subsidiaries which is disclosed on website and can be accessed at https://www.narayanahealth.org/stakeholder-relations/company-policies.

f. Disclosure of commodity price risk and commodity hedging activities

Disclosure pertaining to commodity price risk and commodities hedging activities are not applicable to the Company.

g. Disclosures regarding appointment or re-appointment of Directors

As per the Companies Act, 2013, at least two thirds of the Board should consist of retiring Directors, of these at least one third are required to retire every year.

Mr. Viren Shetty, Whole-time Director of the Company, being the longest in the office, retires by rotation at the forthcoming Annual General Meeting and being eligible offers himself for re-appointment.

The following Directors whose term of appointment is coming to an end are proposed to be re-appointment at the ensuing Annual General Meeting.

S. No.	Name	Designation
1.	Dr. Devi Prasad Shetty	Chairman & Whole-time Director
2.	Dr. Ashutosh Raghuvanshi	Vice-Chairman, Group CEO & Managing Director
3.	Mr. Viren Shetty	Whole-time Director
4.	Mr. Dinesh Krishna Swamy	Independent Director
5.	Mr. Muthuraman Balasubramanian	Independent Director
6.	Mr. B. N. Subramanya	Independent Director
7.	Mr. Arun Seth	Independent Director
8.	Mr. Manohar D Chatlani	Independent Director

The detailed profile of the above Directors is provided as part of the Notice of the Annual General Meeting of the Company.

h. Code for Prevention of Insider Trading Practices

During the year under review, the Company adhered to comprehensive Code of Conduct for prevention of Insider Trading for its Directors' and designated employees. This Code lays down guidelines, through which it advises the designated Employees and Directors on procedures to be followed and disclosures to be made, while dealing with shares of the Company.

The Insider trading Policy is also posted on the website of the Company and can be accessed at www.narayanahealth.org.

i. **Subsidiary Companies**

All subsidiary companies are managed by their Boards having the rights and obligations to manage such Companies in the best interest of their stakeholders. As on 31st March 2018 NCHL is a material unlisted subsidiary.

The Company monitors performance of subsidiary companies, *inter-alia*, by reviewing financial statements in particular investments (wherever applicable) made by unlisted subsidiary companies.

j. **Accounting Treatment in Preparation of Financial Statements**

In the preparation of the financial statements, the Company has followed existing Indian Accounting Standards (Ind AS). The significant accounting policies which are consistently applied have been set out in the notes to the financial statements.

k. **Details of Unclaimed Shares/Dividends**

The Company has not declared / paid any dividends, hence the question of unclaimed shares/dividend does not arise.

l. **Compliance with SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015**

The Company has complied with all the mandatory provisions of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

m. **Discretionary requirements (Schedule II Part E of the SEBI Listing Regulations)**

A message from Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO & Managing Director Narayana Hrudayalaya Limited, on the half-yearly financial performance of the Company including a summary of the financial highlights in the six month period ended 30th September 2017 was uploaded in Stock Exchange and also hosted in the website of the company at www.narayanahealth.org.

The auditors' report on statutory financial statements of the Company are unqualified.

The Company has complied with the requirement of having separate persons to the post of Chairman and Managing Director / Chief Executive Officer.

Also, Ernst & Young LLP, the internal auditors of the Company, make presentations to the audit committee on their reports.

16. CEO AND CFO CERTIFICATION

The Managing Director & Chief Executive Officer ("MD & CEO") and the Chief Financial Officer (CFO) of the Company have given annual certification on financial reporting and internal controls to the Board in terms of Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The MD & CEO and CFO have also given quarterly certification on financial results while placing the financial results before the Board in terms of Regulation 33 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The annual certificate given by the MD & CEO and the CFO is published in this Report as **Annexure–VIIB** of Directors' Report.

17. COMPLIANCE CERTIFICATE ON CORPORATE GOVERNANCE

Certificate received from M/s. Ganapathi & Mohan, Practicing Company Secretaries, having their office at No. 31, Vidya Bhavan, 3rd Floor, West Anjaneya Temple Street, Basavanagudi, Bengaluru – 560 004 (firm Registration No. P2002KR057100), confirming compliance with the conditions of Corporate Governance as stipulated under Regulation 34 (3) and Regulation 53(f) read with Schedule V (E) of the SEBI (Listing Obligations and Disclosure Requirements)Regulations, 2015 is annexed to this report as **Annexure VIIA**

For and on behalf of the Board

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO &
Managing Director
DIN: 02775637

Mr. Viren Shetty
Whole-time Director
DIN: 02144586

Place: Bengaluru
Date: 29th May 2018

ANNEXURE A

VOTING PATTERN FOR RESOLUTIONS PASSED BY POSTAL BALLOT ON 11TH AUGUST 2017

Resolution - Special Resolution:

Increase in the limits for providing Loans, Guarantee, Security and making Investment under section 186 of the Companies Act, 2013

Mode of Voting	No. of Votes Polled	No. of votes in Favour	No. of votes Against	No. of Invalid Votes	% of total votes cast in favour of the resolution	% of total votes cast against the resolution
E-Voting	15,58,22,508	14,71,62,164	86,60,175	169	94.44	5.56
Postal ballot	507	475	2	30	0	0
Total	**15,58,23,015**	**14,71,62,639**	**86,60,177**	**199**	**94.44**	**5.56**

ANNEXURE VIIA

REPORT ON CORPORATE GOVERNANCE BY COMPANY SECRETARY IN PRACTICE

To
The Members,
M/s. NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal Taluk Bengaluru - 560099

We have examined the compliance of conditions of Corporate Governance by Narayana Hrudayalaya Limited ('the Company') for the year ended 31st March 2018 as stipulated under the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

The compliance of conditions of Corporate Governance is the responsibility of the Management. Our examination was limited to procedures and implementation process thereof, adopted by the Company for ensuring the compliance with the conditions of Corporate Governance as stipulated in the said clause.

In our opinion and to the best of our information and according to the explanations given to us, and based on the representations of the Management, we certify that the Company has complied with the conditions of Corporate Governance as specified in Regulations 17 to 27, clauses (b) to (i) of sub-regulation (2) of Regulation 46 and paragraphs C, D and E of Schedule V of the Listing Regulations, as applicable.

We state that such compliance is neither an assurance as to the future viability of the Company nor as to the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For Ganapathi & Mohan
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)

Place: Bengaluru
Date: 29th May 2018

ANNEXURE VIIB

CEO AND CFO CERTIFICATION

As per Regulation 17(8) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

To
The Board of Directors
Narayana Hrudayalaya Limited
(Formerly known as Narayana Hrudayalaya Private Limited)
No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099

Dear Sir,

We, Dr. Ashutosh Raghuvanshi, Vice Chairman, Group CEO & Managing Director and Mr. Venugopalan Kesavan, Chief Financial Officer, certify to the Board that:

A. We have reviewed Financial Statements and Cash Flow Statements for the year ended 31st March 2018 and that to the best of our knowledge and belief:

   i. These statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

   ii. These statements together present a true and fair view of the Company's affairs and are in compliance with existing Accounting Standards, applicable laws and regulations.

B. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the financial year under review which are fraudulent, illegal or violative of the Company's Code of Conduct.

C. We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and we have disclosed to the auditors and the Audit Committee, deficiencies in the design or operation of such internal controls, if any, of which we are aware and the steps we have taken or propose to take to rectify these deficiencies.

D. We have indicated to the auditors and the Audit Committee:

   i. Significant changes, if any, in internal control over financial reporting during the year;

   ii. Significant changes, if any, in Accounting Policies during the year and that the same have been disclosed in the notes to the financial statements; and

   iii. There are no instances of significant fraud of which we have become aware and the involvement therein, if any, of the management or an employee having a significant role in the Company's internal control system over financial reporting.

Dr. Ashutosh Raghuvanshi
Vice Chairman, Group CEO & Managing Director
DIN: 02775637

Mr. Venugopalan Kesavan
Chief Financial Officer
PAN: AEMPK0751N

Place: Bengaluru
Date: 29th May 2018

ANNEXURE VIII

BUSINESS RESPONSIBILITY REPORT

[As per Regulation 34(2)(f) of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

1. Corporate Identity Number (CIN) of the Company: L85110KA2000PLC027497.

2. Name of the Company: Narayana Hrudayalaya Limited.

3. Registered address: No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099.

4. Website: www.narayanahealth.org

5. E-mail id: investorrelations@narayanahealth.org

6. Financial Year reported: 2017-18.

7. Sector(s) that the Company is engaged in (Industrial activity code-wise): The Company is in the healthcare sector, running, operating and maintaining multi-specialty hospitals and heart care centres and applicable NIC Code: 8610.

8. List three key products/services that the Company manufactures/provides (as in balance sheet):

   The Company provides only Healthcare Services.

9. Total number of locations where business activity is undertaken by the Company

   a. Number of International Locations (Provide details of major 5).

      The Company has one hospital in the Grand Cayman Islands.

   b. Number of National Locations-

      The Company and its group has 21 owned/operated hospitals, 3 managed hospitals, 7 heart centers and 19 clinics

10. Markets served by the Company – Local/State/National/ International.

    National Presence:

    The company has its hospitals and clinics in many cities including Ahmedabad, Bangalore, Mysore, Davangere, Dharwad, Guwahati, Jaipur, Jamshedpur, Katra, Kolar, Kolkata, Raipur, Shimoga, Bellary, Palanpur, Durgapur, Delhi, Gurugram.

    International: Cayman Islands.

SECTION B: FINANCIAL DETAILS OF THE COMPANY

1. Paid up Capital (INR): ₹ 2,043.61 Million

2. Total Turnover (INR): ₹ 18,475.75 Million

3. Total Profit After Taxes (INR): ₹ 584.22 Million

4. Total Spending on Corporate Social Responsibility (CSR) as percentage of Profit After Tax (%):

   ₹ 22.82 Million spent on CSR which is 3.91% of the profit for Financial Year 2017-18. However, the prescribed minimum amount to be spent on CSR as per Section 135 of the Companies Act, 2013 read with the Companies (Corporate Social Responsibility Policy) Rules, 2014 is 2% of the average net profit of the previous three years (Financial Year 2014-15 to 2016 - 17) which amounts to ₹ 19.36 Million.

5. List of activities in which expenditure in 4 above has been incurred:-

S. no.	CSR Activities	Amount spent (₹ in mn)
1.	Rajiv Gandhi Arogya Yojana (RAY)	1.75
2.	Railway Clinics	0.60
3.	Mobile Mammography Screening	2.84
4.	Care Companion Program	0.67
5.	Udaan – A Scholarship Programme	0.52
6.	E-Health Center	6.17
7.	Shorapur MOM Program	2.29
8.	Non-Communicable disease	4.71
9.	Community Radio	0.04
10.	Administration	3.23
Total		**22.82**

Section C: Other Details

1. Does the Company have any Subsidiary Company/ Companies?

   Yes, the Company has totally nine Subsidiaries excluding

NewRise Healthcare Private Limited which was merged with Narayana Hrudayalaya Limited vide Regional Director's Order dated 4th October 2017 and Narayana Hrudayalaya Hospitals Malaysia Sdn Bhd (Narayana Malaysia) which stands dissolved on 27th March 2018.

a. Narayana Hospitals Private Limited (India)
b. Narayana Institute for Advanced Research Private Limited (India)
c. Narayana Health Institutions Private Limited (India)
d. Narayana Hrudayalaya Surgical Hospital Private Limited (India)
e. Meridian Medical Research and Hospital Limited (India)
f. Narayana Vaishno Devi Specialty Hospitals Private Limited (India)
g. Narayana Cayman Holdings Limited (Cayman)
h. Narayana Holdings Private Limited (Mauritius) and
i. Health City Cayman Islands Limited

2. Do the Subsidiary Company/Companies participate in the BR Initiatives of the Parent Company? If yes, then indicate the number of such subsidiary company(s)?

Certain business responsibility initiatives in the area of ethics, transparency and accountability, sustainable use of resources, wellbeing of employees is being implemented by three operating subsidiaries-

a. Narayana Hrudayalaya Surgical Hospital Private Limited (India)
b. Meridian Medical Research and Hospital Limited (India)
c. Narayana Vaishno Devi Specialty Hospitals Private Limited (India)

3. Do any other entity/entities (e.g. suppliers, distributors etc.) that the Company does business with, participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]:

The Company does not mandate its suppliers/distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being responsible business.

SECTION D: BR INFORMATION

1. Details of Director/Directors responsible for BR

(a) Details of the Director/Director responsible for implementation of the BR policy/policies:

Name	DIN	Designation
Dr. Ashutosh Raghuvanshi	02775637	Vice Chairman, Group CEO & Managing Director

(b) Details of the BR head:

No.	Particulars	Details
1	DIN Number (if applicable)	02775637
2	Name	Dr. Ashutosh Raghuvanshi
3	Designation-	Vice Chairman, Group CEO & Managing Director
4	Telephone number	08071222129
5	e-mail id	investorrelations@narayanahealth.org

2. Principle-wise (as per NVGs) BR Policy/Policies:

(a) Details of compliance (Reply in Y/N)

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	Do you have policy/ policies for	✓	✓	✓	✓	✓	✓	✓	✓	✓
2	Has the policy being formulated in consultation with the relevant stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
3	Does the policy conform to any national / international standards? If yes, specify? (50 words)	✓	✓	✓	✓	✓	✓	✓	✓	✓
4	Has the policy being approved by the Board? Is yes, has it been signed by MD/ Owner/ CEO/ appropriate Board Director?	✓	✓	✓	✓	✓	✓	✓	✓	✓
5	Does the company have a specified committee of the Board/ Director/ Official to oversee the implementation of the policy?	✓	X	✓	✓	✓	X	✓	✓	✓

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
6	Indicate the link for the policy to be viewed online?	Note 1	Note 2	Note 3	Note 4	Note 5	Note 6	Note 7	Note 8	Note 9
7	Has the policy been formally communicated to all relevant internal and external stakeholders?	✓	✓	✓	✓	✓	✓	✓	✓	✓
8	Does the Company have in-house structure to implement the policy/ policies?	✓	✓	✓	✓	X	✓	✓	✓	✓
9	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	✓	✓	✓	✓	✓	X	✓	✓	✓
10	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	X	X	X	X	X	✓	X	X	X

Note 1: http//www.narayanahealth.org/Stakeholder-relations/Codes, Policies, Terms, MOA & AOA/Anti-bribery policy.pdf.

Note 2: http//www.narayanahealth.org/Stakeholder-relations/ Codes, Policies, Terms, MOA & AOA /ESG-Policy.pdf.

Note 3: http//www.narayanahealth.org/Stakeholder-relations/ Codes, Policies, Terms, MOA & AOA /FAW-policy.pdf.

Note 4: http//www.narayanahealth.org/Stakeholder-relations/ Codes, Policies, Terms, MOA & AOA /NHL-CSR- policy.pdf.

Note 5: http//www.narayanahealth.org/Stakeholder-relations/ Codes, Policies, Terms, MOA & AOA /NHL-CSR- policy.pdf.

Note 6: same as policy for Principle 2.

Note 7: same as policy for Principle 2.

Note 8: same as policy for Principle 4.

Note 9: same as policy for Principle 2.

(b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)- **Not applicable**

S. No.	Questions	P1	P2	P3	P4	P5	P6	P7	P8	P9
1	The Company has not understood the Principles.	NA	NA	NA	NA	NA	NA	NA	NA	NA
2	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified Principles.	NA	NA	NA	NA	NA	NA	NA	NA	NA
3	The Company does not have financial or manpower resources available for the task.	NA	NA	NA	NA	NA	NA	NA	NA	NA
4	It is planned to be done within next 6 months.	NA	NA	NA	NA	NA	NA	NA	NA	NA
5	It is planned to be done within the next 1 year.	NA	NA	NA	NA	NA	NA	NA	NA	NA
6	Any other reason (please specify).	NA	NA	NA	NA	NA	NA	NA	NA	NA

3. Governance related to Business Responsibility BR:

(a) Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than 1 year?

BR performance is reviewed as a part of the ongoing business review by the Management and the Board of Directors.

(b) Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?

The company has qualified under clause (f) of sub regulation (2) of regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 during Financial Year 2016-17 and hence this is the second year of publishing this report. The Report for first Financial Year 2016-17 is hosted on our website as a part of Annual Report 2016-17. The link for viewing the report is https://www.narayanahealth.org/stakeholder-relations/annual-reports.

It is published annually as a part of Annual Report.

SECTION E: PRINCIPLE-WISE PERFORMANCE:

Principle 1

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes/ No. Does it extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs / Others?

   This policy extends to the Company and all its subsidiaries.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management? If so, provide details thereof, in about 50 words or so.

   The details with regard to Stakeholders' Grievances are: NIL

Principle 2

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

   Care Companion:

   Care Companion is a program that was started by us in our hospital in Mysore in 2013. From then, almost all of our hospitals have adopted the program. It is carefully designed for patients and family to empower themselves with basic knowledges that is required to manage their health condition. Education is provided in almost all areas from Chronic diseases such as Diabetes, Hypertension to Acute condition such as post-surgery wound care. The program has achieved multiple objective by improving quality of care, reducing inpatient readmission rate and reducing post-surgery complications. These outcomes have also reduced overall financial impact for the patients due to health complications. In the last year, we conducted more than 25000+ sessions in which more than 50000+ patients and their family benefitted.

   Tele Psychiatry:

   Narayana Health was the first organization to launch Tele Health in largest scale in this country. Over the years, we have included many form of virtual service delivery such as Tele-OPD or Tele-Consultation, Tele-Radiology etc. In the last year, mental health received public and media attention in an unprecedented manner. In report in 2015-16 named National Mental Health Survey, it was reported that "India needs to talk about mental illness. Every sixth Indian needs mental health help. Other than usual stigma of going to mental health doctors, there is a huge skill shortage of trained psychiatrists in India. The shortage is more so in smaller towns. We have started a program in which Health City facility in Bengaluru provides Tele-psychiatry services to patients in Mysore and Shimoga. Many patients have already availed the service. We are planning to expand the service in other places also.

2. For each such product, provide the following details in respect of resource use (energy, water, raw material etc.) per unit of product(optional):

   (a) Reduction during sourcing/production/ distribution achieved since the previous year throughout the value chain?

   We have been able to reduce Nursing Man Days with the help of our care companion system.

   (b) Reduction during usage by consumers (energy, water) has been achieved since the previous year?

   Care Companion has approximately reduced 0.3 to 0.7 days of patients stay in many of our hospitals, which translates to more than rupees one crore of savings for the patients.

3. Does the Company have procedures in place for sustainable sourcing (including transportation)?

   (a) If yes, what percentage of your inputs was sourced sustainably? Also, provide details thereof, in about 50 words or so.

   The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence we procure the products and services from empaneled vendors who are governed by various statutes.

   In the recent procurement of high value utilities, the facility started adopting life cycle cost analysis to identify a sustainable product with lesser energy foot print. This procedure ensures that energy efficiency, resource consumption to an optimum level, while meeting the requirement.

4. Has the Company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work?

(a) If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

The Company is in the business of providing healthcare service in which the products and services as inputs are regulated by the statutes and hence we procure the products and services from empaneled vendors who are governed by various statutes.

5. Does the Company have a mechanism to recycle products and waste? If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof, in about 50 words or so.

The Company is engaged in providing healthcare services. In the process of providing the healthcare services, the Company adopts various sustainable initiatives as mentioned below:

a. As part of water conservation initiatives, domestic waste water from hospitals are treated in on-site waste water treatment plants and reused in the hospitals for suitable non-contact purposes like flushing, gardening, etc.

b. Based on water quality of Reverse Osmosis reject water, the water is segregated separately and reused at suitable locations. By above means more than 40-50% of the treated waste water is recycled in various process.

c. Recyclable wastes like paper and non-contaminated plastics were collected and disposed through authorized recyclers. By above means >15% of general wastes are recycled through authorized vendors.

d. E-wastes, lead wastes and metal scraps generated at the facility were disposed through authorized recyclers/dismantlers. Entire quantity of e-wastes and lead wastes generated are handed over to authorized recyclers.

Principle 3

1. Please indicate the total number of employees: 10,737

2. Please indicate the total number of employees hired on temporary/contractual/casual basis: 3,536

3. Please indicate the number of permanent women employees: 6,759

4. Please indicate the number of permanent employees with disabilities: 11

5. Do you have an employee association that is recognized by management? No

6. What percentage of your permanent employees is members of this recognized employee association? Not Applicable

7. Please indicate the Number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

No	Category	No of complaints filed during the financial year	No of complaints pending as on end of the financial year
1	Child labour/ forced labour/ involuntary labour	Zero	Zero
2	Sexual harassment	Three	Nil
3	Discriminatory employment	Zero	Zero

8. What percentage of under mentioned employees were given safety & skill up- gradation training in the last year?

(a) Permanent Employees: 48.5% (5205 of 10737)

(b) Permanent Women Employees: 52.1% (3524 of 6759)

(c) Casual/Temporary/Contractual Employees: 100% (3536 of 3536) – As per the contract between NH & Vendor, this is to be managed by the vendor.

(d) Employees with Disabilities: 54.5% (6 of 11)

Principle 4

1. Has the company mapped its internal and external stakeholders?

Yes, the Company has mapped its internal and external stakeholders

2. Out of the above, has the Company identified the disadvantaged, vulnerable & marginalized stakeholders

It has been the continued effort of the CSR team to identify vulnerable and marginalized populations. Before initiating programs, we conduct baseline surveys wherein we understand demographics, socio-economic profile as well as healthcare indices. This helps us address gaps in services for identified populations.

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalized stakeholders. If so, provide details thereof, in about 50 words or so.

Care Companion Program

The Care Companion Program (CC Program) was first set up in 2013 in our hospital in Mysore. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource. This program is designed to educate patient family members with low or no prior medical knowledge for attending to the needs of patients. The program undertakes in-hospital education-cum-training program for patients' family members. Multi-lingual group teaching sessions use interactive videos for identifying warning signs of illness, checking temperature, pulse, blood pressure, timely medications etc. These sessions are conducted in Hindi, Tamil, English, Telugu, Bengali, Assamese and Kannada. The program has been implemented across 24 facilities of the Company, wherein the program was introduced in five facilities in the last financial year. Since its inception in 2013, more than 80,000 families have been educated, with 45,000 families who were trained in the last financial year. As per an impact study conducted across five units to assess caregiver competencies and perception, 82% of the care givers stated that they have learnt to deal with the medical situation while 87% stated that they felt confident of handling patient care requirements after attending the program.

Udaan

India has a large shortfall of doctors. According to the World Health Organization, India has seven doctors for every 10,000 people, half the global average. These shortages exist despite India having one of the largest medical education systems in the world. The unwillingness of doctors to work in rural areas is another challenge. Considering these twin challenges, the objective of the program has been to nurture the potential of rural students from disadvantaged backgrounds and create a platform which they could leverage on towards realizing medical education. Students from our Udaan program can be motivated to use their medical education in improving health care systems in their villages and small towns. It is hoped that these enabled students would fulfil their dreams of becoming able physicians, have a multiplier effect among students and practice ethical healthcare thereby serving the larger community. In collaboration with Mindtree, 56 high-school students had been identified for the program of which 26 students progressed to join Jain University. With additional support from Jain University, the students have been coached, mentored and would be appearing for medical selection test in current year. The Udaan Bidar program was initiated with Shaheen group of Institutions in Bidar wherein 20 pre-university students have been selected and provided full scholarship. The Udaan students are regularly motivated and mentored by panel of doctors from the Group.

E - Health Centre Program

The program focuses on delivering quality and affordable primary health care to people living in resource-deprived locations of India using appropriate technologies. The Company is the healthcare partner to implement, operate and manage eHealth Centres. The Centres are rapidly deployable healthcare facilities powered by cloud-enabled solutions and fully equipped with workstations, open electronic records (EMR) systems, biometric patient identification and integrated diagnostic services.

Principle 5

1. Does the policy of the Company on human rights cover only the Company or extend to the Group/Joint Ventures/ Suppliers/Contractors/NGOs/Others?

   Applies to Company and its Subsidiaries and it also extends to the employees/ workers hired from outsourced agencies.

2. How many Stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

   NIL

Principle 6

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/ Contractors/NGOs/others

   The Environment Social Governance (ESG) Policy of the Company covers the Company and all its subsidiaries.

2. Does the Company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

   Yes, as part of the strategy, Company has adopted environment initiatives like resource conservation audits, sourcing energy from renewable sources and energy conservation projects to combat the effects of Climate Change, Global Warming, etc.

3. Does the company identify and assess potential environmental risks? Y/N

   Yes.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof, in about 50 words or so. Also, if Yes, whether any environmental compliance report is filed?

   Since the Company is in the business of providing healthcare services and is not engaged in any manufacturing process, the compliance with Clean Development Mechanism is not applicable. Hence, no projects relating to the same has been undertaken by the company.

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

   Yes, as part of the sustainability initiatives following activities have been undertaken in 2017-18:

   a. Waste audit at our Health City Campus through a Germany based Environment Consultancy firm to identify the scope for waste reduction, reuse and recycle.

   b. Completed six (6) comprehensive energy audits at facilities located in Bangalore, Howrah, Jaipur, Ahmedabad, Kolkata, Jamshedpur in association with The Energy Research Institute (TERI), a renowned Industry Expert.

   c. Completed twelve (12) internal energy audits through in-house expertise at hospitals located across India. Successfully commissioned an energy conservation project worth ₹ 9.1 mn, at Health City Campus located in Bangalore resulting in an estimated savings of ₹ 3.4 mn/year.

   d. Sourcing 85% of Health City (2 facilities) energy consumption from renewable energy source (Solar).

   e. Reasonable power factor improvement and contract demand optimization has been achieved at facilities located in Kolkata (5 facilities), Jamshedpur and Bangalore. A consistent power factor of 0.95 or more is maintained at majority of facilities, resulting in an anticipated savings of ₹ 1.9 mn/year from power factor incentives.

   f. Phased replacement of conventional lighting with energy efficient LED fittings across all our hospitals.

   g. Through continuous monitoring, control and various water conservation initiatives, facilities specific water consumption reduced by 10% compared to 2016-17. To further emphasize the need for water conservation, a company-wide awareness campaigns were organized like Report a Water leak campaign on the eve of 'World Water Day' and regular distribution of awareness posters to sensitize the work force.

   Benefits from the above initiatives:
   Following table summarizes savings achieved in 2017-18 with specific efforts on energy conservation and energy cost savings:

   (₹ in mn)

Activity	Benefits (Approximate)
Operating Procedure Optimization	2.40
Energy Conservation Project through Bosch	1.42
Sourcing Renewable Energy through Open Access (Total 20 Lac kWh was sourced from Dec'17)	2.00
Power Factor Improvement and Contract demand optimization	1.59
Total	**7.41**

   Note:

   The numbers presented above are those calculated for the time from which various activities were commissioned which were mostly towards middle of the year. Hence, they do not represent the annual benefit, and represent only the approximate values of actual benefits in 2017-18.

   There is an understanding that effective sustainability policies, like water conservation, have a positive impact on the environment, they provide cost savings and, ultimately, help deliver better patient care. Looking ahead, the company is in the process of understanding how climate change will affect water supply in locations where water may pose a material risk to operations and measures that can be implemented now to mitigate the risk.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

   Yes.

7. Number of show cause/ legal notices received from CPCB/ SPCB which are pending (i.e. not resolved to satisfaction) as on end of the Financial Year.

The Company has not received any show cause notices from pollution control board during the financial year under review.

Principle 7

1. Is your company a member of any trade and chamber or association? If Yes, Name only those major ones that your business deals with:

   Yes, Narayana Hrudayalaya Limited is a Member of Association of Healthcare Providers (India) - ("AHPI")

2. Have you advocated/lobbied through above associations for the advancement or improvement of public good? Yes/No; if yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others).

   Narayana Hrudayalaya Limited has represented through AHPI for the following initiatives:

   (i) Medical Education Reforms:

   a. Successfully made presentation for recognition of Diplomas from College of Physicians and Surgeons (CPS) by Central Government to convert existing MBBS doctors in government hospitals to intermediate specialists;

   b. Successfully represented to start Nurse Practitioner course and pursuing Nurse Intensivist and Nurse Anesthetist courses to provide career progression for nurses.

   c. Created a framework and international working group towards establishment of Global Medical University for Asia, Africa and Latin American Countries to address the shortage of doctors, nurses and paramedics.

   (ii) Primary and Secondary Healthcare, Rural Healthcare:

   a. Reducing Maternal and Infant Mortality Rates by 50% within 2020 by having adequate specialists.

      To reduce the shortage of specialists in Community Health Centres and Taluka hospitals through intermediate specialists / Diplomas from CPS;

   b. Empower nurses with Nurse Practitioner certification to effectively manage Primary Healthcare Centres.

   c. To allow Foreign Medical Graduates to work in Primary Healthcare Centers to qualify for certification by MCI.

   (iii) Information Technology in Healthcare:

   a. Working on mobile based inpatient records for hospitals for better decision making in patient care.

   b. Working on technology aided fire safety measures for hospitals.

   c. Promoting tele-consultations and online consultations to increase accessibility of healthcare in remote areas.

   d. Patient Health Records on mobile phones / Cloud.

   e. Prescription rights for online prescriptions.

   f. Paperless hospitals compliant with legal and clinical requirements.

   g. Associating with institutions like IISc for development of simulation training for nurses.

   (iv) Public Health Policy:

   a. Part of Global Committee to advice Japanese Government on healthcare initiatives to be taken up in developing and underdeveloped nations by Japan, which will head the G20 Summit for 2019-20.

   b. Part of High Level Group on Health Sector constituted by 15th Finance Commission, Government of India.

   c. Instrumental in formulating Karnataka Public Health Policy under Karnataka Knowledge Commission.

   d. Have been a prominent opinion maker for Central Government's Universal Health Coverage scheme.

   e. Major contributor for State and National Skill Development initiatives in Healthcare.

Principle 8

1. Does the company have specified programmes/initiatives/projects in pursuit of the policy related to Principle on inclusive growth and equitable development? If yes details there.

   Over the past decade, Company has rolled out several social initiatives whether in fields of healthcare or education. The healthcare initiatives are mainly taken up in rural/semi-rural areas or places where there is lack of availability of adequate healthcare services.

I. e Health Centre

Keeping in view the felt need for improving technology enabled primary health care in India, the initiative of "e Health Centre programme" has been taken up by the Company with Hewlett Packard (HP) and Council of Scientific & Industrial Research (CSIR) India. The objective of the programme is to deliver quality and affordable health care to people living in resource-deprived locations of India using appropriate technologies. Company has tried to address access, affordability, quality and equity of care at the primary health care level through the eHC Program. A Total of 9 eHealth Centres have been established in states of Karnataka, West Bengal, Rajasthan and Gujarat. A total footfall of 64,037 has been witnessed since inception. In the last financial year, 28,572 patients were provided teleconsultations, 3,200 people were screened through 40 general and specialty camps and 144 community meetings were conducted to educate local population on the prevalent diseases and ways of prevention. As per the findings of a socio-economic impact study conducted across five centres to understand impact of telemedicine on out of pocket expenditures at the community level, there has been a reduction in direct expenses (consultation, medicines, investigations) by 36% and indirect expenses (wage loss, travel cost) by 44% post inception of eHCs.

II. Shorapur Maternal Obstetric Monitoring (MOM) Program

The Company is involved in a maternal health program in North Karnataka. The program aims to address the unmet healthcare needs in this high priority district. Set against the background of a low Human Development Index as well as Gender Development Index, our CSR program in Shorapur has focused on creating awareness by placing emphasis on promotive and preventive aspects of ante natal care apart from focusing on improving the infrastructure at the Taluka hospital. Since November 2016, Company's radiologists have regularly travelled to Shorapur and have conducted 5185 free USG reviews for pregnant women. Almost 20% of the pregnant women were diagnosed with high-risk conditions and referred to nearest District hospital. Narayana Health introduced High Risk Pregnancy identification forms to evaluate and identify high risk pregnancy at the government general hospital. With implementation of this workflow innovation, there has been a 50% rise in detection of high risk pregnancy cases. Over the past year, our team has also coordinated the blood transfusion for 268 severely anaemic women at the Government General Hospital. Regular communitisation activities were conducted by field staff to improve awareness towards anemia, signs and symptoms of high risk pregnancies and need for early referral of pregnant women identified with such conditions.

III. Mobile Mammography Screening

Through the 'Mobile Mammography Unit' program, the Company is creating awareness among the people about breast cancer diagnosis and treatment. Keeping in mind the rapidly rising incidence of breast cancer, the mobile mammography screening unit was inaugurated at Mazumdar Shaw Multi-specialty Hospital on 4th February 2014. Since then, the program has screened more than 20,000 women through 541 camps organized across several districts in Karnataka. In the process, 5,335 mammograms were conducted and till date, 43 women have been diagnosed with breast cancer and treated successfully. In the past financial year, the program reached out to 7,000 women through 171 camps and 2,048 mammograms were conducted.

IV. Udaan program

Company's social initiative with a focus on educating and mentoring selected students from economically challenged family backgrounds to become doctors is the brainchild of Dr. Devi Shetty, Chairman of the Company. It offers scholarships to bright students from disadvantaged rural backgrounds to become doctors. It follows a streamlined selection process to ensure that deserving and bright students who aspire to make a career in medicine are given the required support and resources to achieve their dreams. In collaboration with Mindtree, 56 high-school students had been identified for the program of which 26 students progressed to join Jain University. With additional support from Jain University, the students have been coached, mentored and would be appearing for medical selection test in current year. The Udaan Bidar program was initiated with Shaheen group of Institutions in Bidar wherein 20 pre-university students have been selected and provided full scholarship. The Udaan students are regularly motivated and mentored by Group's panel of doctors.

V. Care Companion Program

The Care Companion Program was first set up in 2013 in Company's Mysore unit. The program was started in direct response to the needs of patients and to recognize patient family members as an untapped existing resource. The program objective is to harnesses patient attendant capabilities by creating a position for them within the current hospital personnel framework and, through a training process, to become additional in-hospital Care Companions. Since its inception in 2013, more than 80,000 families have been educated, with 45,000 families who were trained in the last financial year. As per an impact study conducted across five units to assess caregiver competencies and perception, 82% of the care givers stated that they have learnt to deal with the medical situation while 87% stated that they felt confident of handling patient care requirements after attending the program.

VI. Rajiv Gandhi Arogya Yojana Program

The Rajiv Gandhi Arogya Yojana program was initiated on 25th November 2005 in order to develop a model of rural primary health care system in Amethi. The program focuses on the aspects of primary healthcare service delivery like free consultation, free medicines and dressing of wounds. Each clinic operates for 4 hours a day and 6 days in a week. The objective of the program is to provide free of cost primary healthcare services including free of cost medicines to people from poor socio-economic background in Amethi. Since its inception, the program has served more than 20,65,000 patients from marginalized communities. In the past year, more than 13,000 patients availed primary healthcare services at these clinics.

VII. Community Radio Station

The Company has supported Narayana Hrudayalaya Foundation for the community Radio Programme and the foundation was granted 90.4 spectrum for establishing a community radio station in Health city, Anekal. The broader objective of our community radio station is to serve as a consensus-building platform wherein communication processes would help the communities around us to share common understanding and common goals. The community radio was named "Namma Nadi" with focus on health, education, environment, culture and civic issues within the primary and secondary zones of Health City Facility in Bangalore. Various programs were aired on Namma Nadi with participation from multiple communities of interest.

VIII. Non-Communicable Diseases (NCD) Program

This new program was initiated in June 2017 with a focus to improve awareness and conduct screening for non-communicable diseases including breast and oral cancer. The focus has been on a continuum of activities including promotive, preventive and curative services. The program has been initiated at five locations – Mysore, Jamshedpur, Delhi, Howrah and Bangalore. In collaboration with various local institutions, government healthcare bodies and non-governmental organizations, the program has been able to serve more than 5,000 people in the last year. Post the awareness sessions conducted by the NCD team, impact assessment surveys were conducted amongst a section of the population and it was found that there had been an overall increase of 40% in the knowledge about breast and oral cancer amongst the respondents. Patients identified with oral lesions or breast pathologies were further provided free consultation, biopsies and relevant diagnostic interventions.

2. Are the programmes/projects undertaken through in-house team/own foundation/external NGO/government structures/any other organization?

   The Company has a CSR team which is involved in various programs with focus on health, education and vocational training. Company follows a project based approach for carrying out its CSR initiatives. In the CSR programs, Company also collaborate with external NGOs on ground.

3. Have you done any impact assessment of your initiative?

   The Company conducts impact assessment's where feasible.

   In the Shorapur MOM program which began in April 2016, the Company's radiologists have conducted 5185 free USG scans in the Taluka hospital. Almost 20% of the pregnant women were diagnosed with high-risk conditions and referred to nearest District hospital. The Company introduced High Risk Pregnancy identification forms to evaluate and identify high risk pregnancy at the government general hospital. With implementation of this workflow innovation, there has been a 50% rise in detection of high risk pregnancy cases. Over the past year, our team has also coordinated the blood transfusion for 268 severely anaemic women at the Government General Hospital. In the eHealth centre program, an impact study was conducted across five centres to understand impact of telemedicine on out of pocket expenditures. The study found that there has been a reduction in direct expenses (consultation, medicines, investigations) by 36% and indirect expenses (wage loss, travel cost) by 44% post inception of eHCs. In the Care Companion Program, as per an impact study conducted across five units to assess care giver competencies and perception, 82% of the care givers stated that they have learnt to deal with the medical situation while 87% stated that they felt confident of handling patient care requirements after attending the program. In the non-communicable diseases program, post the awareness sessions conducted by the program team, impact assessment surveys were conducted amongst a section of the population and it was found that there had been an overall increase of 40% in the knowledge about breast and oral cancer amongst the respondents.

4. What is your Company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?

Details of CSR spent during 2017-18: (₹ in mn)

S. no.	CSR project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where the projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on projects or programs Sub-heads: Direct Expenditure on projects or programs	Amount spent on projects or programs Sub-heads: Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1.	Rajiv Gandhi Arogya Yojana (RAY)	Healthcare and Enhancing livelihood	Amethi, Uttar Pradesh	1.87	1.75	0.29	2.04	Direct
2.	Railway Clinics	Healthcare	Karnataka	1.69	0.60	0.01	0.70	Direct
3.	Mobile Mammography Screening	Healthcare	Karnataka	2.72	2.84	0.47	3.31	Direct
4.	Care Companion Program	Healthcare and Enhancing livelihood	PAN India	1.89	0.67	0.11	0.78	Direct
5.	Udaan – A Scholarship Programme	Promoting Education	Karnataka	0.58	0.52	0.09	0.61	Direct
6.	E-Health Center	Healthcare and Enhancing livelihood	PAN India	5.46	6.17	1.02	7.19	Direct
7.	Shorapur MOM Program	Healthcare	Karnataka	2.61	2.27	0.38	2.66	Direct
8.	Community Radio Program	Healthcare and Enhancing livelihood	Karnataka	0.68	0.04	0.006	0.04	Direct
9.	NCD	Healthcare	Karnataka	2.67	4.71	0.78	5.49	Direct
10.	Ground Water Recharge	Enhancing livelihood	Karnataka	0.30	-	-	-	Direct
	Total			**20.45**	**19.59**	**3.23**	**22.82**	

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? Please explain in 50 words, or so.

   Community engagement has been a central tenet in most of our programs and taking the narrative to the field has been a critical program deliverable. For instance, in the Shorapur Maternal health program, Non-communicable diseases program as well as Community Radio program, the project team has been actively involved in communitisation activities. Apart from regularly meeting and updating the frontline ASHA workers, meetings have also been held with Anganwadi staff to apprise them about the program. We have also reached out to communities of interest, Gram Panchayat representatives, NGOs and SHGs in the adjoining areas. Based on these regular interactions, our program has gained traction and most frontline healthcare workers in the regional areas are aware of our programs.

Principle 9

1. What percentage of customer complaints/consumer cases are pending as on the end of financial year.

   99 cases are pending before consumer forums and civil courts pertaining to customers and 20 criminal matters are pending as on the end of financial year.

2. Does the company display product information on the product label, over and above what is mandated as per local laws? Yes/No/N.A. /Remarks (additional information).

   Company is a healthcare service provider and hence this question is not applicable.

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anti-competitive behavior during the last five years and pending as on end of financial year. If so, provide details thereof, in about 50 words or so

   NIL

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

   The Company collects patient feedback (OP, IP and health check-up patients) through physical feedback forms. Feedback is also collected through the website and reviewed by the Company.

ANNEXURE IX

FORM NO. MR-3
SECRETARIAL AUDIT REPORT

For the Financial Year ended 31st March 2018
[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies
(Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal Taluk, Bengaluru - 560099

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and adherence to good corporate practices by "NARAYANA HRUDAYALAYA LIMITED" (CIN: L85110KA2000PLC027497) having its registered office at No. 258/A, Bommasandra Industrial Area, Anekal Taluk, Bengaluru - 560099 (herein after referred to as "Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information, declaration of compliance provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2018, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2018 according to the provisions of:

1. The Companies Act, 2013, (the Act) and the rules made there under;

2. The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under;

3. The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

4. Foreign Exchange Management Act, 1999 and the Rules and Regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

5. The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') :-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosures Requirements) Regulations, 2009;

   d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014.

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

6. Other laws specifically applicable to the Company;

   i. Employees Provident Fund and Miscellaneous Provisions Act, 1952.

   ii. Employees State Insurance Act, 1948.

iii. Environment Protection Act, 1986 and other applicable environmental laws.

iv. Indian Contract Act, 1872.

v. Income Tax Act, 1961 and other related laws.

vi. Indian Stamp Act, 1999.

vii. Payment of Bonus Act, 1965.

viii. Payment of Gratuity Act, 1972 and such other applicable labour laws.

ix. Clinical Establishments (Registration & Regulations) Act, 2010.

x. Karnataka Private Medical Establishments Act, 2007.

xi. Drugs and Cosmetics Act, 1940 and Rules 1945.

xii. Indian Medical Council (Professional Conduct, Etiquette and Ethics) Regulations, 2002 (Ethics Regulations).

xiii. Atomic Energy Act, 1962 and Rules thereunder.

xiv. Narcotic Drugs and Psychotropic Substance Act, 1985.

xv. Medical Termination of Pregnancy Act, 1971.

xvi. Pre-Natal Diagnostic Techniques (Regulations & Preventions of Misuse) Act, 1994.

xvii. Transplantation of Human Organs Act, 1994.

xviii. Registration of Births and Deaths Act, 1969.

xix. Water (Prevention and Control of Pollution) Act, 1974.

xx. Air (Prevention and Control of Pollution) Act, 1981.

xxi. Environment Protection Act, 1986.

xxii. Bio-medical Waste (Management and Handling) Rules, 1998.

xxiii. Hazardous Wastes (Management, Handling and Trans Boundary Movement) Rules, 2008.

xxiv. Pre-conception and Prenatal Diagnostic Techniques (Prohibition of Sex Selection) Rules, 1996.

xxv. The Information Technology Act, 2000

xxvi. The Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013

xxvii. The Central Goods and Service Tax Act, 2017 with effect from 1st July 2017

We have relied on the representation made by the Company and its Officers for systems and mechanism formed by the Company for compliances under other applicable Acts, Laws, Rules and Regulations to the Company. We have also examined compliance with the applicable clauses of the following:

a) Secretarial Standards issued by The Institute of Company Secretaries of India notified as applicable to Companies pursuant to Section 118 (10) of the Companies Act 2013.

b) The SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 as amended from time to time.

c) Tripartite Agreements signed with National Securities Depositories Limited and Central Securities Depositories (India) Limited.

During the period under review, the Company has largely complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

We further report that:

i. The Board of Directors of the Company is duly constituted with proper balance of Executive Directors Non-Executive Directors, Woman Director and Independent Directors. At the Board meeting held on 25th October 2017 Mr. Arun Seth, Director had vacated the office as per Section 167(1)(a) of the Companies Act, 2013. However, as per interim order passed by the Hon'ble High Court of Calcutta, he was reinstated as Director at the Board meeting held on 31st January 2018.

ii. Adequate notice is given to all directors to schedule the Board and other Committee meetings. Agenda and detailed notes on agenda were sent at least seven days in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

iii. Majority decisions are carried through in each such meetings of the Board and committees of the Board. Further during the course of audit, we have not come across the views of dissenting members' recorded as part of the minutes.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the company to monitor and ensure compliance especially relating to clinical section, with applicable laws, rules, regulations and guidelines. We are given to understand that the Company has taken effective steps to further strengthen the compliance mechanism through systems and processes which would be made functional during the current financial year.

We further report that during the audit period, the Company has reported following events/activities having major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc.:

i. Approval of Shareholders was taken at the Annual General Meeting held on 3rd August 2017 by way of special resolutions for alteration of Articles of Association with respect to removal of common seal clause in Articles.

ii. Approval of the members was taken at the Annual General Meeting held on 3rd August 2017 to amalgamate M/s. NewRise Healthcare Private Limited, Wholly Owned Subsidiary with the Company.

iii. Approval of the shareholders were taken through Postal Ballot on 11th August 2017 by way of special resolutions to increase the limits for providing Loans, Guarantee, Security and making Investments not exceeding to ₹ 2000 crores under Section 186 of the Companies Act, 2013.

iv. The Regional Director, South East Region, Hyderabad has confirmed the order of scheme of merger or amalgamation between M/s. Newrise Healthcare Private Limited, a Wholly Owned Subsidiary with Narayana Hrudayalaya Limited vide order 3/(Karnataka)/CP No. 5/2017/RD(SER)/Sec.233 of CA 2013/2017/2624 dated 4th October 2017.

v. M/s. Deloitte Haskins and Sells LLP, (FRN: 117366W/W-100018), Chartered Accountants have been appointed as Statutory Auditors of the Company at the 17th Annual General Meeting held on 3rd August 2017 in place of M/s. B S R & Co. LLP (FRN: 101248W/W-100022) as the latter has completed its tenure and is not eligible for re-appointment pursuant to Section 139(2) of the Companies Act 2013.

vi. M/s. Health City Cayman Islands Limited (HCCI) is a company incorporated in Cayman Islands. The Company holds 28.6% equity shares in HCCI through its Wholly Owned subsidiary Narayana Cayman Holdings Limited (NCHL) and the balance 71.4% of the shares of HCCI were held by Ascension Health Ventures LLC, USA, (AHV) an affiliate of Ascension Health Alliance, USA (AHA). HCCI bought back 71.4% held by AHV during the year under review. By this buy back of shares, HCCI become a 100% step down subsidiary of the Company and which was funded by the Company. The fund provided by the Company is within the limits approved by the shareholders as per provisions of Section 186 of the Companies Act, 2013.

We further report that, during the audit period, there were no instances of:

a) Public / Rights / Preferential issue of shares / debentures / sweat equity.

b) Redemption buy / back of securities

c) Foreign technical collaborations.

This report shall be read with our letter of even date which is annexed as Annexure-A and forms an integral part of this report.

For **Ganapathi & Mohan**
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)

Place: Bengaluru
Date: 29th May 2018

ANNEXURE A

To,
The Members,
M/s. NARAYANA HRUDAYALAYA LIMITED
CIN: L85110KA2000PLC027497
No. 258/A, Bommasandra Industrial Area,
Anekal Taluk, Bengaluru - 560099

Our report of even date is to be read along with this letter.

a. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on the maintenance of these secretarial records based on our audit.

b. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. We believe that the processes and practices we followed, provide a reasonable basis for our opinion.

c. Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

d. The compliance of the provisions of Corporate and other applicable laws, Rules, Regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

e. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

f. We further report that, based on the information provided by the Company, its officers, authorised representatives during the conduct of the audit, in our opinion adequate systems and process and control mechanism exist in the Company to monitor compliance with applicable general laws like Labour laws & Environment laws and Data protection policy.

g. We further report that the Compliance by the Company of applicable financial laws like Direct & Indirect tax laws, the correctness and appropriateness of financial records and books of accounts of the Company has not been reviewed in this audit since the same has been subject to review by the statutory financial audit and other designated professionals.

For **Ganapathi & Mohan**
Company Secretaries

CS. G M Ganapathi
Partner
FCS. 5659; C.P: 4520
(FRN: P2002KR057100)

Place: Bengaluru
Date: 29th May 2018

ANNEXURE X

DISCLOSURES BY THE BOARD OF DIRECTORS

[Pursuant to Rule 12(9) of the Companies (Share Capital and Debentures) Rules, 2014 read with Regulation 14 of SEBI (Share Based Employee Benefits) Regulations 2014]

A. Details related to ESOP

(i)	**Summary of status of ESOP**	
(a)	Date of shareholders' approval	12th September 2015
(b)	Total number of options approved under ESOP	2040000
(c)	Vesting requirements	All vested Options shall be respectively exercised in one or more tranches within a period of 4 (four) years from the date of first Vesting, failing which the Options shall lapse.
(d)	Exercise price or pricing formula	**Exercise Price:** ₹ 10 each option. **Pricing Formula:** The options are granted at face value of ₹ 10 per equity share. The number of options granted to each eligible employees are determined by his length of service and current responsibility handled and future potential contribution.
(e)	Maximum term of options granted	4 years.
(f)	Source of shares (primary, secondary or combination)	Secondary Market.
(g)	Variation in terms of options	Nil

(ii) Method used to account for ESOP - **Fair Value.** Refer to note 42 of Consolidated Financial Statements**.**

B. Option movement during the year (for each ESOP):

Particulars	**Details**
Number of options outstanding at the beginning of the period	781283
Number of options granted during the year	Nil
Number of options forfeited / lapsed during the year	990
Number of options vested during the year	161794
Number of options exercised during the year	54020
Number of shares arising as a result of exercise of options	54020
Money realized by exercise of options (INR), if scheme is implemented directly by the company	540200
Loan repaid by the Trust during the year from exercise price received	Nil
Number of options outstanding at the end of the year	726273
Number of options exercisable at the end of the year	159994

C. Employee wise details (Name of employee, Designation, Number of options vested during the year, exercise price of options vested to:

(a)	Senior Managerial Personnel	1. Mr. Sunil Kumar C N, Regional Director, a. Options vested during the year:2198 b. Options exercised during the year: Nil c. Exercise Price: ₹ 10/-. 2. Mr. R Venkatesh, Regional Director, a. Options vested during the year: 2198 b. Options exercised during the year: 2198 c. Exercise Price: ₹ 10/-.
(b)	Any other employee who receives a grant in any one year of option amounting to 5% or more of option granted during that year and	None
(c)	Identified employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant.	None

D. Description of the method and significant assumptions used during the year to estimate the fair value of options including the following information:

(a)	the weighted-average values of share price, exercise price, expected volatility, expected option life, expected dividends, the risk-free interest rate and any other inputs to the model;	Refer note no 42 of consolidated financial statements.
(b)	the method used and the assumptions made to incorporate the effects of expected early exercise;	Method- Black Scholes Valuation option pricing model
(c)	how expected volatility was determined, including an explanation of the extent to which expected volatility was based on historical volatility; and	Refer note no 42 of consolidated financial statements.
(d)	whether and how any other features of the option grant were incorporated into the measurement of fair value, such as a market condition.	None.

E. Disclosures in respect of grants made in three years prior to IPO under each ESOP - Nil

F. Disclosures in respect of transactions made by Trust under ESOP scheme

(i) General information on the scheme

Sl. No.	Particulars	Details
1	Name of the Trust	Narayana Health Employees Benefits Trust
2	Details of the Trustee(s)	Mr. A Shankar and Mr. Murali Krishnan K N
3	Amount of loan disbursed by company/any company in the group, during the year	NIL
4	Amount of loan outstanding (repayable to company/ any company in the group) as at the end of the year	NIL
5	Amount of loan, if any, taken from any other source for which company/any company in the group has provided any security or guarantee	NIL
6	Any other contribution made to the Trust during the year	NIL

(ii) Brief details of transactions in shares by the Trust

1.	Number of shares held at the beginning of the year;	2007553
2.	Number of shares acquired during the year through primary issuance secondary acquisition, also as a percentage of paid up equity capital as at the end of the previous financial year, along with information on weighted average cost of acquisition per share;	0
3.	Number of shares transferred to the employees / sold along with the purpose thereof;	54020
4.	Number of shares held at the end of the year.	1953533

(iii) In case of secondary acquisition of shares by the Trust-

Number of shares	As a percentage of paid-up equity capital as at the end of the year immediately preceding the year in which shareholders' approval was obtained
Held at the beginning of the year	Not Applicable.
Acquired during the year	
Sold during the year	
Transferred to the employees during the year	
Held at the end of the year	

FINANCIAL STATEMENTS

STANDALONE

CONSOLIDATED

Independent Auditor's Report

To the Members of
Narayana Hrudayalaya Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of Narayana Hrudayalaya Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2018, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone 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 standalone 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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 standalone 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 standalone financial statements based on our audit.

In conducting 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the standalone 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 standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone 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 standalone 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 standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its profit, total 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 Section 143(3) of the Act, based on our audit 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 including Other Comprehensive Income, the Cash

Independent Auditor's Report (Contd.)

Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors of the Company as on March 31, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 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 A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

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, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No 203685)

Bengaluru, May 29, 2018

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting 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 Limited ("the Company") as of March 31, 2018 in conjunction with our audit of the standalone 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 issued by the Institute of Chartered Accountants of India. 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 respective 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 Companies Act, 2013.

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 on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, 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 judgement, 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.

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 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 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 financial statements.

Annexure "A" to the Independent Auditor's Report (Contd.)

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, to the best of our information and according to the explanations given to us, 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 March 31, 2018, based on the internal financial 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 issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No 203685)

Bengaluru, May 29, 2018

Annexure "B" to the Independent Auditor's Report

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The Company has a program of verification of fixed assets to cover all the items in a phased manner over a period of 3 years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, certain fixed assets were physically verified by the Management during the year. According to the information and explanations given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) According to the information and explanations given to us, during the year 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. However, in respect loans granted in the earlier years:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year and does not have any unclaimed deposits.

(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013 in respect of services rendered. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, Goods and Service Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.

Annexure "B" to the Independent Auditor's Report (Contd.)

(c) Details of dues of Income-tax, Sales Tax and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Million)	Amount Unpaid (₹ In Million)
Income tax Act, 1961	Income Tax	High court of Karnataka	FY 2009-10	12.17	2.17
KVAT Act, 2003	Value Added Tax	Joint Commissioner of Commercial Taxes, Appeals	FY 2011-12 and FY 2012-13	32.28	22.60*
Sales Tax of Rajasthan	Entry Tax	High court of Rajasthan	FY 2010-11	7.41	6.29
			FY 2011-12	0.30	0.25
			FY 2012-13	0.82	0.69
			FY 2103-14	1.47	1.22

*Amount unpaid has been arrived after considering payment aggregating to ₹ 6.45 million made subsequent to the year end.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans to banks. The Company has not taken any loans or borrowings from financial institutions and government and has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its subsidiary or associate company or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No 203685)

Bengaluru, May 29, 2018

Balance Sheet

(₹ in million)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	9,654.61	6,798.69
Capital work-in-progress	4	303.61	515.74
Intangible assets	4	74.24	25.90
Financial assets			
Investments	5	5,609.51	3,539.96
Loans	6(a)	454.34	384.57
Other financial assets	7(a)	33.19	29.95
Income tax assets (net)	8	215.15	129.72
Other non-current assets	9(a)	547.47	583.29
Total non-current assets		**16,892.12**	**12,007.82**
Current assets			
Inventories	10	504.80	434.38
Financial assets			
Trade receivables	11	1,850.66	1,376.16
Cash and cash equivalents	12(a)	200.58	206.99
Bank balances other than above	12(b)	13.80	74.58
Loans	6(b)	72.91	177.98
Other financial assets	7(b)	165.88	384.87
Other current assets	9(b)	237.74	197.88
Total current assets		**3,046.37**	**2,852.84**
TOTAL ASSETS		**19,938.49**	**14,860.66**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	13	2,043.61	2,043.61
Other equity	14	9,163.27	8,541.11
Total equity		**11,206.88**	**10,584.72**
Liabilities			
Non-current liabilities			
Financial liabilities			
Borrowings	15(a)	4,470.75	957.03
Other financial liabilities	16(a)	168.28	59.19
Provisions	17(a)	135.66	143.42
Deferred tax liabilities (net)	37	377.35	229.65
Other non-current liabilities	18(a)	217.16	204.77
Total non-current liabilities		**5,369.20**	**1,594.06**
Current liabilities			
Financial liabilities			
Borrowings	15(b)	277.79	44.88
Trade payables	19	2,236.93	1,703.14
Other financial liabilities	16(b)	384.03	620.52
Other current liabilities	18(b)	260.78	204.38
Provisions	17(b)	202.88	108.96
Total current liabilities		**3,362.41**	**2,681.88**
TOTAL EQUITY AND LIABILITIES		**19,938.49**	**14,860.66**
Significant accounting policies	3		

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Statement of Profit and Loss

(₹ in million)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
INCOME			
Revenue from operations	20	18,475.75	16,459.15
Other income	21	186.38	181.46
Total income (A)		**18,662.13**	**16,640.61**
EXPENSES			
Purchase of medical consumables, drugs and surgical equipments		4,634.54	3,865.51
Changes in inventories of medical consumables, drugs and surgical equipments-(Increase)/ Decrease	22	(70.42)	4.73
Employee benefits expense	23	3,688.60	3,298.30
Professional fees to doctors		3,917.11	3,274.17
Other expenses	24	4,549.34	3,892.58
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**16,719.17**	**14,335.29**
Earnings before finance costs, depreciation and amortisation, exceptional items and tax (A- B)		**1,942.96**	**2,305.32**
Finance costs (C)	25	196.75	118.08
Depreciation and amortisation expense (D)	26	780.49	682.06
Total expenses (E) = (B+C+D)		**17,696.41**	**15,135.43**
Profit before exceptional items and tax (F) = (A-E)		**965.72**	**1,505.18**
Exceptional items (G)	40	11.58	31.91
Profit before tax (H) = (F-G)		**954.14**	**1,473.27**
Tax expense:			
Current tax		219.78	509.19
Add : MAT credit entitlement		(219.78)	-
Deferred tax charge / (credit)		369.92	12.99
Total tax expense (I)		**369.92**	**522.18**
Profit for the year (J) = (H-I)		**584.22**	**951.09**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		4.35	5.76
Income tax effect		(1.51)	(1.96)
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains/ (losses) in cash flow hedge		(11.39)	-
Income tax effect		3.94	-
Other comprehensive income for the year, net of income tax (K)		**(4.61)**	**3.80**
Total comprehensive income for the year (J+K)		**579.61**	**954.89**
Earnings per share	36		
Basic (₹)		2.88	4.70
Diluted (₹)		2.88	4.69

Significant accounting policies 3

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Statement of Cash Flow

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit before tax	954.14	1,473.27
Adjustments :		
Depreciation and amortisation	780.49	682.06
Provision for other than temporary diminution in long-term investments	-	3.43
Provision for loss allowance	72.50	(59.24)
Bad debts written off	4.30	121.90
Provision of inventories for write-down to net realisable value	3.21	(0.55)
Interest income	(22.95)	(42.90)
Finance costs	196.75	118.08
Share based payment expenses	42.01	58.73
Guarantee comission income	(3.52)	-
Government grant income	(13.97)	(16.26)
Assets / Capital-work-in-progress written off	-	26.78
Loss on sale of fixed assets	14.55	13.60
Profit on sale of investment	(3.10)	(5.11)
Exceptional items	11.58	31.91
Unrealised foreign exchange gain (net)	(4.55)	(3.95)
Operating cash flow before working capital changes	**2,031.44**	**2,401.75**
Changes in trade receivables	(550.00)	(56.67)
Changes in inventories	(73.63)	(3.13)
Changes in loans, other financial assets and other assets	138.88	4.34
Changes in trade payables and other financials liabilities	609.14	161.92
Changes in provision	89.80	23.26
Cash generated from operations	**2,245.63**	**2,531.47**
Income taxes paid (net of refund)	(305.28)	(348.50)
Net cash generated from operating activities (A)	**1,940.35**	**2,182.97**
Cash flow from investing activities		
Acquisition of property, plant and equipment	(1,882.79)	(1,257.19)
Proceeds from slump sale (refer note 40 (B))	-	155.70
Proceeds from sale of property, plant and equipment	11.40	7.41
Investment in equity shares of subsidiaries (including share application money)	(2,065.38)	(253.52)
Proceeds from sale of investment in subsidiaries [refer note 38 & 40(A)]	14.87	3.83
Payment towards acquisition of business (refer note 41)	(756.40)	-
Proceeds from refund of share application money	-	1.81
Unsecured loan given to related parties	-	(150.28)
Proceeds from repayment of loan by a related party	150.28	-
Purchase of mutual fund	(2,465.00)	(2,730.00)
Proceeds from sale of mutual fund	2,468.10	2,535.11
Investment in bank deposit	(2.53)	(269.67)
Realisation of bank deposit	63.36	295.24
Interest received	22.43	42.31
Net cash (used in) investing activities (B)	**(4,441.66)**	**(1,619.25)**

Statement of Cash Flow (Contd.)

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from financing activities		
Proceeds from long-term borrowings	2,781.33	200.00
Repayment of long-term borrowings	(280.89)	(198.06)
Repayment of commercial papers	(500.00)	(200.00)
Proceeds from commercial papers	500.00	-
Proceeds from exercise of share options	0.54	0.32
Interest and other borrowing costs	(241.93)	(118.59)
Net cash (used in) / generated from financing activities (C)	**2,259.05**	**(316.33)**
Net increase in cash and cash equivalents (A+B+C)	**(242.26)**	**247.39**
Cash and cash equivalents at the beginning of the year (refer note 12)*	162.11	(86.02)
Add: Cash and cash equivalents at the beginning of the year pertaining to entities acquired during the year	2.94	-
Effects of exchange gain on restatement of foreign currency cash and cash equivalent	-	0.74
Cash and cash equivalents at the end of the year (refer note 12)	**(77.21)**	**162.11**

* 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 **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Statement of Changes in Equity

(a) Equity share capital

(₹ in million, except no. of shares)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at 1 April 2016	204,360,804	2,043.61
Changes in equity share capital during 2016-17 (refer note 13)	-	-
Balance as at 31 March 2017	204,360,804	2,043.61
Changes in equity share capital during 2017-18 (refer note 13)	-	-
Balance as at 31 March 2018	**204,360,804**	**2,043.61**

(b) Other equity

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI		Total other equity
	Capital Reserve	Securities Premium Reserve	Treasury Shares	Share options outstanding (refer note 39)	General Reserve	Retained earnings	Effective portion of Cash flow hedge reserve	Remeasurements of the net defined benefit Plans	
Balance at 1 April 2016	**1.54**	**4,901.24**	**(20.40)**	**33.61**	**250.00**	**2,366.89**	**-**	**(5.71)**	**7,527.17**
Profit for the year	-	-	-	-	-	951.09	-	-	951.09
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	-	3.80	3.80
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**951.09**	**-**	**3.80**	**954.89**
Transaction recorded directly in equity									
Exercise of share options	-	-	0.32	-	-	-	-	-	0.32
Share-based payments	-	-	-	58.73	-	-	-	-	58.73

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI		Total other equity
	Capital Reserve	Securities Premium Reserve	Treasury Shares	Share options outstanding (refer note 39)	General Reserve	Retained earnings	Effective portion of Cash flow hedge reserve	Remeasurements of the net defined benefit Plans	
Balance as at 31 March 2017	**1.54**	**4,901.24**	**(20.08)**	**92.34**	**250.00**	**3,317.98**	**-**	**(1.91)**	**8,541.11**
Profit for the year	-	-	-	-	-	584.22	-	-	584.22
Other comprehensive income (OCI) (net of tax)	-	-	-	-	-	-	(7.45)	2.84	(4.61)
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**584.22**	**(7.45)**	**2.84**	**579.61**
Transaction recorded directly in equity									
Exercise of share options	-	-	0.54	-	-	-	-	-	0.54
Share-based payments	-	-	-	42.01	-	-	-	-	42.01
Balance as at 31 March 2018	**1.54**	**4,901.24**	**(19.54)**	**134.35**	**250.00**	**3,902.20**	**(7.45)**	**0.93**	**9,163.27**

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Notes

to the standalone financial statements for the year ended 31 March 2018

1. Company overview

Narayana Hrudayalaya Limited ('the Company') was incorporated on 19 July 2000 under the Companies Act, 1956. The Company, headquartered in Bengaluru is engaged in providing economical healthcare services. The Company was rebranded as 'Narayana Health' in 2013. It has a network of multispecialty and superspeciality hospitals spread across multiple locations. The Company owns and operates certain hospitals and also enters into management agreements with hospitals under which the Company acquires the operating control of the hospitals.

During the year ended 31 March 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale by existing shareholders to the extent of 24,523,297 equity shares of face value of ₹ 10 each for a cash price of ₹ 250 per equity share including a premium of ₹ 240 per equity share, of 6,287,978 equity shares by Ashoka Investment Holding Limited, 1,886,455 equity shares by Ambadevi Mauritius Holdings Limited, 12,261,648 equity shares by JP Morgan Mauritius Holding IV Limited, 2,043,608 equity shares by Dr. Devi Prasad Shetty and 2,043,608 equity shares by Shakuntala Shetty aggregating to ₹ 6,130.82 million and equity shares of the Company were listed on the BSE Limited and the National Stock Exchange of India Limited on 6 January 2016.

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 Financial Statements for the company for the year ended 31 March 2017, were audited by the BSR & Co. LLP. (Firm's registration number: 101248W/W-100022) the predecessor auditor.

The financial statements were authorized for issue by the Company's Board of Directors on 29 May 2018.

Details of the accounting policies are included in Note 3.

2.2. Functional and presentation currency

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts are presented in ₹ in million, except share data and per share data, unless otherwise stated.

2.3. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4. 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 recognized prospectively.

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognized in the financial statements is included in the following notes:

Note 35 - Leases and lease classification;

Note 27 - Assessment of contingent liabilities and commitments

Note 44 - Financial instruments

Note 39 - Share based payments

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 2018 is included in the following notes:

Note 37- recognition of deferred tax assets

Note 32 - measurement of defined benefit obligation; key actuarial assumptions

Note 27- recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of outflow of resources.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

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

Note 5 to 7, 11, 12 and 44 - recognition of impairment of financial assets

2.5. 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 categorized 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 categorized 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 recognizes 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 44 – financial instruments;

Note 39 – share based payments;

3. Significant accounting polices

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;
- 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 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

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

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.

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 represented by borrowings, trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest rate method.

Derivative financial instruments

Hedge accounting

The Company uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the Company.

Derivatives are recognised and measured at fair value Attributable transaction costs are recognised in statement of profit and loss.

Cash flow hedges:

The Company uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the company.

The Company has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the company.

The use of derivative financial instruments is governed by the Company's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Company's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss,

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Financial Guarantee Contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because the beneficiary fails to make payments when due in accordance with the terms of a debt instrument. Financial guarantee contracts issued by the Company are measured at their applicable fair values.

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 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 equipment's are valued at lower of cost or net realizable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realizable value is the selling price. The comparison of cost and net realizable 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

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

Goods and Service 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. Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share based payment to its employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are acquired (treasury shares) are recognized at cost and deducted from equity. When the treasury shares are issued to the employees by EBT, the amount received is recognized as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

3.5. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit 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 equivalents, as they form an integral part of an entity's cash management.

3.6. 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.

The Company has entered into management agreements with certain trusts, under which, the Company has a right over the management, operation and utilisation of hospital facilities owned by the trusts. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trusts at free of cost/ concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue with a corresponding charge to rent expense.

'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. 'Unearned revenue' comprises billings in excess of earnings.

Income from patient's amenities is recognized on accrual basis as and when services are rendered.

Interest

For all debt instruments measured at amortized 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 amortized 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.

Dividend

Dividend income is recognised when the Company's right to receive dividend is established.

Other Healthcare Services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

3.7. 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

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

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 amortization

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. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

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
Vehicles	5 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.

3.8. Business combination Goodwill and other intangible assets

Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

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.

Amortisation

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.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	3 years

Amortisation method

Useful life and residual values are reviewed at the end of each financial year.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

In case of a bargain purchase, before recognising a gain in respect thereof, the Company determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Company reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Company then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Company recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Company recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

3.9. Investment in subsidiaries

Investment in subsidiaries is measured at cost. Dividend income from subsidiaries is recognized when its right to receive the dividend is established.

3.10. Government grants

Government grants including non-monetary grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in Statement of profit and loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, are recognized as expenses.

Government grants related to assets are presented at fair value by setting up the grant as a deferred income.

3.11. 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 exgratia. 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 a 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 administered by third party. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) 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 (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognized 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

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

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.

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognized as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognized as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognized as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

3.12. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest 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 capitalized as part of the cost of that asset. Other borrowing costs are recognized as an expense in the period in which they are incurred.

3.13. 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 recognized 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.

The Company has entered into management agreements with certain trusts, under which, the Company has a right over the management, operation and utilisation of hospital facilities owned by the trusts. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trusts at free of cost/ concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue with a corresponding charge to rent expense.

Further, at the inception of above arrangement, the Company determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Company separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Company concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognized using the Company's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.14. Earnings per share

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

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

3.15. Income tax

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

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

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 realized simultaneously.

Minimum Alternative tax

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT') paid over and above the normal Income tax in a subject year is eligible for carry forward for fifteen succeeding assessment year for set-off against normal Income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

3.16. Foreign exchange transactions and translations

Transactions in foreign currencies are recorded at prevailing rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss.

3.17. Impairment

a. Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost;

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at fair value through other comprehensive income (FVOCI) 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 reorganization; 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 amortized cost are deducted from the gross carrying amount of the assets.

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 receivable 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, inventories and deferred tax assets, 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 recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

amount. Impairment losses are recognized in the statement of profit and loss.

3.18. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.19. Non-current assets or disposal groups held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Such assets, or disposal groups, are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification held for sale and subsequent gain and losses on re- measurement are recognized in the statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortized or depreciated.

3.20. 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.

3.21. Share issue expenses

Share issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

3.22. New Standards and interpretation not yet adopted

IND AS 115, Revenue from contracts with customers: On 28 March 2018, the Ministry of Corporate Affairs ("MCA"), notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The said standard is applicable for the accounting periods beginning on or after April 1, 2018. The company is in the process of assessing the impact of the said standard on its financial statements.

Appendix B of Ind AS 21, Foreign currency transaction and advance consideration: On 28 March 2018, MCA has notified the Company (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transaction and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related assets, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The company is in the process of assessing the impact of the said standard on its financial statements.

4 (i) Property, plant and equipment, capital work-in-progress and intangible assets

(₹ in million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1 April 2017	Additions / Adjustments	Deletions	As at 31 March 2018	As at 1 April 2017	Depreciation / Amortisation	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible assets										
(i) Owned										
Freehold land (i) (ii)	352.85	-	-	352.85	-	-	-	-	352.85	352.85
Building (ii)	396.83	-	-	396.83	135.50	6.63	-	142.13	254.70	261.33
Building	1,030.34	1,280.97	-	2,311.31	94.09	18.30	-	112.39	2,198.92	936.25
Electrical installation	686.58	90.33	0.39	776.52	374.84	66.37	0.19	441.02	335.50	311.74
Medical equipments	4,499.00	1,441.45	48.46	5,891.99	1,739.73	405.56	23.29	2,122.00	3,769.99	2,759.27
Office equipments	152.69	40.22	0.40	192.51	95.69	25.87	0.39	121.17	71.34	57.00
Other equipment including air conditioners	1,100.64	238.83	0.65	1,338.82	427.90	73.63	0.30	501.23	837.59	672.74
Furniture and fixtures (viii)	716.16	141.93	0.39	857.70	360.63	74.22	0.17	434.68	423.02	355.53
Computers	192.60	66.30	0.44	258.46	162.41	28.09	0.44	190.06	68.40	30.19
Vehicles (viii)	25.23	3.67	-	28.90	15.29	3.95	-	19.24	9.66	9.94
(ii) Leasehold										
Leasehold land (viii)	-	180.88	-	180.88	-	1.97	-	1.97	178.91	-
Leasehold improvements	250.01	47.71	-	297.72	76.03	17.25	-	93.28	204.44	173.98
Building (iii)	1,076.67	111.84	-	1,188.51	198.80	40.42	-	239.22	949.29	877.87
Total tangible assets (A)	**10,479.60**	**3,644.13**	**50.73**	**14,073.00**	**3,680.91**	**762.26**	**24.78**	**4,418.39**	**9,654.61**	**6,798.69**
Capital work-in-progress (B)	**515.74**	**1,931.30**	**2,143.43**	**303.61**	**-**	**-**	**-**	**-**	**303.61**	**515.74**
Intangible assets										
Computer software	194.51	66.57	-	261.08	168.61	18.23	-	186.84	74.24	25.90
Total intangible assets (C)	**194.51**	**66.57**	**-**	**261.08**	**168.61**	**18.23**	**-**	**186.84**	**74.24**	**25.90**
Grand total (A+B+C)	**11,189.85**	**5,642.00**	**2,194.16**	**14,637.69**	**3,849.52**	**780.49**	**24.78**	**4,605.23**	**10,032.46**	**7,340.33**

Notes on 4(ii) to be referred here.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

4 (ii) Property, plant and equipment, capital work-in-progress and intangible assets

(₹ in million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1 April 2016	Additions	Deletions	As at 31 March 2017	As at 1 April 2016	Depreciation/ Amortisation	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
Tangible assets										
(a) Owned										
Freehold land (i) (ii)	355.83	-	2.98	352.85	-	-	-	-	352.85	355.83
Building (ii)	396.83	-	-	396.83	126.83	8.67	-	135.50	261.33	270.00
Building	954.73	79.65	4.04	1,030.34	77.61	16.63	0.15	94.09	936.25	877.12
Electrical installation	652.49	42.33	8.24	686.58	304.08	72.70	1.94	374.84	311.74	348.41
Medical equipments	3,880.80	619.56	1.36	4,499.00	1,429.96	310.30	0.53	1,739.73	2,759.27	2,450.84
Office equipments	136.92	15.96	0.19	152.69	74.02	21.82	0.15	95.69	57.00	62.90
Other equipment including air conditioners	992.90	111.55	3.81	1,100.64	355.73	75.03	2.86	427.90	672.74	637.17
Furniture and fixtures	661.21	57.33	2.38	716.16	290.34	71.01	0.72	360.63	355.53	370.87
Computers	174.75	18.14	0.29	192.60	142.94	19.76	0.29	162.41	30.19	31.81
Vehicles	23.66	8.03	6.46	25.23	18.50	3.25	6.46	15.29	9.94	5.16
(b) Leasehold										
Leasehold improvements	230.53	19.56	0.08	250.01	55.82	20.21	-	76.03	173.98	174.71
Building (iii)	1,045.39	35.99	4.71	1,076.67	159.70	39.57	0.47	198.80	877.87	885.69
Total tangible assets (A)	**9,506.04**	**1,008.10**	**34.54**	**10,479.60**	**3,035.53**	**658.95**	**13.57**	**3,680.91**	**6,798.69**	**6,470.51**
Capital work-in-progress (B)	**127.31**	**1,159.81**	**771.38**	**515.74**	**-**	**-**	**-**	**-**	**515.74**	**127.31**
Intangible assets										
Computer software	172.70	22.09	0.28	194.51	145.75	23.11	0.25	168.61	25.90	26.95
Total intangible assets (C)	**172.70**	**22.09**	**0.28**	**194.51**	**145.75**	**23.11**	**0.25**	**168.61**	**25.90**	**26.95**
Grand total (A+B+C)	**9,806.05**	**2,190.00**	**806.20**	**11,189.85**	**3,181.28**	**682.06**	**13.82**	**3,849.52**	**7,340.33**	**6,624.77**

(i) includes land in possession and occupation of the Company to the extent of 9 acre 25 guntas out of total 17 acres 44 guntas in Bangalore allotted by Karnataka Industrial Areas Development Board ('KIADB') to the Company on lease cum sale basis for which the Company is yet to execute the sale deed as at 31 March 2018.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement (together, 'agreements') signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had the right but not the obligation to require the Company to transfer the land and building ('NH land') at no consideration to him. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building was being amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated 26 November 2015 by the Promoter, the above right was waived off by him and accordingly he will not be entitled to exercise the right stated in Clause 3.1(d) of the said Shareholders' Agreement. The waiver was subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the Company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect, the said Shareholders' Agreement was amended and duly executed by all Shareholders of the Company. On the Company's shares being listed on the Bombay Stock Exchange and the National Stock Exchange on 6 January 2016, the Promoter's right to NH Land ceases to exist thereof.

(iii) represents the cost of construction of building at the leasehold premises at Kolkata, Ahmedabad, Jaipur and Jamshedpur.

(iv) As an arrangement with Modern Medical Institute for operating and maintaining Raipur Hospital, the Company received property, plant and equiments (Other than land and building) of present value ₹ 23.05 million.

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Cost or deemed cost	23.05	23.05
Accumulated depreciation	(13.73)	(11.72)
Net carrying amount	**9.32**	**11.33**

(v) During the financial year 2017-18, project salary cost amounting to ₹ 51.35 million (previous year: ₹ 15.79 million) has been capitalised through capital work-in progress.

(vi) As at 31 March 2018, property, plant and equipments with a carrying amount of ₹ 3,684.35 million (previous year: ₹ 3,674.79 million) are subject to first charge to secure bank loans.

(vii) During the year the company has capitalised interest cost amounting to ₹ 59.47 million.

(viii) The Company as part of the amalgamation with NewRise Healthcare Private Limited acquired property, plant and equipments which is as below:

(₹ in million)

Particulars	Amount
Leasehold land	180.88
Furniture and fixtures	0.07
Vehicles	0.09
Total	**181.04**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

5 Non-current investments

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Unquoted equity instruments		
Investment in equity shares		
In subsidiary company:		
Narayana Institute for Advanced Research Private Limited	57.60	57.60
[1,038,382 (previous year : 1,038,382) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 45.47 per equity share]		
Narayana Hrudayalaya Surgical Hospital Private Limited	721.08	465.06
[19,134,500 (previous year : 16,952,704) equity shares of ₹ 10 each fully paid up along with a premium of ₹ 420.56 per equity share on 702,704 equity shares, ₹ 116.99 on 11,82,296 equity shares and ₹ 95.94 on 999,500]		
Narayana Hospitals Private Limited	532.61	532.61
[53,261,437 (previous year : 53,261,437) equity shares of ₹ 10 each fully paid up]		
Narayana Health Institutions Private Limited	-	-
[1,104,035 (previous year : 1,104,035) equity shares of ₹ 10 each fully paid up] {Net of provision for other than temporary diminution ₹ 11.04 million (previous year : ₹ 11.04 million)}		
Narayana Cayman Holdings Limited	3,092.21	1,340.03
[48,956 (previous year 22,027) equity shares of USD 0.01 each fully paid up with a premium of USD 999.99 per share]*		
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	-	14.10
"[Nil (previous year : 2,585,136) equity shares of MYR 1 each fully paid up {Net of provision other than temporary diminution ₹ Nil (previous year: ₹ 36.38 million } (refer note 38)]		
Meridian Medical Research & Hospital Limited	1,112.50	1,067.15
[28,766,947 (previous year 27,740,647) equity shares of ₹ 10 each fully paid up with a premium of ₹ 28.75 per share on 16,717,070 equity shares, ₹ 28 per shares on 9,188,577 equity shares, ₹ 28.51 per share on 1,835,000 shares and ₹ 34.19 per share on 10,26,300 equity shares)]		
Narayana Vaishno Devi Specialty Hospitals Private Limited	10.00	10.00
[999,795 (previous year : 999,795) equity shares of ₹ 10 each fully paid up]		
Narayana Holdings Private Limited	50.41	50.41
[75,000 (previous year:75,000) equity shares of USD 10 each fully paid up]		
In associate:		
TriMedx India Private Limited	-	3.00
[91,947 (previous year : 30,005) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4770 equity shares]		
Fair Value of guarantee in subsidiaries [refer note 31 (b)]	33.10	-
	5,609.51	**3,539.96**
Aggregate value of unquoted investments	5,620.55	3,587.38
Aggregate amount of impairment in value of investments	11.04	47.42
Net investments	**5,609.51**	**3,539.96**

* Transfer/ sale of shares is subject to approval of Exim Bank, as loan is obtained to make investment in this subsidiary.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

6 Loans
(Unsecured, considered good unless otherwise stated)

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	To parties other than related parties		
	Security deposits	147.16	114.40
	Unsecured loan	13.00	-
	To related parties (refer note 29)		
	Unsecured loan	20.00	20.00
	Security deposits	274.18	250.17
		454.34	**384.57**
(b)	**Current**		
	To parties other than related parties		
	Security deposits	68.91	27.70
	Unsecured loan	4.00	-
	To related parties (refer note 29)		
	Unsecured loan	-	150.28
		72.91	**177.98**

7 Other financial assets
(Unsecured, considered good unless otherwise stated)

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	To parties other than related parties		
	Bank deposits (due to mature after 12 months from the reporting date)	0.50	0.55
	Interest accrued but not due on fixed deposits	0.17	0.13
	To related parties (refer note 29)		
	Share application money pending allotment	32.52	29.27
		33.19	**29.95**
(b)	**Current**		
	To parties other than related parties		
	Interest accrued but not due on fixed deposits	1.88	4.36
	Interest accrued on security deposit	3.91	2.84
	Unbilled revenue	112.13	115.79
	Others	-	200.00
	To related parties (refer note 29)		
	Interest accrued on unsecured loan	5.75	3.85
	Due for reimbursement of expenses	42.21	58.03
		165.88	**384.87**

8 Income tax assets (net)

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Advance income tax and tax deducted at source (net of provisions)	205.15	119.72
Income-tax paid under protest	10.00	10.00
	215.15	**129.72**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

9 Other assets

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	To parties other than related parties		
	(Unsecured, considered good unless otherwise stated)		
	Security deposits	40.60	30.00
	Capital advances	35.12	3.90
	Prepaid rent	99.96	97.44
	Prepaid expenses	61.16	99.56
	(Unsecured, considered doubtful)		
	Prepaid rent	19.24	19.24
	Less: provision for prepaid rent	(19.24)	(19.24)
	Prepaid rent (net)	-	-
	To related parties (refer note 29)		
	Prepaid expenses (refer note 34)	218.33	234.18
	Prepaid rent	92.30	118.21
		547.47	**583.29**
(b)	**Current**		
	To parties other than related parties		
	(Unsecured, considered good unless otherwise stated)		
	Security deposits	3.91	-
	Balances with statutory/ government authorities	4.91	4.44
	Advance to vendors	51.67	53.13
	Other loans and advances	13.62	18.21
	Prepaid rent	8.99	8.89
	Other assets	0.20	-
	Prepaid expenses	107.19	50.09
	(Unsecured, considered doubtful)		
	Prepaid rent	0.24	0.24
	Less: provision for prepaid rent	(0.24)	(0.24)
	Prepaid rent (net)	-	-
	To related parties (refer note 29)		
	Prepaid expenses (refer note 34)	15.78	15.72
	Prepaid rent	25.91	25.91
	Due for reimbursement of expenses	5.56	21.49
		237.74	**197.88**

10 Inventories

(Valued at lower of cost and net realisable value)

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Medical consumables, drugs and surgical equipments	514.85	441.22
Less: Provision for write-down to net realisable value	(10.05)	(6.84)
	504.80	**434.38**

The inventories are hypothecated as security as part of working capital facility.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

11 Trade receivables

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	1,850.66	1,376.16
Unsecured, considered doubtful	188.31	115.81
	2,038.97	**1,491.97**
Loss allowance		
Unsecured, considered doubtful	(188.31)	(115.81)
Net trade receivables	**1,850.66**	**1,376.16**
Of the above, trade receivables from related parties are as below:		
Total trade receivable (refer note 29)	84.65	67.59
Expected credit loss allowance	(2.26)	(3.29)
Net trade receivables from related parties	**82.39**	**64.30**

The Company uses a provision matrix to determine expected credit loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At each reporting period, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Category	Ageing		
	Within due date	Due date to 1 Year	More than 1 year from due date
ESI/CGHS/SCHEMES	1.76%	12.02%	52.88%
Others	0.63%	8.94%	51.87%

Note The Company exposure to credit risks, currency risks and loss allowances are disclosed in note 44.

The trade receivables are hypothecated as security as part of as part of working capital facility

12 Cash and bank balances

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
(a) Cash and cash equivalents		
Cash on hand	29.29	8.91
Balance with banks	-	-
-In current accounts	171.29	198.08
	200.58	**206.99**
(b) Bank balances other than above		
-In deposit accounts (due to mature within 12 months of the reporting date) *	13.80	74.58
	13.80	**74.58**

* The above deposits are restrictive as it relates to deposits against the guarantees.

For the purpose of the statement of cash flows, cash and cash equivalent comprise the following:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash on hand	29.29	8.91
Cheques, drafts on hand	-	-
Balance with banks		
-In current accounts	171.29	198.08
	200.58	**206.99**
Less: Bank overdraft used for cash management purposes	277.79	44.88
Cash and cash equivalents in the statement of cash flows	**(77.21)**	**162.11**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

13 Equity share capital

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Authorised		
309,000,000* (previous year : 300,000,000) equity shares of ₹ 10 each	3,090.00	3,000.00
71,000,000* (previous year : Nil) Preference shares of ₹ 10 each	710.00	-
Issued, subscribed and paid up		
204,360,804 (previous year : 204,360,804) equity shares of ₹ 10 each, fully paid up	2,043.61	2,043.61
	2,043.61	**2,043.61**

*The amalgamation of NewRise Healthcare Private Limited with the Company was approved by Minister of Corporate Affairs on 4 October 2017 and accordingly as per the scheme of amalgamation the authorised share capital of the company has been increased by 9,000,000 equity shares and 71,000,000 preference shares.

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

(₹ in million, except no of shares)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	204,360,804	2,043.61	204,360,804	2,043.61
Issued during the year	-	-	-	-
At the end of the year	**204,360,804**	**2,043.61**	**204,360,804**	**2,043.61**

(ii) Rights, preferences and restrictions attached to equity and preference shares :

The Company has equity shares having a nominal value of ₹ 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.

The Company has preference shares having a nominal value of ₹ 10 each. Preference shares are non-convertible, non-cumulative, non-participating and carry preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

(iii) Particulars of shareholders holding more than 5% equity shares:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Dr Devi Prasad Shetty	64,700,571	31.66%	64,700,571	31.66%
Shakuntala Shetty	62,083,095	30.38%	62,083,095	30.38%
CDC Group PLC	11,765,046	5.76%	11,765,046	5.76%
Ashoka Investment Holdings Limited	-	-	10,971,130	5.37%
	138,548,712	**67.80%**	**149,519,842**	**73.17%**

iv) 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 shares for consideration other than cash during the period of five years immediately preceding the last balance sheet date except, the issue of 199,654,247 bonus shares on 25 March 2015 and conversion of Optionally Convertible Debentures along with accrued interest into 4,360,804 equity shares on 1 December 2015.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

14 Other equity

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Reserves and surplus		
Securities premium reserve	4,901.24	4,901.24
Capital reserve	1.54	1.54
Treasury Shares		
At the commencement of the year	(20.08)	(20.40)
Add: Additions during the year	0.54	0.32
At the end of the year	(19.54)	(20.08)
General reserve	250.00	250.00
Share options outstanding account		
At the commencement of the year	92.34	33.61
Add: Amounts recorded on grants during the year	42.01	58.73
At the end of the year	134.35	92.34
Retained earnings		
At the commencement of the year	3,317.98	2,366.89
Add: Net profit after tax transferred from statement of profit and loss	584.22	951.09
At the end of the year	3,902.20	3,317.98
Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	-	-
Add: Addition during the year	(7.45)	-
At the end of the year	(7.45)	-
Re-measurement of defined benefit plans		
At the commencement of the year	(1.91)	(5.71)
Add: Addition during the year	2.84	3.80
At the end of the year	0.93	(1.91)
At the end of the year	**9,163.27**	**8,541.11**

Capital reserve

Capital reserve was created at the time of acquisition of hospital in Barasat.

Securities premium reserve

Securities premium reserve is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013

Treasury Shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity.

Share options outstanding account

The Company has established share based payment plan for eligible employees of the Company, its subsidiaries or associates. Also refer note 39 for further details on these plans.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

15 Borrowings

(₹ in million)

			As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**			
	(i)	**Secured**		
		Term loans		
		From banks (refer note I)	4,636.45	1,150.39
		Less: Current maturity of long term debt [refer note 16 (b)]	(165.70)	(193.36)
	Total non-current borrowings		**4,470.75**	**957.03**
(b)	**Current**			
	(i)	**Secured**		
		Loans repayable on demand		
		Bank overdrafts (refer note II)	277.79	44.88
	Total current borrowings		**277.79**	**44.88**

I Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ 33.00 million (previous year : ₹ 99.00 million). It is repayable in 2 quarterly instalments from the reporting date (previous year 5 quarterly instalments). Interest is charged at 8.10% p.a.(previous year 8.80%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(ii)	Term loan from HSBC Bank : ₹ 37.50 million (previous year: ₹ 87.50 million). It is repayable in 3 quarterly instalments from the reporting date (previous year 7quarterly instalments). Interest is charged at 8.10% p.a.(previous year 8.80%)	
(iii)	Term loan from HSBC Bank : ₹ 19.00 million (previous year : ₹ 38.00 million). It is repayable in 4 quarterly instalments from the reporting date (previous year 8 quarterly instalments). Interest is charged at 8.10 % p.a (previous year: 9.50% p.a,)	
(iv)	Term loan from HSBC Bank : ₹ 270.00 million (previous year : ₹ nil). It is repayable in 20 quarterly instalments from December 2019 (previous year : nil) after moratorium period of 18 months from date of 1st disbursement. Date of 1st disbursement is 12 March 2018. Interest is charged at 8.30% p.a. (previous year: nil)	Movable Fixed Assets acquired out of the loan.
(v)	Term loan from ICICI Bank: ₹ 900.00 million (previous year : ₹ 580.00 million). Repayable in 96 monthly instalments from 31 January 2019 (previous year : nil) after 3 years Moratorium from date of 1st Disbursement. Date of 1st Disbursement 19th January 2016. Interest is charged at 8.50% p.a., (prevoius year: 9.35% p.a.)	Movable Fixed Assets acquired out of the loan.
(vi)	Foreign currency loan taken from EXIM Bank : ₹ nil ($ nil) [previous year : ₹ 1,45.89 million($ 2.25 million)]. Fully repaid during the year (previous year: 10 quarterly Instalments). Interest was linked to the Libor (6 month) + 340 base points. (previous year: Libor (6 month) + 340 base points).	Exclusively charge on land and building located over Sy NO:135/1 and 135/2 Kittiganahalli Attibele Hobli, Anekal Taluk, Bangalore.
(vii)	Foreign currency loan taken from EXIM Bank : ₹ 1,626.10 million ($ 25 million) [previous year: nil]. It is repayable in 28 quarterly instalments from January 2019 (previous year : nil) after Moratorium period of 12 months from the date of 1st disbursement. Date of 1st disbursement is 2nd January 2018 Interest is linked to the Libor (6 month) + 175 base points. (previous year:nil).	Exclusive charge on the Land and Building located at Sy. No. 135/1 and 135/2 with an aggregate extent of Ac 4.35 guntas located at Narayana Health City, Bommasandra, Bangalore, Exclusive charge on the Land and Building located at Sy. No. 1/1, 1/2, 2/2, and 2/3 with an aggregate extent of Ac 3.24 guntas located at Narayana Health City, Bommasandra, Bangalore, Appropriate charge on the other tangible specific movable fixed assets.
(viii)	Term loan from SBI: ₹ 580.00 million (previous year: ₹ 200.00 million). Repayable in 96 monthly instalments from March 2019 (previous year : nil) after 2 years Moratorium from date of 1st Disbursement. Date of 1st Disbursement 31st March 2017. Interest is charged at 8.15% p.a.(previous year: 8.35% p.a.)	Movable Fixed Assets acquired out of the loan. Exclusive charge on land & building located in plot #3201, phase III, DLF City, Gurgaon, Haryana
(ix)	Term loan from SBI: ₹ 1,170.85 million (previous year: ₹ nil). Repayable in 31 quarterly instalments from December 2019 (previous year : nil) after 2 years Moratorium from date October 2017. Interest is charged at 8.15% p.a.(previous year: nil).	

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

III Overdraft and Cash Credit facilities

(i) Overdraft facilities from HSBC bank ₹ 277.79 million (previous year: ₹ nil) carry interest ranging between 7.90% - 9.25% (previous year: nil) computed on a monthly basis on the actual amount utilised and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock, book debts and specific charge on fixed assets of the Company.

(ii) Overdraft facilities from YES bank ₹ nil (previous year: ₹ 44.88 million) carry interest nil (previous year: carry interest ranging between 8.40% - 10.25%) computed on a monthly basis on the actual amount utilised and are repayable on demand. These are secured by pari passu charge by way of hypothecation of stock, book debts and specific charge on fixed assets of the Company.

16 Other financial liabilities

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	Payable towards share purchased for ESOP Trust	20.40	20.40
	Liability towards assets replacement cost	67.98	38.79
	Liability for financial guarantee	22.99	-
	Creditors for capital goods	45.52	-
	Derivatives designated and effective as hedging instruments carried at fair value		
	Interest rate swap	11.39	-
		168.28	**59.19**
(b)	**Current**		
	To parties other than related parties		
	Current maturities of long-term borrowings with banks (refer note 15(a))*	165.70	193.36
	Interest accrued but not due on borrowings	0.38	0.74
	Creditors for capital goods	134.80	368.39
	Other financial liabilities	18.53	-
	Liability for financial guarantee	6.59	-
	To related parties (refer note 29)	-	-
	Creditors for capital goods	58.03	58.03
		384.03	**620.52**

*The Company's exposure to liquidity risk are disclosed in note 44

17 Provisions (Refer Note 32)

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	Provision for employee benefits		
	Gratuity	135.66	143.42
		135.66	**143.42**
(b)	**Current**		
	Provision for employee benefits		
	Gratuity	60.28	12.36
	Compensated absences	142.60	96.60
		202.88	**108.96**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

18 Other liabilities

(₹ in million)

		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	Unearned revenue	17.63	18.75
	Deferred government grant*	137.41	149.40
	Deferred government liability for EPCG Licence **	6.10	-
	Rent equalisation reserve	53.51	35.57
	Others	2.51	1.05
		217.16	**204.77**
(b)	**Current**		
	To parties other than related parties		
	Advance from patients	110.02	96.67
	Unearned revenue	1.24	1.26
	Deferred government grant*	14.27	16.26
	Balances due to statutory/ government authorities	118.06	88.01
	Others	6.76	2.18
	To related parties (refer note 29)		
	Other payables	10.43	-
		260.78	**204.38**

Summary of the government grant received by the Company and its annual amortisation:-

Nature	Original grant amount	Annual amortisation
Monetary grant received for purchasing Property, plant and equipment	220.00	13.97
Non- Monetary grant received for importing Property, plant and equipment	6.10	-

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220.00 million for purchase of fixed assets for operating the hospital in Assam. The Company has recognized this grant as deferred income at fair value which is being amortised over the useful life of the fixed assets in proportion in which the related depreciation is recognized.

**During the financial year 2017-18, the Company had received capital grant in the form of EPCG licence from Government of India amounting to ₹ 6.10 million for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government liability for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per Ind AS.

19 Trade payables

(₹ in million)

	As at 31 March 2018	As at 31 March 2017
Total outstanding dues of micro enterprises and small enterprises (refer note 33)	18.16	11.49
Total outstanding dues of creditors other than micro and small enterprises*	2,218.78	1,691.64
	2,236.93	**1,703.14**
*Payables to related parties (refer note 29 (c))	46.16	61.59

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 44.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

20 Revenue from operations

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Income from medical and healthcare services	17,639.54	15,687.85
Sale of medical consumables and drugs	696.18	625.26
Other operating revenue:		
Teleradiology income	17.08	16.82
Income from patient amenities	67.34	59.34
Revenue share income	34.09	30.04
Other healthcare services	21.52	39.84
	18,475.75	**16,459.15**

21 Other income

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Donations received	-	0.06
Foreign exchange gain, net	-	8.26
Interest income on		
- Bank deposits	3.64	6.26
- Unsecured loan	5.64	2.19
- Others	13.67	34.44
Interest income from financial asset at amortised cost	28.49	25.16
Government grant	13.97	16.26
Guarantee commission	12.36	14.95
Profit on sale of investment	3.10	5.11
Miscellaneous income	105.51	68.77
	186.38	**181.46**

22 Changes in inventories of medical consumables, drugs and surgical equipments-(Increase)/ Decrease

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory at the beginning of the year	434.38	439.11
Inventory at the end of the year	504.80	434.38
	(70.42)	**4.73**

23 Employee benefits expense

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	3,277.17	2,918.20
Contribution to provident and other funds (refer note 32)	270.78	241.19
Share based payment to employees (refer note 39)	42.01	58.73
Staff welfare expenses	98.64	80.18
	3,688.60	**3,298.30**

During the financial year 2017-18, project salary cost amounting to ₹ 51.35 million (previous year: ₹ 15.79 million) has been capitalised through capital work-in progress.

Notes
to the standalone financial statements for the year ended 31 March 2018 (Continued)

24 Other expenses

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Hospital operating expenses		
Power and fuel	493.90	406.86
Hospital general expenses	199.85	187.75
House keeping expenses	509.32	432.09
Patient welfare expenses	269.91	251.27
Rent	538.86	455.64
Medical gas charges	69.10	56.39
Biomedical wastage expenses	10.78	9.96
Repairs and maintenance	-	-
- Hospital equipments	447.80	380.53
- Buildings	51.75	46.09
- Others	286.57	230.58
Total (A)	**2,877.84**	**2,457.16**
Administrative expenses		
Travel and conveyance	158.31	137.76
Security charges	165.84	148.49
Printing and stationery	106.71	93.86
Rent	89.51	81.15
Advertisement and publicity	303.79	265.74
Legal and professional fees (refer note (i) below)	163.63	171.17
Business promotion	284.40	168.81
Telephone and communication	58.09	45.51
Bank charges	65.75	52.09
Insurance	50.15	37.83
Corporate social responsibility (refer note (ii) below)	22.82	13.60
Rates and taxes	44.83	30.48
Books and periodicals	19.60	12.58
Provision for loss allowance	72.50	(59.24)
Bad debts	4.30	121.90
Donations paid	6.23	-
Loss on sale of fixed assets	14.55	13.60
Foreign exchange loss, (net)	15.39	-
Provision for other than temporary diminution in non current investments	-	3.43
Provision for prepaid rent	-	19.48
Assets / Capital-work-in-progress written off	-	26.78
Miscellaneous expenses	25.10	50.40
Total (B)	**1,671.50**	**1,435.42**
Total (A+B)	**4,549.34**	**3,892.58**

(i) Payment to auditors*

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
As an auditor		
Audit fee	4.50	6.35
Limited review	1.40	2.00
In other capacity:		
Other services (certification fees)	-	0.25
Reimbursement of expenses	-	0.69
	5.90	**9.29**

*excluding taxes

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

a) Gross amount required to be spent by the Company during the year is ₹ 19.36 million (previous year: ₹ 13.22 million)

b) Amount spent during the year ended 31 March 2018 on corporate social responsibility activities:

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Construction/acquisition of any asset	-	-
On purposes other than above	22.82	13.60

25 Finance costs

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost		
- term loans from banks	154.87	90.16
- bank overdraft	9.79	3.23
- commercial papers	4.37	0.50
- others	1.41	-
Other borrowing costs	0.30	0.82
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	20.13	7.62
Finance cost on finance lease obligations	5.88	15.75
	196.75	**118.08**

During the year the company has capitalised interest cost amounting to ₹ 59.47 million (previous year Nil).

26 Depreciation and amortisation expense

(₹ in million)

	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 4)	762.26	658.94
Amortisation of intangible assets (refer note 4)	18.23	23.12
	780.49	**682.06**

27. Contingent liabilities and commitments

(i) Contingent liabilities

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Claims against the Company not acknowledged as debts in respect of:-		
a) Sales tax (refer note A below)	31.83	-
b) Income tax (refer note B below)	12.17	12.17
Guarantees:		
(a) Bank guarantee	25.00	490.65
(b) The Company has issued corporate guarantee to its subsidiaries amounting to ₹ 3,554.63 million (previous year ₹ 1,152.64 million) and total loan outstanding as on 31 March 2018 is ₹ 3,101.40 million (previous year : ₹ 1,122.10 million)		

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

Note:

A. Sales Tax

a) For financial year 2011-12, the Company has received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on the Company's submission, the department has issued an order with a demand of ₹ 10.31 million by levying tax on sale of food to patients . Against this demand, the Company has deposited ₹ 3.1 million with the department and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

b) For financial year 2012-13, the Company has received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on the Company's submission, the department has issued an order with a demand of ₹ 21.52 million by levying tax on sale of food to patients. Subsequent to year end, against this demand the Company has deposited ₹ 6.45 million and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

B. Income Tax

For assessment year 2009-2010 the Company had received an assessment order under section 143(3) of the Income Tax Act, 1961 on 28 December 2011 with a demand of ₹ 12.17 million. Against this demand, the Company had paid ₹ 10.00 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A). On 23 January 2015, ITAT had issued an order in favour of the Company. Subsequently, the department has filed an appeal with High Court of Karnataka challenging the order of ITAT.

C. The Company believes that other 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.

D. The Company has given letter of support to its subsidiary companies, namely Narayana Hrudayalaya Surgical Hospital Private Limited, Narayana Hospitals Private Limited, Meridian Medical Research & Hospital Limited, Narayana Health Institutions Private Limited, Narayana Institute for Advanced Research Private Limited, and Narayana Vaishno Devi Specialty Hospitals Private Limited. Under the letter of support, the Company is committed to provide operational and financial assistance as is necessary for the subsidiary companies to enable them to operate as going concern for a period of at least one year from the balance sheet date (31 March 2018).

(ii) Commitments

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and other commitments and not provided for amounts to ₹ 63.60 million (previous year: ₹ 182.12 million).

28. Management agreement

The Company has management agreement for the management, operation and utilization of their hospital facilities. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trust at free of cost / concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

amounting to ₹ 12.11 million (previous year: ₹ 12.11 million) with a corresponding charge to rent expense.

29. Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL)
	Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)
	Narayana Hospitals Private Limited (NHPL)
	Narayana Health Institutions Private Limited (NHIPL)
	Narayana Cayman Holdings Ltd (NCHL)
	Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM)
	Asia Healthcare Development Limited (AHDL) (till November 2016)
	Mendian Medical Research & Hospital Limited (MMRHC)
	Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)
	Narayana Holdings Private Limited (with effect from 11 April 2016)
	Health City Cayman Islands Ltd (HCCI) (Subsidiary of NCHL) (with effect from 02 January 2018)
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty- Chairman
	Dr. Ashutosh Raghuvanshi - Managing Director
	Viren Shetty - Whole-time Director
	Kesavan Venugopalan - Chief Financial Officer
Relatives of KMP	Dr. Varun Shetty
	Dr. Anesh Shetty
	Shakuntala Shetty
Associate of subsidiaries	Health City Cayman Islands Ltd (HCCI) (upto 1st January 2018)
	Cura Technologies INC.(with effect from 15 November 2016)
	ISO Healthcare (with effect from 5 July 2016)
Associate	TriMedx India Private Limited (TriMedx)
Enterprises under control or joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Kateel Software Private Limited
	Hrudayalaya Pharmacy
	Thombosis Research Institutes
	Charmakki Infrastructures
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Narayana Hrudayalaya Charitable Trust (NHCT) (uptill 20 March 2017)
	Daya Drishti Charitable Trust
	Asia Heart Foundation (AHF)
Enterprises where control of Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31 March 2018

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Payment of share application money						
NCHL	1,755.43	-	-	-	-	1,755.43
	(112.94)	(-)	(-)	(-)	(-)	(112.94)
Unsecured loan given						
NCHL	46.13	-	-	-	-	46.13
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	20.00	-	-	-	-	20.00
	(150.28)	(-)	(-)	(-)	(-)	(150.28)
TOTAL	66.13	-	-	-	-	66.13
	(150.28)	(-)	(-)	(-)	(-)	(150.28)
Repayment of unsecured loan						
NHSHPL	170.28	-	-	-	-	170.28
	(-)	(-)	(-)	(-)	(-)	(-)
Interest income on security deposit						
NHPL	17.02	-	-	-	-	17.02
	(15.53)	(-)	(-)	(-)	(-)	(15.53)
Charmakki Infrastructures	-	-	-	-	7.00	7.00
	(-)	(-)	(-)	(-)	(6.38)	(6.38)
TOTAL	17.02	-	-	-	7.00	24.02
	(15.53)	(-)	(-)	(-)	(6.38)	(21.91)
Advance on account of discount entitlement						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(7.91)	(7.91)
Sale / transfer of medical consumables and drugs and Services						
HCCI	59.05	-	-	86.44	-	145.49
	(-)	(-)	(-)	(138.93)	(-)	(138.93)
MMRHL	0.22	-	-	-	-	0.22
	-	(-)	(-)	(-)	(-)	-
TOTAL	59.27	-	-	86.44	-	145.71
	(-)	(-)	(-)	(138.93)	(-)	(138.93)

Figures in brackets are for the previous year.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31 March 2018

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Lab outsourcing expense						
MSMF	-	-	-	-	4.26	4.26
	(-)	(-)	(-)	(-)	(4.88)	(4.88)
Rent expenses						
NHPL	27.94	-	-	-	-	27.94
	(28.39)	(-)	(-)	(-)	(-)	(28.39)
Charmakki Infrastructures	-	-	-	-	12.72	12.72
	(-)	(-)	(-)	(-)	(12.42)	(12.42)
AHF	-	-	-	-	10.06	10.06
	(-)	(-)	(-)	(-)	(10.06)	(10.06)
MSMF	-	-	-	-	25.00	25.00
	(-)	(-)	(-)	(-)	(25.00)	(25.00)
TOTAL	27.94	-	-	-	47.78	75.72
	(28.39)	(-)	(-)	(-)	(47.48)	(75.87)
Discount entitlement (excluding tax)						
AHF	-	-	-	-	12.11	12.11
	(-)	(-)	(-)	(-)	(12.11)	(12.11)
Reimbursement of expenses						
NHPL	2.98	-	-	-	-	2.98
	(1.73)	(-)	(-)	(-)	(-)	(1.73)
NVDSHPL	8.92	-	-	-	-	8.92
	(1.53)	(-)	(-)	(-)	(-)	(1.53)
HCCI	2.44	-	-	7.71	-	10.15
	(-)	(-)	(-)	(14.91)	(-)	(14.91)
AHF	-	-	-	-	0.06	0.06
	(-)	(-)	(-)	(-)	(0.48)	(0.48)
AHDL	-	-	-	-	-	-
	(2.42)	(-)	(-)	(-)	(-)	(2.42)
NHSHPL	-	-	-	-	-	-
	(0.61)	(-)	(-)	(-)	(-)	(0.61)
Daya Drishti Charitable Trust	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.25)	(0.25)
NHF	-	-	-	-	0.16	0.16
	(-)	(-)	(-)	(-)	(-)	(-)
Others	0.42	-	-	-	-	0.42
	(0.25)	(-)	(-)	(-)	(-)	(0.25)
TOTAL	14.76	-	-	7.71	0.22	22.69
	(6.54)	(-)	(-)	(14.91)	(0.73)	(22.18)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31 March 2018

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Revenue from healthcare services						
NHCT	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(6.31)	(6.31)
NHF	-	-	-	-	0.01	0.01
	(-)	(-)	(-)	(-)	(0.10)	(0.10)
TOTAL	-	-	-	-	0.01	0.01
	(-)	(-)	(-)	(-)	(6.41)	(6.41)
Advance given for payment to employees						
HCCI	0.23	-	-	0.69	-	0.92
	(-)	(-)	(-)	(1.98)	(-)	(1.98)
Rental income net of tax						
NHSHPL	4.50	-	-	-	-	4.50
	(4.41)	(-)	(-)	(-)	(-)	(4.41)
Interest income net of tax						
NCHL	1.72	-	-	-	-	1.72
	(-)	(-)	(-)	(-)	(-)	(-)
MMRHL	0.01	-	-	-	-	0.01
	(-)	(-)	(-)	(-)	(-)	(-)
NHPL	2.12	-	-	-	-	2.12
	(1.91)	(-)	(-)	(-)	(-)	(1.91)
NHSHPL	0.24	-	-	-	-	0.24
	(0.07)	(-)	(-)	(-)	(-)	(-)
TOTAL	4.09	-	-	-	-	4.09
	(1.98)	(-)	(-)	(-)	(-)	(1.98)
Investment in equity instruments						
MMRHL	45.35	-	-	-	-	45.35
	(70.19)	(-)	(-)	(-)	(-)	(70.19)
TriMedx -associate	-	-	-	8.58	-	8.58
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	256.02	-	-	-	-	256.02
	(20.00)	(-)	(-)	(-)	(-)	(20.00)
NCHL	1,752.18	-	-	-	-	1,752.18
	(102.66)	(-)	(-)	(-)	(-)	(102.66)
Narayana Holdings Pvt Ltd.	-	-	-	-	-	-
	(50.41)	(-)	(-)	(-)	(-)	(50.41)
TOTAL	2,053.55	-	-	8.58	-	2,062.13
	(243.26)	(-)	(-)	(-)	(-)	(243.26)

Figures in brackets are for the previous year.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31 March 2018

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Fair value of guarantee in subsidiaries						
HCCI	26.14	-	-	-	-	26.14
	(-)	(-)	(-)	(-)	(-)	(-)
MMRHL	4.99	-	-	-	-	4.99
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	1.97	-	-	-	-	1.97
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	33.10	-	-	-	-	33.10
	(-)	(-)	(-)	(-)	(-)	(-)
Sale of fixed assets						
MMRHL	0.12	-	-	-	-	0.12
	(-)	(-)	(-)	(-)	(-)	(-)
Guarantee commission						
HCCI	1.28	-	-	8.84	-	10.12
	(-)	(-)	(-)	(14.95)	(-)	(14.95)
MMRHL	1.35	-	-	-	-	1.35
	(-)	(-)	(-)	(-)	(-)	(-)
NHSHPL	0.89	-	-	-	-	0.89
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	3.52	-	-	8.84	-	12.36
	(-)	(-)	(-)	(14.95)	(-)	(14.95)
Software license fees						
HCCI	1.95	-	-	5.82	-	7.77
	(-)	(-)	(-)	(9.81)	(-)	(9.81)
Purchases of medical stores						
Hrudayalaya Pharmacy	-	-	-	-	0.21	0.21
	(-)	(-)	(-)	(-)	(0.95)	(0.95)
Maintenance of medical equipment						
TriMedx -associate	-	-	-	244.91	-	244.91
	(-)	(-)	(-)	(389.93)	(-)	(389.93)
Patents transferred						
Cura Technologies INC.-associate of NCHL	-	-	-	-	-	-
	(-)	(-)	(-)	(6.56)	(-)	(6.56)

Figures in brackets are for the previous year.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

29. Related party disclosures(continued)

(b) Transactions with related party during the year ended 31 March 2018

(₹ in million)

Transactions	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Guarantees given						
NHSHPL	327.36	-	-	-	-	327.36
	(39.99)	(-)	(-)	(-)	(-)	(39.99)
HCCI	2,113.93	-	-	-	-	2,113.93
	(-)	(-)	(-)	(-)	(-)	(-)
NVDSHPL	-	-	-	-	-	-
	(25.00)	(-)	(-)	(-)	(-)	(25.00)
MMRHL	-	-	-	-	-	-
	(54.85)	(-)	(-)	(-)	(-)	(54.85)
TOTAL	2,441.29	-	-	-	-	2,441.29
	(119.84)	(-)	(-)	(-)	(-)	(119.84)
Fair value of guarantee given to subsidiaries						
NHSHPL	1.97	-	-	-	-	1.97
	-	(-)	(-)	(-)	(-)	(-)
HCCI	26.61	-	-	-	-	26.61
	(-)	(-)	(-)	(-)	(-)	(-)
MMRHL	4.52	-	-	-	-	4.52
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	33.10	-	-	-	-	33.10
	(-)	(-)	(-)	(-)	(-)	(-)
Donation given						
Thrombosis Research Institute	-	-	-	-	6.12	6.12
	-	(-)	(-)	(-)	(-)	-
Short-term employee benefits*						
Dr. Devi Prasad Shetty	-	52.52	-	-	-	52.52
	(-)	(43.74)	(-)	(-)	(-)	(43.74)
Viren Shetty	-	10.55	-	-	-	10.55
	(-)	(9.48)	(-)	(-)	(-)	(9.48)
Dr. Varun Shetty	-	-	4.80	-	-	4.80
	(-)	(-)	(3.00)	(-)	(-)	(3.00)
Dr. Anesh Shetty	-	-	2.54	-	-	2.54
	(-)	(-)	(2.04)	(-)	(-)	(2.04)
Dr. Ashutosh Raghuvanshi	-	38.95	-	-	-	38.95
	(-)	(32.63)	(-)	(-)	(-)	(32.63)
Kesavan Venugopalan	-	18.12	-	-	-	18.12
	(-)	(15.22)	(-)	(-)	(-)	(15.22)
TOTAL	-	120.14	7.34	-	-	127.48
	(-)	(101.07)	(5.04)	(-)	(-)	(106.11)
Long-term employee benefits*						
Kesavan Venugopalan	-	-	-	-	-	-
	(-)	(4.00)	(-)	(-)	(-)	(4.00)
Share based payments						
Dr. Ashutosh Raghuvanshi	-	27.13	-	-	-	27.13
	(-)	(37.99)	(-)	(-)	(-)	(37.99)

Figures in brackets are for the previous year.

Note:

Compensation to KMP is bifurcated into short-term employee benefits, long-term benefits and share based payments. The remuneration to KMP does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

*The amounts are determined as per section 17(2) of the Income tax Act, 1961 read with the related Rules.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other financial assets (Current)- Due for reimbursement of expense						
NHIPL	0.83	-	-	-	-	0.83
	(0.62)	(-)	(-)	(-)	(-)	(0.62)
NCHL	-	-	-	-	-	-
	(35.02)	(-)	(-)	(-)	(-)	(35.02)
NVDSHPL	-	-	-	-	-	-
	(0.52)	(-)	(-)	(-)	(-)	(0.52)
NIARPL	1.05	-	-	-	-	1.05
	(0.84)	(-)	(-)	(-)	(-)	(0.84)
HCCI	29.90	-	-	-	-	29.90
	(-)	(-)	(-)	(15.71)	(-)	(15.71)
Hrudayalaya Pharmacy	-	-	-	-	-	-
	(-)	(-)	(-)	(-)	(0.92)	(0.92)
NHF	-	-	-	-	0.91	0.91
	(-)	(-)	(-)	(-)	(1.12)	(1.12)
NHSHPL	9.52	-	-	-	-	9.52
	(3.28)	(-)	(-)	(-)	(-)	(3.28)
TOTAL	41.30	-	-	-	0.91	42.21
	(40.28)	(-)	(-)	(15.71)	(2.04)	(58.03)
Other Current assets- Due for reimbursement of expense						
AHF	-	-	-	-	5.56	5.56
	(-)	(-)	(-)	(-)	(21.49)	(21.49)
Financial assets- loans (Non current)- Unsecured Loan						
NHPL	20.00	-	-	-	-	20.00
	(20.00)	(-)	(-)	(-)	(-)	(20.00)
Financial assets- loans (Current)- Unsecured Loan						
NHSHPL	-	-	-	-	-	-
	(150.28)	(-)	(-)	(-)	(-)	(150.28)
Other financial liabilities - (Current) Creditors for capital goods						
NIARPL	58.03	-	-	-	-	58.03
	(58.03)	(-)	(-)	(-)	(-)	(58.03)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Other financial assets(current) - Share application money pending allotment						
NCHL	32.52	-	-	-	-	32.52
	(29.27)	(-)	(-)	(-)	(-)	(29.27)
Other non-current assets - Prepaid expense						
AHF	-	-	-	-	218.33	218.33
	(-)	(-)	(-)	(-)	(234.18)	(234.18)
Other current assets - Prepaid expense						
AHF	-	-	-	-	15.78	15.78
	(-)	(-)	(-)	(-)	(15.72)	(15.72)
Other non-current assets - Prepaid rent						
NHPL	56.56	-	-	-	-	56.56
	(75.51)	(-)	(-)	(-)	(-)	(75.51)
Charmakki Infrastructures	-	-	-	-	35.74	35.74
	(-)	(-)	(-)	(-)	(42.70)	(42.70)
TOTAL	56.56	-	-	-	35.74	92.30
	(75.51)	(-)	(-)	(-)	(42.70)	(118.21)
Other current assets - Prepaid rent						
NHPL	18.94	-	-	-	-	18.94
	(18.94)	(-)	(-)	(-)	(-)	(18.94)
Charmakki Infrastructures	-	-	-	-	6.97	6.97
	(-)	(-)	(-)	(-)	(6.97)	(6.97)
TOTAL	18.94	-	-	-	6.97	25.91
	(18.94)	(-)	(-)	(-)	(6.97)	(25.91)
Financial assets- loans (non current)- Security deposit						
NHPL	194.30	-	-	-	-	194.30
	(177.29)	(-)	(-)	(-)	(-)	(177.29)
Charmakki Infrastructures	-	-	-	-	79.88	79.88
	(-)	(-)	(-)	(-)	(72.88)	(72.88)
TOTAL	194.30	-	-	-	79.88	274.18
	(177.29)	(-)	(-)	(-)	(72.88)	(250.17)
Trade payables						
NHPL	25.77	-	-	-	-	25.77
	(19.10)	(-)	(-)	(-)	(-)	(19.10)
TriMedx -associate	-	-	-	6.45	-	6.45
	(-)	(-)	(-)	(42.07)	(-)	(42.07)

Figures in brackets are for the previous year.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
Charmakki Infrastructures	-	-	-	-	0.44	0.44
	(-)	(-)	(-)	(-)	(0.42)	(0.42)
MSMF	-	-	-	-	13.50	13.50
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	25.77	-	-	6.45	13.94	46.16
	(19.10)	(-)	(-)	(42.07)	(0.42)	(61.59)
Trade receivables						
HCCI	77.42	-	-	-	-	77.42
	(-)	(-)	(-)	(67.27)	(-)	(67.27)
NHF	-	-	-	-	0.38	0.38
	(-)	(-)	(-)	(-)	(0.32)	(0.32)
TriMedx -associate	-	-	-	6.85	-	6.85
	(-)	(-)	(-)	(-)	(-)	-
TOTAL	77.42	-	-	6.85	0.38	84.65
	(-)	(-)	(-)	(67.27)	(0.32)	(67.59)
Other liabilities (current) - Other payables						
AHF	-	-	-	-	10.43	10.43
	(-)	(-)	(-)	(-)	(-)	(-)
Other financial assets (current) - Interest accrued on unsecured loan						
NHSHPL	-	-	-	-	-	-
	(0.07)	(-)	(-)	(-)	(-)	(0.07)
NHPL	5.75	-	-	-	-	5.75
	(3.78)	(-)	(-)	(-)	(-)	(3.78)
TOTAL	5.75	-	-	-	-	5.75
	(3.85)	(-)	(-)	(-)	(-)	(3.85)
Share based payments						
Dr. Ashutosh Raghuvanshi	-	86.83	-	-	-	86.83
	(-)	(59.70)	(-)	(-)	(-)	(59.70)
Guarantees outstanding						
MMRHL	680.70	-	-	-	-	680.70
	(720.00)	(-)	(-)	(-)	(-)	(720.00)
NHSHPL	760.00	-	-	-	-	760.00
	(432.64)	(-)	(-)	(-)	(-)	(432.64)

Figures in brackets are for the previous year.

29. Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(₹ in million)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP	Associate of Subsidiary/ Associate	Enterprises under control or joint control of KMP and their relatives	Total
HCCI	2,113.93	-	-	-	-	2,113.93
	(-)	(-)	(-)	(465.65)	(-)	(465.65)
NVDSHPL	25.00	-	-	-	-	25.00
	(25.00)	(-)	(-)	(-)	(-)	(25.00)
TOTAL	3,579.63	-	-	-	-	3,579.63
	(1,177.64)	(-)	(-)	(465.65)	(-)	(1,643.29)
Guarantees received						
NHPL	343.69	-	-	-	-	343.69
	(348.94)	(-)	(-)	(-)	(-)	(348.94)
Security outstanding						
NHSHPL	322.97	-	-	-	-	322.97
	(322.97)	(-)	(-)	(-)	(-)	(322.97)

Figures in brackets are for the previous year.

Note:

(a) No amount in respect of related parties have been written off/back or provided for during the year.

(b) Related party relationships have been identified by the Management and relied upon by the auditors.

(c) A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over those entities.

(d) A number of these entities transacted with the Company during the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with non-key management personnel related entities on an arm's length basis.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

30. Segment information

Operating segments

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises 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 disclosures to be provided under Ind AS 108, other than those already provided in the financial statements.

Entity wide disclosures - information about Geographical areas

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.

(i) Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
India	18,330.26	16,320.22
Rest of the world (Cayman Islands)	145.49	138.93
	18,475.75	**16,459.15**

(ii) Non current assets *

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
India	10,795.08	8,053.34
	10,795.08	**8,053.34**

*Non-current assets exclude financial instruments.

31. Investments, loans, guarantees and security

(a) The Company has paid the following amounts towards share application money for allotment of equity shares:

(₹ in million)

Entity	As at 31 March 2017	Payment / (refund) during the year	Allotment during the year	As at 31 March 2018
Narayana Cayman Holdings Ltd	29.27	1,755.43	1,752.18	32.52
	29.27	**1,755.43**	**1,752.18**	**32.52**

(b) The Company has made investment in the following Companies:

(₹ in million)

Entity	As at 31 March 2017	Allotment / Purchases during the year	Sold during the year	Impairment / write off	As at 31 March 2018
Investment in equity instruments					
Narayana Institute for Advanced Research Private Limited	57.60	-	-	-	57.60
Narayana Hrudayalaya Surgical Hospital Private Limited	465.06	256.02	-	-	721.08

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Entity	As at 31 March 2017	Allotment / Purchases during the year	Sold during the year	Impairment / write off	As at 31 March 2018
Narayana Hospitals Private Limited	532.61	-	-	-	532.61
Narayana Cayman Holdings Limited	1,340.03	1,752.18	-	-	3,092.21
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD.	14.10	-	(14.10)		-
Narayana Holdings Private Limited	50.41	-	-	-	50.41
Meridian Medical Research & Hospital Limited	1,067.15	45.35	-	-	1,112.50
Narayana Vaishno Devi Specialty Hospitals Private Limited	10.00	-		-	10.00
TriMedx India Private Limited	3.00	8.58	-	(11.58)	-
Others					
Fair Value of guarantee in subsidiaries*	-	33.10	-	-	33.10
	3,539.96	**2,095.23**	**(14.10)**	**(11.58)**	**5,609.51**

*Pertains to guarantees provided by company to its subsidiaries and same has been eliminated during consolidation. The transaction has been recorded in accordance with the applicable accounting standard and has no implication under any statute.

(c) The Company has given unsecured loans to the following entities:

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of loans
Subsidiaries				
Narayana Hospitals Private Limited	20.00	-	20.00	Financial assistance
Narayana Hrudayalaya Surgical Hospital Private Limited	150.28	150.28	-	Financial assistance
Narayana Cayman Holdings Ltd	-	46.13	-	Financial assistance
Others				
Mytec Process (P) Ltd.	-	17.00	17.00	Financial assistance
	170.28	**213.41**	**37.00**	

(d) The Company has provided guarantees to the following entities:

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of guarantees
Health City Cayman Islands Ltd	465.65	(465.65)	-	Bank guarantee through Canara Bank given to Bank of America to give term loan to Health City Cayman Islands Limited
Health City Cayman Islands Ltd	-	2,113.93	2,113.93	Corporate guarantee given to First Caribbean International Bank to give term loan to Health City Cayman Islands Limited.
Narayana Hrudayalaya Surgical Hospital Private Limited	432.64	327.36	760.00	Corporate guarantee given to Yes Bank and GE Capital Services for giving term loan/working capital loan/equipment loan to Narayana Hrudayalaya Surgical Hospital Private Limited

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of guarantees
Narayana Vaishno Devi Specialty Hospitals Private Limited	25.00	-	25.00	Bank guarantee given by Yes Bank to Sri Mata Vaishno Devi Shrine Board on behalf of Narayana Vaishno Devi Specialty Hospitals Private Limited.
Meridian Medical Research & Hospital Limited	720.00	(39.30)	680.70	Corporate guarantee given to State Bank of India for giving term loan/ working capital loan to Meridian Medical Research & Hospital Limited
	1,643.29	**1,936.34**	**3,579.63**	

(e) The Company has provided the security to the following entity:

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of security
Narayana Hrudayalaya Surgical Hospital Private Limited	322.97	-	322.97	Property, plant and equipment has been given to Yes Bank as security for giving term loan to Narayana Hrudayalaya Surgical Hospital Private Limited.
	322.97	**-**	**322.97**	

32. Employee benefits

Defined contribution plan

The Company makes contributions towards provident fund and employee state insurance to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance for the year aggregated to ₹ 214.69 million (previous year: ₹ 195.50 million)

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. The gratuity fund is administered by a trust formed for this purpose and is managed by Kotak Life Insurance. 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.

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 Standalone financial statements as at balance sheet date:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligations liability	210.59	169.08
Plan assets	(20.51)	(19.56)
Net defined benefit liability	190.08	149.52
Full & final settlement cases	5.86	6.27
Liability for compensated absences	142.60	96.60
Total employee benefit liability	**338.54**	**252.39**
Non-current	135.66	143.42
Current	202.88	108.96

B. Reconciliation of net defined benefit (assets) / 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

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation as at 1 April	169.08	137.49
Benefits paid	(11.12)	(10.98)
Current service cost	41.70	36.31
Past service cost	3.42	-
Interest cost	12.44	9.90
Actuarial (gains) / losses recognised in other comprehensive income		
-changes in demographic assumptions	7.72	4.78
-changes in financial assumptions	3.10	13.64
-experience adjustments	(15.75)	(22.06)
- due to other reason		-
Defined benefit obligations as at 31 March*	**210.59**	**169.08**

* The above amount does not include ₹ 5.86 million (previous year: ₹ 6.27 million) pertaining to employees who left the organisation but full and final settlement was not done till 31 March 2018. The same was computed on actual basis.

ii) Reconciliation of fair values of plan assets

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Plan assets at beginning of the year	**19.56**	**6.79**
Contributions paid into the plan	11.18	21.11
Interest income	1.47	0.52
Benefits paid	(11.12)	(10.98)
Return on plan assets	(0.58)	2.12
Plan assets at the end of the year	**20.51**	**19.56**
Net defined benefit liability	190.08	149.52

C. i) Expense recognised in statement of profit and loss

(₹ in million)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Current service cost	41.70	36.31
Interest cost	12.44	9.90
Past service cost	3.42	-
Interest income	(1.47)	(0.52)
	56.09	**45.69**

ii) Remeasurements recognised in other comprehensive income

(₹ in million)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial (gain) / loss on defined benefit obligation	(4.93)	(3.64)
Return on plan assets excluding interest income	0.58	(2.12)
	(4.35)	**(5.76)**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

D. Plan Assets

Plan assets comprises of the following:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Government securities & debt instruments	20.51	19.56

The nature of assets allocation of plan assets is in government securities and debt instruments of high credit rating.

E. 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 2018	As at 31 March 2017
Attrition rate	38%	52%
Discount rate	7%	8%
Expected rate of return on plan assets	0.08	0.08
Mortality table	IALM 2006-2008	IALM 2006-2008
Future salary increases	First year 9%, thereafter 6%	6%

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

As of 31 March 2018, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31 March 2019, is approximately ₹ 74.93 million (31 March 2018: ₹ 198.1 million).

Maturity profile of defined benefit obligation

(₹ in million)

Particulars	Amount
1st following year	74.93
2nd following year	53.37
3rd following year	38.51
4th following year	27.04
5th following year	18.78
Year 6 to 10	30.70

At 31 March 2018, the average duration of the defined benefit obligations was 29.79 years (previous year: 27 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	Year ended 31 March 2018		Year ended 31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.22)	2.28	(13.64)	15.34
Future salary increases (0.5% movement)	1.77	(1.74)	14.73	(13.26)
Attrition rate (0.5% movement)	(0.35)	0.35	3.35	(3.35)
Mortality rate (10% movement)	0.01	(0.01)	1.47	(1.47)

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.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

33. 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 2018 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.

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
The amounts remaining unpaid to micro and small suppliers as at the end of the year		
-Principal	17.99	11.42
-Interest	0.17	0.07
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	0.17	0.07
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	-	-

34. Prepaid expenses

Expense prepaid to related party represents rent paid to Asia Heart Foundation amounting to ₹ 234.11 million (previous year: ₹ 249.90 million). During the year ended 31 March 2016, the Company had entered into an agreement with Asia Heart Foundation to pay ₹ 108.91 million by converting the future outflow of ₹ 1 million p.m. towards discount entitlement of 214 months into present value. ₹ 108.91 million is being amortized over the period of 214 months beginning from 1 April 2015.

Prepaid expense includes rent paid to Modern Medical Institute amounting to ₹ 61.54 million (previous year: ₹ 66.16 million) which is being amortized over a period of 20 years from August 2011.

35. Leases

The Company has taken various medical equipment , hospital premises, office and residential premises under operating leases. The leases typically run for a term ranging from one to twenty years, with an option to renew the lease after the term completion. The escalation clause in these arrangement ranges from 5% to 10%.

(i) Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than 1 year	120.38	81.95
Later than 1 year and not later than 5 years	462.27	334.23
Later than 5 years	1,015.04	505.15

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

(ii) Amounts recognised in statement of profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cancellable lease expense	476.41	445.41
Non-cancellable lease expense	151.96	91.38
	628.37	**536.79**

36. Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended 31 March 2018 was based on profit attributable to equity shareholders of ₹ 584.22 million (previous year ₹ 951.09 million) and weighted average number of equity shares outstanding 202,564,923 (previous year: 202,361,490).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2018 was based on profit attributable to equity shareholders of ₹ 584.22 million (previous year ₹ 951.09 million) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 203,004,182 (previous year 202,835,183).

(₹ in million, except no. of share)

Earnings	As at 31 March 2018	As at 31 March 2017
Profit after tax	584.22	951.09

Weighted average number of equity shares (basic)

Shares	As at 31 March 2018	As at 31 March 2017
Total no of shares outstanding	204,360,804	204,360,804
Effect of Treasury shares	1,836,567.5	(1,999,314)
Weighted average number of equity shares for the year	**202,524,236.5**	**202,361,490**

Weighted average number of equity shares (diluted)

Shares	As at 31 March 2018	As at 31 March 2017
Weighted average number of equity shares(basic)	202,524,236.5	202,361,490
Effect of exercise of share option	439,259	473,693
Weighted average number of equity shares (diluted) for the year	**2,02,963,495.5**	**202,835,183**
Basic earnings per share (₹)	2.88	4.70
Diluted earnings per share(₹)	2.88	4.69
(Nominal value per share ₹ 10)		

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

37. Income tax

(a) Amount recognised in statement of profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax	219.78	509.19
MAT credit entitlement*	(219.78)	-
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	369.92	12.99
Deferred tax charge/ (credit)	**369.92**	**12.99**
Tax expense for the year	**369.92**	**522.18**

(b) Amount recognised in other comprehensive income

(₹ in million)

Particulars	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss						
Re-measurement on defined benefit plans	4.35	(1.51)	2.84	5.76	(1.96)	3.80
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	(11.39)	3.94	(7.45)	-	-	-
	(7.04)	**2.43**	**(4.61)**	**5.76**	**(1.96)**	**3.80**

(c) Reconciliation of effective tax rate

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax	**954.14**	**1,473.26**
Tax using the Company's domestic tax rate (Current year 34.61% and Previous Year 34.61%)	330.23	509.90
Tax effect of:		
Non-deductible tax expenses	45.54	18.39
Share issue expense allowed as deduction	(5.85)	(5.85)
Others	-	(0.26)
	369.92	**522.18**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

(d) Recognised deferred tax assets and liabilities

(i) Deferred tax assets and liabilities are attributable to the followings:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset		
Provision for doubtful receivables	65.17	40.08
Provision for gratuity	67.81	53.91
Provision for compensated absences	49.35	33.43
Provision for diminution in the long term investment	3.82	16.41
On non current financial liabilities	7.48	9.51
On land indexation of freehold land	18.73	18.73
On security deposit at amortised cost	11.32	9.80
On brought forward loss	445.01	-
Others	43.72	36.69
Total deferred tax asset	**712.41**	**218.56**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,309.54)	(448.21)
Total deferred tax liability	**(1,309.54)**	**(448.21)**
Minimim alternative tax assets*	**219.78**	**-**
Deferred tax liability (net)	**(377.35)**	**(229.65)**

*During the year the company has loss as per normal provision of Income Tax Act, 1961 and so liable to pay tax as per Minimum Alternative tax (MAT) under section 115 JB of Income Tax Act, 1961. As per Section 115 JAA of Income Tax Act,1961, MAT assets can be forward to 15 years from Assesment year 2018-19, subject to earlier utilization by the company.

(ii) Movement in temporary differences

(₹ in million)

Particulars	Balances as at 1 April 2017	Recognised in Profit and loss during 2017-18	Recognise in OCI during 2017-18	Balances as at 31 March 2018
Provision for doubtful receivables	40.08	25.09	-	65.17
Provision for gratuity	53.91	11.47	2.43	67.81
Provision for compensated absences	33.43	15.92	-	49.35
Provision for diminution in the long term investment	16.41	(12.59)	-	3.82
On non current financial liabilities	9.51	(2.03)	-	7.48
On land indexation of freehold land	18.73	-	-	18.73
On security deposit at amortised cost	9.80	1.52	-	11.32
On brought forward loss as per section 35 AD of Income Tax Act, 1961	-	445.01		445.01
Others	36.69	7.03	-	43.72
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(448.21)	(861.33)	-	(1,309.54)
Mat Credit Entitlement	-	219.78	-	219.78
	(229.65)	**(150.13)**	**2.43**	**(377.35)**

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

38. Liquidation of Narayana Hrudayalaya Hospitals Malaysia SDN. BHD

During the year ended 31 March 2018, Narayana Hrudayalaya Hospitals Malaysia SDN. BHD, a 100% subsidiary has been liquidated and company received ₹ 14.87 million against the investment of ₹ 14.10 million (net of provision other than temporary diminution of ₹ 36.38 million). The liquidation process was completed on 24 April 2018.

39. Share based payments

During the year ended 31 March 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and associates, as approved by the Board of Directors in its meeting held on 12 September 2015. NH ESOP 2015 provides for the creation and issue of 2,040,000 share options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Company, its subsidiaries and associate. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee at its sole discretion. The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of four years from the date of first vesting, failing which the options shall lapse.

Pursuant to NH ESOP, the Company granted 805,670 share options till 31 March 2018 (previous year: 805,670). The Stock compensation cost is computed under the Fair value method. For the year ended 31 March 2018, the Company has recorded stock compensation expenses of ₹ 42.01 million(previous year: ₹ 58.73 million) and liability as on 31 March 2018 is ₹ 134.35 million (previous year: 92.34 million).

The activity in this stock option plan is summarized below:

Particulars	As at 31 March 2018	As at 31 March 2017
Outstanding as at the beginning of the year (Nos.)	772,123	805,670
Option granted during the year (Nos.)	-	-
Forfeited during the year(Nos.)	(990)	(1,100)
Exercised during the year(Nos.)	(54,020)	(32,447)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	717,113	772,123
Exercisable at the end of the year(Nos.)	-	-
Weighted average share price at the date of exercise (₹)	297.15	336.23

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2018 is 2.50 years (previous year: 3.50 years). The exercise price for the stock options outstanding as at 31 March 2018 is ₹ 10 (previous year : ₹ 10).

Fair value presentation

Options have been valued based on fair value method as described under IND AS 102 Share Based Payments using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

Particulars	As at 31 March 2018	As at 31 March 2017
No. of options granted (Nos.)	805,670	805,670
Date of grant	1 October 2015	1 October 2015
Vesting period (years)	4	4
Expected life of option (years)	5	5
Expected volatility	35%	35%
Risk free rate	7.63%	7.63%
Expected dividends expressed as a dividend yield	-	-
Weighted-average fair values of options per shares (₹)	208.73	208.73

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

40. (A) Exceptional items

(i) Exceptional item for the year ended 31 March 2018 represents loss of ₹ 11.58 million on impairment of investment in its associate "Trimedx India Private Limited".

(ii) Exceptional item for the previous year ended 31 March 2017 amounting to ₹ 31.91 million represents loss on sale of its investment in wholly owned subsidiary "Asia Healthcare Development Limited" through a sale agreement dated 10 November 2016 and Company received ₹ 3.83 million as sales consideration.

(B) Proceeds from slump sale

The Company entered into a business transfer agreement on 1 April 2016 ('the Agreement') with Chandramma Educational Society for sale of its business on a slump sale basis, without values being assigned to the individual assets and liabilities.

As per the terms of the agreement, the Company had sold the assets and liabilities pertaining to health care business of Hyderabad unit for an aggregate consideration of ₹ 157.50 million and received ₹ 155.70 million during the previous financial year as the final sales consideration.

41. Business Combination

On 21 April 2017, Pursuant to approval by the Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement ('SPA') and acquired 100% equity and preference shares in NewRise Healthcare Private Limited ('NewRise'), a wholly owned subsidiary of Panacea Biotech Limited for a consideration of ₹ 756.40 million paid in cash.

Further, as per the Order dated 04 October 2017 from Ministry of Corporate Affairs, the amalgamation of NewRise with the Company was approved under Section 233 of the Companies Act, 2013 and NewRise was amalgamated with Company w.e.f. 21 April 2017.

The purchase price has been allocated as follows:

Component	Acquisition date fair value (₹ in million)
Assets	
Tangible Assets	181.04
Capital Work In Progress	1,612.83
Other Non-Current Assets	0.14
Current Assets	15.89
Total Assets	**1,809.90**
Liabilities	
Long- term borrowings	780.85
Long- term provisions	0.67
Current liabilities	271.98
Total Liabilities	**1,053.50**
Fair Value of Net Assets acquired	**756.40**

42. Service Concession Arrangement.

The Company had entered into an agreement with National Rural Health Mission, Assam (NRHM) on 16 August 2012 ("effective date") to set up a super specialty hospital and to operate and manage such hospital for a period of 30 years. As per the agreement, NRHM will provide ₹ 220.00 million in three installments over a period of 1 year during execution of the project besides the existing hospital building on as is where is basis. The Company has received ₹ 220.00 million as it met all the conditions related to the grants. As per the terms of the agreement, the Company has entered into lease agreement with NRHM for existing building and land for a lease period of 30 years.

Also, as per the agreement not less than 50% of the hospitals beds shall be charged at 1.85% below the National Accreditation Board for Hospitals and Healthcare Providers (NABH) accredited hospital rates applicable. All the surgical, observational and

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

other procedures for which super speciality rates are available in Central Government Health Scheme (CGHS) schedule, such rates quoted in CGHS schedule shall apply and for which it is not available, NABH accredited hospital rates shall be applicable.

The Company has established a super-speciality hospital providing all the necessary services and for that it has to bear all the expenses in setting up the facilities mentioned in the agreement and thereafter run the hospitals on a day to day basis.

The term of the agreement is to commence on the effective date and will continue until the expiration of 30 years on 15th August 2042. Thereafter, this agreement shall be renewed for such additionals periods and on such terms and conditions as may be mutually agreed to by the parties to the agreement. The agreement can be terminated by the both the parties by mutual written agreement or if the other party breaches or fails to perform any of the covenants of the agreement or if any representation or warranty of the other party under this agreement shall have become untrue. Also, there is no addendum to this agreement.

43. 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 2018 and 31 March 2017 was as follows:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Total equity attributable to the equity shareholders of the Company	11,206.88	10,584.72
As a percentage of total capital	70%	90%
Long-term borrowings including current maturities	4,636.45	1,150.39
Short-term borrowings	277.79	44.88
Total borrowings	**4,914.24**	**1,195.27**
As a percentage of total capital	30%	10%
Total capital (Equity and Borrowings)	**16,121.12**	**11,779.99**

44. Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in million)

As at 31 March 2018		Fair Value			
	Total	Level 1	Level 2	Level 3	Total
Financial assets					
Amortised cost					
Trade receivables	1,850.66	-	-	-	-
Cash and cash equivalents	200.58	-	-	-	-
Bank balances other than above	13.80	-	-	-	-
Loans	527.25	-	-	-	-
Other financial assets	199.07	-	-	-	-
Fair value through profit and loss (FVTPL)					
Guarantees in subsidiaires (investments)	33.10	-	33.10	-	33.10
	2,824.46	**-**	**33.10**	**-**	**33.10**

Notes
to the standalone financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

As at 31 March 2018		Fair Value			
	Total	Level 1	Level 2	Level 3	Total
Financial liabilities					
Amortised cost					
Borrowings	4,748.54	-	-	-	-
Trade payables	2,236.93	-	-	-	-
Other financial liabilities	540.92	-	-	-	-
Fair value through OCI (FVOCI)					
Interest rate swap (other financial liabilities)	11.39	-	11.39	-	11.39
	7,537.78	**-**	**11.39**	**-**	**11.39**

(₹ in million)

As at 31 March 2017		Fair Value			
	Total	Level 1	Level 2	Level 3	Total
Financial assets					
Amortised cost					
Trade receivables	1,376.16	-	-	-	-
Cash and cash equivalents	206.99	-	-	-	-
Bank balances other than above	74.58	-	-	-	-
Loans	562.55	-	-	-	-
Other financial assets	414.82	-	-	-	-
	2,635.10	**-**	**-**	**-**	**-**
Financial liabilities					
Amortised cost					
Borrowings	1,001.91	-	-	-	-
Trade payables	1,703.14	-	-	-	-
Other financial liabilities	679.71	-	-	-	-
	3,384.76	**-**	**-**	**-**	**-**

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 ₹ 1850.66 million (31 March,2016 : ₹ 1376.16 million). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in million)

Allowance for credit loss	As at 31 March 2018	As at 31 March 2017
Opening balance	115.81	175.05
Credit loss recognised / (reversed)	72.50	(59.24)
Closing balance	**188.31**	**115.81**

No single customer accounted for more than 10% of the revenue as of 31 March 2018 and 31 March 2017 . There is no significant concentration of credit risk.

Credit risk on cash and cash equivalents 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 15.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2 - 5 years	more than 5 years	Total
Borrowings	277.79	373.40	1,600.47	2,496.88	4,748.54
Trade payables	2,236.93	-	-	-	2,236.93
Other financial liabilities	384.03	15.79	43.49	109.00	552.31
Total	**2,898.75**	**389.19**	**1,643.96**	**2,605.88**	**7,537.78**

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

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2 - 5 years	more than 5 years	Total
Borrowings	44.88	159.57	271.67	525.79	1,001.91
Trade payables	1,703.14	-	-	-	1,703.14
Other financial liabilities	620.52	-	-	59.19	679.71
Total	**2,368.54**	**159.57**	**271.67**	**584.98**	**3,384.76**

(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, interest rates and equity prices.

(a) Foreign currency risk

The Company is exposed to currency risk to the extent that there is a mismatch between the currencies in which sales, purchases and borrowings are denominated and the respective functional currencies of the company. The functional currency of company is ₹. The currencies in which these transactions are primarily denominated is US dollars.

Notes

to the standalone financial statements for the year ended 31 March 2018 (Continued)

The summary quantitative data about the Company's exposure to currency risk (based on notional amounts) as reported to the management is as follows.

As at 31 March 2018	(USD in million)
Financial assets	
Trade receivables	1.19
Cash and cash equivalents	0.73
Other financial assets	0.46
Financial liabilities	
Borrowings	25.00
Trade payables	0.12
Other financial liabilities	-
Net assets / (liabilities)	**(22.74)**

As at 31 March 2017	(USD in million)
Financial assets	
Trade receivables	1.04
Cash and cash equivalents	0.70
Other financial assets	0.68
Financial liabilities	
Borrowings	2.25
Trade payables	0.31
Other financial liabilities	0.01
Net assets / (liabilities)	**(0.15)**

(b) Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments.

(₹ in million)

Particulars	Impact on profit or (loss) before tax	
	As at 31 March 2018	As at 31 March 2017
USD Sensitivity		
₹/USD - Increase by 1%	(14.79)	(0.99)
₹/USD - Decrease by 1%	14.79	0.99

(c) 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.

(i) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	No. of Contracts	As at 31 March 2018		As at 31 March 2017	
		Amount Hedged (in USD million)	Fair Value (INR million)	Amount Hedged (in USD million)	Fair Value (INR million)
Interest Rate Swap	1	25.00	(11.39)	-	-

Notes
to the standalone financial statements for the year ended 31 March 2018 (Continued)

The Company has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at March 31, 2018, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Exposure to Interest Rate

Company's Interest rate rise arises from borrowings. The Following table demonstrates the sensitivity on the company's profit before tax to a reasonably possible change in interest rates on that position of loans and borrowings affected, with other variables held constant.

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Borrowings	3,010.35	1,150.39
Total borrowings	**3,010.35**	**1,150.39**

(ii) Sensitivity

(₹ in million)

Particulars	Impact on profit or (loss) before tax	
	As at 31 March 2018	As at 31 March 2017
Sensitivity		
1% increase in MCLR rate	30.10	11.50
1% decrease in MCLR rate	(30.10)	(11.50)

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

45. Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

The company had classified accrued salaries and benefits under Other financial liabilities - Current in the financial statement for the previous year. However , in the current year the same has been reclassified to Trade payable appearing in note 19.

The impact on reclassification is given below:

(₹ in million)

Particulars	Previously reported 31 March 2017	Amount reclassified	After reclassification 31 March 2017
Other financial Liabilities	784.78	(164.26)	620.52
Trade payables	1,538.88	164.26	1,703.14

The Management believes that the impact of the above reclassifications is not material.

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Independent Auditor's Report

To the Members of
Narayana Hrudayalaya Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of Narayana Hrudayalaya Limited (hereinafter referred to as "the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes the Group's share of loss in its associates, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Parent's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its Associates in accordance with the Indian Accounting Standards ("Ind AS") prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

The respective Board of Directors of the companies included in the Group and of its associates are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associates and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the 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 consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Parent, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting 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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Parent's preparation of the consolidated 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 Parent's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditors on separate financial statements/ financial information of the subsidiaries and associates referred to below in the Other Matters paragraph, the aforesaid consolidated 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 Ind AS and other accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at March 31, 2018, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of two subsidiaries, whose financial statements reflect total assets of ₹ 5,384.30 Million as at March 31, 2018, total revenues of ₹ 773.12 Million, total net profit after tax of ₹ 53.89 Million, total comprehensive income of ₹ 48.82 Million and net cash outflows amounting to ₹ 51.14 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 0.51 Million for the year ended March 31, 2018, as considered in the consolidated financial statements, in

Independent Auditor's Report (Contd.)

respect of two associates, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associates, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associates is based solely on the reports of the other auditors.

(b) We did not audit the financial information of one subsidiary, whose financial financial information reflects total assets of ₹ Nil as at March 31, 2018, total revenues of ₹ Nil, total net loss after tax of ₹ 0.24 Million, total comprehensive loss of ₹ 0.24 Million and net cash outflows amounting to ₹ 14.90 Million for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net loss of ₹ 46.86 Million for the year ended March 31, 2018, as considered in the consolidated financial statements, in respect of one associate, whose financial information has not been audited by us. These financial information are unaudited and have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this subsidiary and associate, is based solely on such unaudited financial information. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements above and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, we report, to the extent applicable, 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 of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Parent as on March 31, 2018 taken on record by the Board of Directors of the Parent and the reports of the statutory auditors of its subsidiary companies, none of the directors of the Parent and its subsidiary companies incorporated in India is disqualified as on March 31, 2018 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 and the operating effectiveness of such controls, refer to our separate report in "Annexure A", which is based on the auditors' reports of the Parent, and subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of internal financial controls over financial reporting of those companies, for the reasons stated therein.

(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 Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.

ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner

Bangalore, May 29, 2018.
(Membership No 203685)

Annexure "A" to the Independent Auditor's Report

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of Narayana Hrudayalaya Limited (hereinafter referred to as the "Parent") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and its subsidiary companies which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting 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 the respective 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 Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Parent and its subsidiary companies which are companies incorporated in India, based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, 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 judgement, 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 internal financial controls system over financial reporting of the Parent and its subsidiary companies, which are companies incorporated in India.

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 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 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 financial statements.

Annexure "A" to the Independent Auditor's Report (Contd.)

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 to the best of our information and according to the explanations given to us, the Parent and its subsidiary companies, which are companies incorporated in India, have, 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 March 31, 2018, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

V. Balaji
Partner
(Membership No 203685)

Bangalore, May 29, 2018.

Consolidated Balance Sheet

(₹ in million)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	4	17,116.68	10,209.45
Capital work-in-progress	4	350.44	530.36
Goodwill	4	660.47	581.47
Other intangible assets	4	702.82	26.92
Equity accounted investees	5	37.49	928.28
Financial assets			
Investments	6	50.29	32.54
Loans	7 (a)	424.89	202.56
Other financial assets	8 (a)	1.26	20.00
Income tax assets (net)	9	316.98	198.75
Deferred tax assets	50	80.43	-
Other non-current assets	10 (a)	821.27	721.81
Total non-current assets		**20,563.02**	**13,452.14**
Current assets			
Inventories	11	836.24	523.60
Financial assets			
Trade receivables	12	2,789.76	1,569.10
Cash and cash equivalents	13 (a)	333.29	262.43
Bank balances other than (ii) above	13 (b)	19.25	78.77
Loans	7 (b)	82.26	30.07
Other financial assets	8 (b)	138.94	352.71
Other current assets	10 (b)	593.19	199.12
Total current assets		**4,792.93**	**3,015.80**
TOTAL ASSETS		**25,355.95**	**16,467.94**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	14 (a)	2,043.61	2,043.61
Other Equity	14 (b)	8,313.86	7,587.21
Equity attributable to owners of the Company		**10,357.47**	**9,630.82**
Non-controlling interests	15	2.91	2.36
Total equity		**10,360.38**	**9,633.18**
Non-current liabilities			
Financial liabilities			
Borrowings	16 (a)	6,963.32	1,798.01
Other financial liabilities	17 (a)	1,044.80	59.19
Provisions	18 (a)	144.42	150.84
Deferred tax liabilities (net)	50	395.73	248.03
Other non-current liabilities	19 (a)	1,349.64	1,353.13
Total non-current liabilities		**9,897.91**	**3,609.20**
Current liabilities			
Financial liabilities			
Borrowings	16 (b)	375.81	90.22
Trade payables	20	2,961.92	2,065.81
Other financial liabilities	17 (b)	1,088.91	692.79
Provisions	18 (b)	242.54	122.23
Other current liabilities	19 (b)	428.48	254.08
Income tax liabilities (net)	21	-	0.43
Total current liabilities		**5,097.66**	**3,225.56**
TOTAL EQUITY AND LIABILITIES		**25,355.95**	**16,467.94**
Significant accounting policies	3		

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Consolidated Statement of Profit and Loss

(₹ in million)

Particulars	Note No.	For the year ended 31 March 2018	For the year ended 31 March 2017
Revenue from operations	22	22,809.07	18,781.65
Other income	23	189.00	174.82
Total income (A)		**22,998.07**	**18,956.47**
Purchase of medical consumables, drugs and surgical equipments		5,690.24	4,388.79
Changes in inventories of medical consumables, drugs and surgical equipments (Increase) / decrease	24	(125.21)	(29.81)
Employee benefit expenses	25	4,656.86	3,752.10
Professional fees to doctors		4,787.77	3,855.73
Other expenses	26	5,676.76	4,526.28
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**20,686.42**	**16,493.09**
Earnings before finance cost, depreciation and amortisation, exceptional items and tax (A-B)		**2,311.65**	**2,463.38**
Finance costs (C)	27	467.55	218.03
Depreciation and amortisation expense (D)	28	999.50	799.21
		1,467.05	**1,017.24**
Total expense (E) = (B+C+D)		**22,153.47**	**17,510.33**
Profit before exceptional items and tax (F) = (A-E)		**844.60**	**1,446.14**
Exceptional items (G) (refer note 44)		5.41	(13.40)
Profit before share of (loss) of equity accounted investees and income tax (H) = (F+G)		**850.01**	**1,432.74**
Share of (loss) of equity accounted investees (I)		(46.35)	(79.34)
Profit before tax (J) = (H+I)		**803.66**	**1,353.40**
Tax expenses:			
Current tax		219.78	509.19
Less : MAT credit entitlement		(219.78)	14.47
Deferred tax charge		289.64	-
Total tax expense (K)		**289.64**	**523.66**
Profit for the year (L) = (J-K)		**514.02**	**829.74**
Other comprehensive income (OCI)			
Items that will not be reclassified to profit or loss			
Re-measurement of defined benefit plans		3.39	2.31
Income tax effect		(1.35)	(1.96)
Items that will be reclassified subsequently to profit or loss			
Effective portion of gains or (losses) in cash flow hedge		(16.46)	-
Income tax effect		3.94	-
Exchange differences in translating the financial statement of foreign operations.		45.27	-
Other comprehensive income for the year, net of tax		**34.79**	**0.35**
Total comprehensive income for the year		**548.81**	**830.09**
Profit attributable to:			
Owners of the Company		513.47	830.53
Non-controlling interest		0.55	(0.79)
Profit for the year		**514.02**	**829.74**
Other comprehensive income attributable to:			
Owners of the Company		34.79	0.37
Non-controlling interest		(0.00)	(0.02)
Other comprehensive income for the year		**34.79**	**0.35**
Total comprehensive income attributable to:			
Owners of the Company		548.26	830.90
Non-controlling interest		0.55	(0.81)
Total comprehensive income for the year		**548.81**	**830.09**
Earnings per share	43		
Basic (₹)		2.53	4.10
Diluted (₹)		2.53	4.09
Significant accounting policies	3		

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Consolidated Statement of Cash Flow

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from operating activities		
Profit before tax	803.66	1,353.40
Adjustments :		
Depreciation and amortisation expense	999.50	799.21
Interest income	(27.49)	(53.10)
Interest income from financial asset at amortised cost	(15.32)	-
Provision for loss allowance	83.06	-
Bad debts written off	30.27	-
Provision of inventories for write-down to net realisable value	5.31	-
Right to use the asset	16.40	-
Finance costs	467.55	218.03
Share based payment expenses	42.46	59.40
Government grant income	(35.28)	(37.57)
Assets/ Capital-work-in-progress written off	-	27.48
Loss on sale of fixed assets	14.83	14.10
Profit on sale of investment	(3.10)	(5.11)
Exceptional items	(5.41)	13.40
Unrealised foreign exchange loss, net	3.75	6.55
Share of loss of equity accounted investees	46.35	79.34
Operating cash flow before working capital changes	**2,426.55**	**2,475.13**
Changes in trade receivables	(760.41)	(55.82)
Changes in inventories	(106.09)	(38.22)
Changes in loans, other financial assets and other assets	(121.24)	(109.94)
Changes in trade payables and other financial liabilities	605.75	260.97
Changes in provision	116.58	27.26
Cash generated from operations	**2,161.14**	**2,559.38**
Income tax paid (net of refund)	(338.53)	(365.85)
Net cash generated from operating activities (A)	**1,822.61**	**2,193.53**
Cash flow from investing activities		
Acquisition of property, plant and equipment (including capital work-in-progress)	(2,037.33)	(1,350.43)
Proceeds from sale of property, plant and equipment	11.39	8.58
Proceeds from slump sale	-	155.70
Proceeds from disposal of subsidiary (net of cash as on the date of sale)	-	2.54
Purchase of mutual fund	(2,465.00)	(2,730.00)
Proceeds from sale of mutual fund	2,668.10	2,535.11
Payment towards acquisition of business	(1,924.49)	-
Investment in equity shares of an associate	(8.58)	-
Share application money paid during the year	-	(98.76)
Proceeds from refund of share application money	-	1.81
Investment for acquisition of subsidary	(1,613.42)	(44.53)
Investment in promissory note in an associate	(65.04)	(20.01)
Investment in bank deposit	(11.34)	295.18
Repayment of bank deposit	63.36	(271.45)
Interest received	44.72	53.64
Net cash (used) in investing activities (B)	**(5,337.65)**	**(1,462.62)**

Consolidated Statement of Cash Flow (Contd.)

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cash flow from financing activities		
Proceeds from long-term borrowings	3,835.56	568.23
Proceeds from commercial papers	500.00	-
Repayment of long-term borrowings	(369.69)	(614.02)
Repayment of commercial papers	(500.00)	(200.00)
Proceeds from exercise of share options	0.54	0.32
Interest and other borrowing costs	(315.70)	(205.91)
Net cash (used in) / generated from financing activities (C)	**3,150.71**	**(451.38)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(364.32)	279.53
Cash and cash equivalents at the beginning of the year (refer note 13)*	172.21	(108.06)
Effects of exchange gain on restatement of foreign currency cash and cash equivalents	3.00	0.74
Add: Cash and cash equivalents at the beginning of the year pertaining to entities acquired during the year	139.10	-
Cash and cash equivalents at the end of the year (refer note 13)	**(50.01)**	**172.21**

*Cash and cash equivalents includes bank overdrafts that are repayable on demand and form an integral part of the Company's cash management.

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Consolidated Statement of Changes in Equity

(a) Equity share capital

(₹ in million, except no. of shares)

Particulars	No. of Shares	Amount
Equity shares of ₹ 10 each issued, subscribed and fully paid up		
Balance as at 1 April 2016	204,360,804	2,043.61
Changes in equity share capital during 2016-17 (refer note 14 (a))	-	-
Balance as at 31 March 2017	204,360,804	2,043.61
Changes in equity share capital during 2017-18 (refer note 14 (a))	-	-
Balance as at 31 March 2018	**204,360,804**	**2,043.61**

(b) Other equity

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI			Total	Non-controlling interest	Total other equity
	Capital reserve	Securities premium reserve	Treasury shares	Share options outstanding	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of net defined benefit plans	Effective portion of cash flow hedge reserve			
Balance as at 1 April, 2016	**1.54**	**4,901.24**	**(20.40)**	**34.02**	**250.00**	**1,455.21**	**102.57**	**(7.97)**	**-**	**6,716.21**	**2.73**	**6,718.94**
Profit for the year	-	-	-	-	-	830.52	-	-	-	830.52	(0.79)	829.73
Other comprehensive income, net of tax	-	-	-	-	-	-	-	0.37	-	0.37	(0.03)	0.34
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**830.52**	**-**	**0.37**	**-**	**830.89**	**(0.82)**	**830.07**
Transactions recorded directly in equity												
Exercise of share options	-	-	0.33	-	-	-	-	-	-	0.33	-	0.33
Share-based payments	-	-	-	59.40	-	-	-	-	-	59.40	-	59.40
Deletion during the year	-	-	-	-	-	-	(19.17)	-	-	(19.17)	-	(19.17)
Others	-	-	-	-	-	(0.45)	-	-	-	(0.45)	0.45	-
Balance as at 31 March 2017	**1.54**	**4,901.24**	**(20.07)**	**93.42**	**250.00**	**2,285.28**	**83.40**	**(7.60)**	**-**	**7,587.21**	**2.36**	**7,589.57**
Profit for the year	-	-	-	-	-	514.02	-	-	-	514.02	-	514.02
Other comprehensive income, net of tax	-	-	-	-	-	-	45.27	2.04	(12.52)	34.79	-	34.79
Total comprehensive income for the year	**-**	**-**	**-**	**-**	**-**	**514.02**	**45.27**	**2.04**	**(12.52)**	**548.81**	**-**	**548.81**

Consolidated Statement of Changes in Equity (Contd.)

(₹ in million)

Particulars	Reserves and Surplus						Items of OCI			Total	Non-controlling interest	Total other equity
	Capital reserve	Securities premium reserve	Treasury shares	Share options outstanding	General reserve	Retained earnings	Foreign currency translation reserve	Remeasurement of net defined benefit plans	Effective portion of cash flow hedge reserve			
Exercise of share options	-	-	0.54	-	-	-	-	-	-	0.54	-	0.54
Share-based payments	-	-	-	42.46	-	-	-	-	-	42.46	-	42.46
Effect of winding up of subsidiary	-	-	-	-	-	(6.99)	-	-	-	(6.99)	-	(6.99)
Capital reserve for bargain purchase business combination	142.38	-	-	-	-	-	-	-	-	142.38	-	142.38
Other	-	-	-	-	-	(0.55)	-	(0.00)	-	(0.55)	0.55	(0.00)
Balance as at 31 March 2018	**143.92**	**4,901.24**	**(19.53)**	**135.88**	**250.00**	**2,791.76**	**128.67**	**(5.56)**	**(12.52)**	**8,313.86**	**2.91**	**8,316.77**

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Notes

to the consolidated financial statements for the year ended 31 March 2018

1. Group overview

Narayana Hrudayalaya Limited ('the Company' or 'the Holding company') together with its subsidiaries and associates (collectively referred to as 'Narayana Hrudayalaya Group' or 'the Group') is primarily engaged in business of rendering medical and healthcare services. Narayana Hrudayalaya Limited, the flagship company of the Group, was incorporated on 19 July 2000 under the Companies Act, 1956 with its registered office in Bengaluru. The Group was rebranded as 'Narayana Health' in 2013. It has a network of multispeciality and super speciality hospitals spread across multiple locations. The Group owns and operates certain hospitals and also enters into management agreements with hospitals under which the Group acquires the operating control of the hospitals.

During the year ended 31 March 2016, the Company completed the Initial Public Offering (IPO) through an offer for sale by the existing shareholders to the extent of 24,523,297 equity shares of face value of ₹ 10 each for a cash price of ₹ 250 per equity share including a premium of ₹ 240 per equity share, of 6,287,978 equity shares by Ashoka Investment Holdings Limited, 1,886,455 equity shares by Ambadevi Mauritius Holdings Limited, 12,261,648 equity shares by JP Morgan Mauritius Holdings IV Limited, 2,043,608 equity shares by Dr. Devi Prasad Shetty and 2,043,608 equity shares by Shakuntala Shetty aggregating to ₹ 6130.82 million and the equity shares of the Company were listed on the Bombay Stock Exchange Limited and the National Stock Exchange of India Limited on 6 January 2016.

2. Basis of preparation of the consolidated financial statements

2.1. Statement of compliance

The consolidated financial statements have been prepared in accordance with 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 consolidated financial statements for the year ended 31 March 2017, were audited by BSR & Co. LLP (Firm's registration number: 101248W/W-100022) the predecessor auditor.

The consolidated financial statements were authorized for issue by the Company's Board of Directors on 29 May 2018.

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

2.2. Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency. All amounts are presented in ₹ in million, except share data and per share data, unless otherwise stated.

2.3. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities (including derivative instruments)	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

2.4. Use of estimates and judgements

In preparing these consolidated 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 recognized prospectively.

Judgments

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 29 – Assessment of contingent liabilities and commitments

Note 30 – leases and lease classification;

Note 34 – consolidation: whether the Group has control over an investee;

Note 50 – Provision for taxes;

Note 51 – financial instruments and

Note 42 – share based payments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

Note 50 – recognition of deferred tax assets

Note 37 – measurement of defined benefit obligations: key actuarial assumptions;

Note 29 – recognition and measurement of contingencies; key assumptions about the likelihood and magnitude of an outflow of resources;

Note 5-8, 12, 13 and 51 – recognition of impairment of financial assets and

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

2.5. Measurement of fair values

A number of the Group'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 Group 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 Group 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 51 – financial instruments

Note 42 – share-based payments

3. Significant accounting polices

3.1. Basis of consolidation

a. Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

b. Non-controlling interests (NCI)

NCI are measured at their proportionate share of the acquiree's net identifiable assets at the date of acquisition.

Changes in the Group's equity interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions.

c. Loss of control

When the Group loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related NCI and other components of equity. Any interest retained in the former subsidiary is measured at fair value at the date the control is lost. Any resulting gain or loss is recognised in the statement of profit or loss.

d. Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognised at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and Other Comprehensive Income (OCI) of equity- accounted investees until the date on which significant influence ceases.

e. Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised gains

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

3.2. 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 Group 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 Group 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 Group 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 Group 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 Group'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.

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 Group'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 Group 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 Group 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 Group'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 measured at amortised cost using effective interest method. For trade and other payable maturing within one year from the balance sheet date, the carrying value approximates fair value due to short maturity.

Derivative financial instruments

Hedge accounting

The Group uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the group.

Cash flow hedge:

The Group has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the group.

The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

c. Derecognition

Financial assets

The Group 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 group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group 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 Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Group 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 Group 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.

3.3. 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 realisible 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.

3.4. 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.

3.5. Treasury Shares

The Company has created an Employee Benefit Trust (EBT) for providing share based payment to its employees. The Company treats EBT as its extension and shares held by EBT are treated as treasury shares.

Own equity instruments that are acquired (treasury shares) are recognised at cost and deducted from equity. When the treasury shares are issued to the employees by EBT, the amount received is recognised as an increase in equity and the resultant gain / (loss) is transferred to / from securities premium.

3.6. Cash flow statement

Cash flows are reported using the indirect method, whereby net profit 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 Group are segregated. Bank overdrafts are classified as part of cash and cash equivalents, as they form an integral part of an entity's cash management.

3.7. 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.

The Group has entered into management agreements with certain trusts, under which, the Group has a right over the management, operation and utilisation of hospital facilities owned by the trusts. As a consideration towards the aforesaid arrangement, the Group is obligated to offer discounts to patients nominated by the trusts at free of cost/ concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue with a corresponding charge to rent expense.

'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. 'Unearned revenue' comprises billings in excess of earnings.

Income from patient's amenities is recognized on accrual basis as and when services are rendered.

Interest

For all debt instruments measured 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 group 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.

Dividend

Dividend income is recognised when the Group's right to receive dividend is established.

Other Healthcare Services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

3.8. 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 Group 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. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

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
Vehicles	5 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted appropriately.

The Group believes that the useful life as given above best represent the useful lives 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 consolidated financial statements upon sale or disposition of the asset and the resultant gains or

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

losses are recognized in the consolidated 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.

3.9. Business combination, goodwill and other intangible assets

Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.

Transaction costs incurred in connection with a business combination are expensed as incurred.

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
Third party contracts and Electronic medical records	5 years
Customer relationship	10 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.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

3.10. Government grants

Government grants including non-monetary grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

Government grants are recognised in the statement of profit and loss on a systematic basis over the periods in which the related costs, for which the grants are intended to compensate, are recognized as expenses.

Government grants related to assets are presented at fair value by setting up the grant as a deferred income.

3.11. 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 a post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Group 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 Group's contributions are recognized as an expense in the consolidated statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Group's gratuity benefit scheme is a defined benefit plan. The Group'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 Group'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 administrator.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Group determines the net interest expense (income) on the net defined liability (assets) 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 (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the consolidated 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 consolidated 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 Group 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.

Employee Stock Option Plan (ESOP)

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service conditions at the vesting date.

3.12. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest 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.

3.13. Leases

Leases under which the Group 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 consolidated 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.

The Group has entered into management agreements with certain trusts, under which, the Group has a right over the management, operation and utilisation of hospital

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

facilities owned by the trusts. As a consideration towards the aforesaid arrangement, the Group is obligated to offer discounts to patients nominated by the trusts at free of cost/concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue with a corresponding charge to rent expense.

Further, at the inception of above arrangement, the Group determines whether the above arrangement is or contains a lease. At inception or on reassessment of an arrangement that contains a lease, the Group separates a payments and other consideration required by the arrangement into those for the lease and those for other elements on the basis of their relative fair values. If the Group concludes for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset; subsequently, the liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the Group's incremental borrowing rate.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

3.14. Earnings per share

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

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share.

3.15. Income tax

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

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

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.

Minimum Alternative tax

According to Section 115JAA of the Income tax Act, 1961, Minimum Alternative Tax (MAT') paid over and above the normal income tax in a subject year is eligible for carry forward for fifteen succeeding assessment years for set-off against normal income tax liability. The MAT credit asset is assessed against the entity's normal income tax during the specified period.

3.16. Foreign exchange transactions and translations

Transactions in foreign currency are translated into the respective functional currencies using the exchange rates prevailing at the dates of the respective transactions.

Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at the exchange rates prevailing at the reporting date of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Profit and loss and reported within foreign exchange gains/ (losses).

Non monetary assets and liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of transaction.

For the purposes of presenting the consolidated financial statements, assets and liabilities of Group's foreign operations with functional currency different from the Company are translated into Company's functional currency i.e. INR using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period, unless exchange rates fluctuate significantly during that period, in which case the exchange rates at the dates of the transactions are used. Exchange differences arising, if any are recognised in other comprehensive income and accumulated in equity.

On the disposal of foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to the Consolidated Statement of Profit and Loss.

If the Group disposes off part of its interest in a subsidiary but retains control, then the relevant proportion of the cumulative amount is reattributed to OCI. When the Group disposes off only part of an associate while retaining significant influence, the relevant proportion of the cumulative amount is reclassified to profit or loss.

3.17. Impairment

a. Impairment of financial instruments

The Group recognises loss allowances for expected credit losses on:

- financial assets measured at amortised cost;

At each reporting date, the Group 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 Group on terms that the Group 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 Group 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.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

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 Group 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 Group 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 Group'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 Group in accordance with the contract and the cash flows that the Group 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.

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 Group 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 Group's procedures for recovery of amounts due.

b. Impairment of non-financial assets

The Group's non-financial assets, inventories and deferred tax assets, 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. Goodwill is tested annually for impairment.

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.

Goodwill arising from a business combination is allocated to CGUs or groups of CGUs that are expected to benefit from the synergies of the combination.

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 Group'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.

3.18. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.19. Non-current assets or disposal group held for sale

Non-current assets or disposal groups comprising assets and liabilities are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Such assets or disposal groups are generally measured at the lower of their carrying amount and fair value less costs to sell. Losses on initial classification of assets held for sale and subsequent gain and losses on remeasurement are recognized in the consolidated statement of profit and loss.

Once classified as held-for-sale, intangible assets, property, plant and equipment and investment properties are no longer amortised or depreciated, and any equity-accounted investee is no longer equity accounted.

3.20. Provisions and contingencies

Provisions are recognized when the Group 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 Group 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.

3.21. Share and debenture issue expenses

Share and debenture issue expenses are adjusted against the securities premium account as permissible under Section 52 of the Companies Act, 2013, to the extent any balance is available for utilisation in the securities premium account.

3.22. New Standards and interpretation not yet adopted

Ind AS 115, Revenue from contracts with customers: On 28 March 2018, the Ministry of Corporate Affairs ("MCA"), notified Ind AS 115 "Revenue from Contracts with Customers" as part of the Companies (Indian Accounting Standards) Amendment Rules, 2018. The said standard is applicable for the accounting periods beginning on or after April 1, 2018. The Group is in the process of assessing the impact of the said standard on its financial statements.

Appendix B of Ind AS 21, Foreign currency transaction and advance consideration: On 28 March 2018, MCA has notified the Company (Indian Accounting Standards) Amendment Rules, 2018 containing Appendix B to Ind AS 21, Foreign currency transaction and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related assets, expense or income, when an entity has received or paid advance consideration in a foreign currency. The amendment will come into force from 1 April 2018. The Group is in the process of assessing the impact of the said standard on its financial statements.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

4 (i) Property, plant and equipment, capital work-in-progress and intangible assets

(₹ in million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1 April 2017	Additions (refer note (ix))	Deletions	As at 31 March 2018	As at 1 April 2017	Depreciation/ Amortisation	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
(A) Tangible assets (owned)										
Freehold land (i) (ii)	360.27	146.35	-	506.62	-	-	-	-	506.62	360.27
Building	392.12	-	-	392.12	135.50	6.63	-	142.13	249.99	256.62
Building	-	2,484.15	-	2,484.15	-	12.85	-	12.85	2,471.30	-
Electrical installation	752.02	212.16	0.39	963.79	399.72	74.45	0.19	473.98	489.81	352.30
Medical equipment	5,092.25	2,429.37	50.17	7,471.45	1,968.54	465.06	24.73	2,408.87	5,062.88	3,123.71
Office equipment	158.43	103.70	0.40	261.73	98.48	28.22	0.39	126.31	135.42	59.95
Other equipment including air conditioners	1,290.79	509.30	0.65	1,799.44	475.78	90.01	0.30	565.49	1,233.95	815.01
Furniture and fixtures	784.86	231.27	0.39	1,015.74	389.44	85.74	0.17	475.01	540.73	395.42
Computers	216.35	99.47	0.44	315.38	179.90	35.14	0.44	214.60	100.78	36.45
Vehicles	28.94	12.94	-	41.88	18.09	5.12	-	23.21	18.67	10.85
Tangible assets (leased):										
Leasehold improvements	182.95	47.71	-	230.66	76.23	17.26	-	93.49	137.17	106.72
Leasehold land (iv)	1,721.92	-	-	1,721.92	1.35	-	-	1.35	1,720.57	1,720.57
Land	-	180.88	-	180.88	-	1.97	-	1.97	178.91	-
Building (iii)	1,408.29	1,280.97	-	2,689.26	140.46	18.30	-	158.76	2,530.20	1,267.83
Building (iii)	720.42	111.84	-	832.26	126.29	45.68	-	171.97	660.29	594.13
Building (iii)	333.50	4.04	-	337.54	39.92	12.50	-	52.42	285.12	293.58
Building (iii)	996.38	2.63	-	999.01	180.34	24.40	-	204.74	794.27	816.04
Total tangible assets (A)	**14,439.49**	**7,856.78**	**52.44**	**22,243.83**	**4,230.04**	**923.33**	**26.22**	**5,127.15**	**17,116.68**	**10,209.45**
(B) Capital work- in- progress	**530.36**	**1,990.36**	**2,170.28**	**350.44**	**-**	**-**	**-**	**-**	**350.44**	**530.36**
(C) Goodwill	**581.47**	**79.00**	**-**	**660.47**	**-**	**-**	**-**	**-**	**660.47**	**581.47**
(D) Intangible assets										
Computer software	197.21	79.38	-	276.59	170.29	19.47	-	189.76	86.83	26.92
Third party contracts	-	187.55	-	187.55	-	9.27	-	9.27	178.28	-
Electronic medical records	-	21.44	-	21.44	-	1.06	-	1.06	20.38	-
Customer relationship	-	463.70	-	463.70	-	46.37	-	46.37	417.33	-
Total intangible assets (D)	**197.21**	**752.07**	**-**	**949.28**	**170.29**	**76.17**	**-**	**246.46**	**702.82**	**26.92**
Grand total (A+B+C+D)	**15,748.53**	**10,678.21**	**2,222.72**	**24,204.02**	**4,400.33**	**999.50**	**26.22**	**5,373.61**	**18,830.41**	**11,348.20**

Notes on 4 (ii) to be referred

4 (ii) Property, plant and equipment and capital work-in-progress

(₹ in million)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1 April 2016	Additions	Deletions	As at 31 March 2017	As at 1 April 2016	Depreciation/ Amortisation	Deletions	As at 31 March 2017	As at 31 March 2017	As at 31 March 2016
(A) Tangible assets (owned)										
Freehold land (i) (ii)	363.25	-	2.98	360.27	-	-	-	-	360.27	363.25
Building	396.83	-	4.71	392.12	126.83	8.67	-	135.50	256.62	270.00
Electrical installation	717.66	43.34	8.98	752.02	323.24	79.01	2.53	399.72	352.30	394.42
Medical equipment	4,439.64	673.79	21.18	5,092.25	1,621.62	352.02	5.10	1,968.54	3,123.71	2,818.02
Office equipment	142.79	16.52	0.88	158.43	75.93	23.05	0.50	98.48	59.95	66.86
Other equipment including air conditioners	1,168.96	128.23	6.40	1,290.79	391.93	87.47	3.62	475.78	815.01	777.03
Furniture and fixtures	725.80	64.60	5.54	784.86	312.33	79.20	2.09	389.44	395.42	413.47
Computers	196.05	21.99	1.69	216.35	157.55	23.45	1.10	179.90	36.45	38.50
Vehicles	27.90	8.03	6.99	28.94	20.92	4.16	6.99	18.09	10.85	6.98
Tangible asset leased:										
Leasehold improvements	163.66	19.56	0.27	182.95	56.17	20.24	0.18	76.23	106.72	107.49
Leasehold land (iv)	1,721.92	-	-	1,721.92	1.35	-	-	1.35	1,720.57	1,720.57
Building (iii)	1,335.87	79.65	7.23	1,408.29	119.52	22.05	1.11	140.46	1,267.83	1,216.35
Building (iii)	684.43	35.99	-	720.42	87.19	39.57	0.47	126.29	594.13	597.24
Building (iii)	325.59	7.91	-	333.50	27.63	12.29	-	39.92	293.58	297.96
Building (iii)	994.39	1.99	-	996.38	155.97	24.37	-	180.34	816.04	838.42
Total tangible assets (A)	**13,404.74**	**1,101.60**	**66.85**	**14,439.49**	**3,478.18**	**775.55**	**23.69**	**4,230.04**	**10,209.45**	**9,926.56**
(B) Capital work- in- progress	**138.03**	**1,206.33**	**814.00**	**530.36**	**-**	**-**	**-**	**-**	**530.36**	**138.03**
(C) Goodwill	**590.21**	**-**	**8.74**	**581.47**	**-**	**-**	**-**	**-**	**581.47**	**590.21**
(D) Intangible assets										
Computer software	175.22	22.34	0.35	197.21	146.95	23.66	0.32	170.29	26.92	28.27
Total intangible assets (D)	**175.22**	**22.34**	**0.35**	**197.21**	**146.95**	**23.66**	**0.32**	**170.29**	**26.92**	**28.27**
Grand total (A+B+C+D)	**14,308.20**	**2,330.27**	**889.94**	**15,748.53**	**3,625.13**	**799.21**	**24.01**	**4,400.33**	**11,348.20**	**10,683.07**

(i) Includes land in possession and occupation of the Company to the extent of 9 acre 26 guntas out of total 17 acres 44 guntas in Bengaluru allotted by Karnataka Industrial Areas Development Board ('KIADB') to the Company on lease cum sale basis for which the Company is yet to execute the sale deed as at 31 March 2018.

(ii) pursuant to clause 7.7 of the Investment Agreement and Clause 3.1(d) of the Shareholders' Agreement signed in January 2008 between the Company, Promoters and Investors, a Promoter of the Company had together ("agreement") the right but not the obligation to require the Company to transfer the Land and Building at no consideration to him. This right has not been exercised till the date of these financial statements. On exercise of the right, the promoter was obligated to lease the asset to the Company for an initial term of 15 years with an extension of 10 years in accordance with the terms of the aforesaid agreements at no consideration. The said land and building has been amortized over a period of 25 years based on the Management's estimate of the lease term for the above arrangement.

As per the letter dated November 26,2015 by the promoter the above right was waived off by him and he would not be entitled to exercise any right in clause 3.1(d) of the said Shareholders' Agreement, subject to the completion of the public offering within a period of one year from the date of receipt of the final observation letter from the Securities and Exchange Board of India on the Draft Red Herring Prospectus filed by the company. The waiver was to be effective from the date of listing of the Company's shares on the stock exchanges. To this effect the said Shareholder's Agreement was amended and duly executed by all shareholders of the Company. On the Company shares being listed the Bombay Stock Exchange and the National Stock Exchange on January 06, 2016, the promoter's right to the Company's land ceased to exist thereof.

(iii) Represents the cost of construction of building on the leasehold premises at Mysore, Kolkata, Ahmedabad, Jaipur and Jamshedpur. These amounts are being depreciated over the estimated useful life of the asset, or lease term, whichever is lower.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(iv) Leasehold land represents land allotted by various government authorities/ agencies in the states of Gujarat and Rajasthan. There are certain conditions including setting up of hospitals with certain capacity and within certain timelines as specified in the terms of the allotment (refer note 38 and 40).

(v) As an arrangement with Modern Medical Institute for operating and maintaining the hospital in Raipur, the Company received property, plant and equipments (other than land and building) whose carrying values are as follows:

(₹ in million)

	As at 31-Mar-18	As at 31-Mar-17
Cost or deemed cost	23.05	23.05
Accumulated depreciation	13.73	11.72
Net carrying amount	**9.32**	**11.33**

(vi) During the financial year 2017-18, project salary cost amounting to ₹ 51.35 million (previous year: ₹ 15.79 million) has been capitalised through capital work- in- progress.

(vii) As at 31 March 2018, properties with a carrying amount of ₹ 5,182.99 million (previous year : ₹ 8,227.44 million) are subject to first charge to secure bank loans.

(viii) During the year the company has capitalised interest cost amounting to ₹ 59.47 million (previous year Nil).

(ix) The Group has acquired the following property, plant and equipments consequent to various business combinations (refer note 45) that occurred during the year:

(₹ in million)

Particulars	NewRise HealthCare Private Limited	Dharamshila Cancer Foundation and Research Centre	Health City Cayman Island Ltd
Freehold land (i)	-	-	146.35
Building	-	-	2,484.15
Electrical installation	-	-	116.95
Medical equipment	-	227.91	653.43
Other equipment including air conditioners	-	45.60	153.88
Computers	-	-	16.01
Leasehold land	180.88	-	-
Office equipments	-	78.68	44.26
Furniture and fixtures	0.07	2.09	77.95
Vehicles	0.09	3.40	5.04
Computer software	-	-	12.38
Third party contracts	-	-	187.64
Electronic medical records	-	-	21.45
Customer relationship	-	463.70	-
Goodwill	-	79.00	-
Total	**181.04**	**900.38**	**3,919.49**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

5 Equity accounted investees

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Interest in associates		
Others (Trade investment)		
ISO Mauritius	37.49	32.51
[1,287 equity shares (previous year: 1,287 equity shares) of $ 1 each fully paid up along with a share premium of $ 999 per share]		
Health City Cayman Island Ltd., Cayman Islands	-	895.77
[22,880 equity shares (previous year: 21,450 equity shares) of $ 0.01 each fully paid up along with share premium of $ 999.99 per share]		
Cura Technology Inc		
[390,000,000 equity shares (previous year: 390,000,000 equity shares) of $ 0.01 each fully paid up]	8.90	-
Share of (loss) of equity accounted investees	(8.90)	-
	37.49	**928.28**

6 Investments (Non-current)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Unquoted equity instruments		
Investment in associate		
Trimedx India Private Limited (refer note 44A)	-	3.00
[91,947 (previous year 30,005) equity shares of ₹ 100 each fully paid up with a premium of ₹ 499.26 per share on 4,770 equity shares]		
Unquoted debt instruments		
Investment in promissory note of Cura Technology Inc- amortised cost		
Cura Technology Inc	105.41	39.65
Less: share of loss (refer note no 35)	(58.02)	(10.70)
Investment in promissory note (net)	**47.39**	**28.95**
Accrued interest on the promissory note	2.90	0.59
	50.29	**32.54**

7 Loans
(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Non-current		
To parties other than related parties		
Security deposits	204.71	129.68
Loan	13.00	-
To related parties		
Security deposits	79.88	72.88
Loan	127.30	-
	424.89	**202.56**
(b) Current		
To parties other than related parties		
Security deposits	78.26	30.07
Loan	4.00	-
	82.26	**30.07**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

8 Other financial assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Non-current		
Bank deposits (due to mature after 12 months from the reporting date)	1.08	1.33
Interest accrued but not due on fixed deposits	0.18	0.13
To related parties (refer note 33)		
Share application money pending allotment	-	18.54
	1.26	**20.00**
(b) Current		
To parties other than related parties		
Interest accrued on fixed deposits but not due	1.92	4.91
Interest accrued on security deposit	3.91	2.88
Unbilled revenue	132.19	127.17
Loans and advances	0.01	200.00
To related parties (refer note 33)		
Due for reimbursement of expenses	0.91	17.75
	138.94	**352.71**

9 Income tax assets (net)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Advance income tax and tax deducted at source, net	306.98	188.75
Income-tax paid under protest	10.00	10.00
	316.98	**198.75**

10 Other assets

(Unsecured and considered good, unless otherwise stated)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Non-current		
To parties other than related parties		
Security deposits	40.60	30.00
Capital advances	125.87	83.07
Prepaid expenses	82.52	102.85
Right to use assets	147.53	-
Prepaid rent	170.68	229.00
(Unsecured considered doubtful)		
Prepaid rent	19.24	19.24
Less: provision for prepaid rent	19.24	19.24
	-	-
Capital advances	-	10.08
Less: Provision for doubtful advances	-	10.08
	-	-
To related parties (refer note 33)		
Prepaid expense	218.33	234.18
Prepaid rent	35.74	42.71
	821.27	**721.81**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(b) Current		
To parties other than related parties		
Prepaid expenses	281.70	59.59
Balances with statutory /government authorities	5.49	4.44
Advance to vendors	95.55	55.47
Other loans and advances	45.76	21.55
Right to use assets	16.40	-
Other assets	103.64	-
Prepaid rent	16.33	13.89
(Unsecured considered doubtful)		
Prepaid rent	0.24	0.24
Less: provision for prepaid rent	0.24	0.24
	-	-
To related parties (refer note 33)		
Prepaid expense	15.79	15.72
Prepaid rent	6.97	6.97
Due for reimbursement of expenses	5.56	21.49
	593.19	**199.12**

11 Inventories

(Valued at lower of cost and net realisable value)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Medical consumables, drugs and surgical equipments	849.50	531.55
Less: Provision for write down to net realisable value	13.26	7.95
	836.24	**523.60**

12 Trade receivables

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Unsecured, considered good	2,789.76	1,569.10
Unsecured, considered doubtful	302.03	127.66
	3,091.79	**1,696.76**
Loss allowance		
Unsecured considered doubtful	(302.03)	(127.66)
Net trade receivables	**2,789.76**	**1,569.10**
Of the above, trade receivables from related parties are as follows:		
Trade receivables (refer note 33)	374.56	67.59
Credit loss allowance	(0.66)	(3.29)
Net trade receivable from related parties	**373.90**	**64.30**

The Company uses a provision matrix to determine expected credit loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At each reporting period, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Notes
to the consolidated financial statements for the year ended 31 March 2018 (Continued)

India Category	Ageing Within due date	Due date to 1 Year	More than 1 year from due date
ESI/CGHS/SCHEMES	1.76%	12.02%	52.88%
Others	0.63%	8.94%	51.87%

Rest of the world - Cayman Islands	Ageing			
Category	0 – 150 days	151 – 270 days	271 – 364 days	>= 365 days
Default rate	Nil	25.00%	50.00%	100.00%

The Company's exposure to credit risk, currency risks and loss allowances are disclosed in note 51

13 Cash and bank balances

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Cash and cash equivalents		
Cash on hand	30.93	10.31
Balance with banks		
In current accounts	294.87	252.12
In deposit accounts (with original maturity of 3 months or less)	7.49	
	333.29	**262.43**
(b) Bank balances other than above		
-In deposit accounts (due to mature within 12 months of the reporting date)*	19.25	78.77
	19.25	**78.77**

* The above deposits are restrictive as they pertain to bank guarantee.

For the purpose of the Statement of cash flow, cash and cash equivalents comprise the following:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Cash on hand	30.93	10.31
Balance with banks		
In current accounts	294.87	252.12
	325.80	**262.43**
Less: Bank overdraft used for cash management purpose	375.81	90.22
Cash and cash equivalents in the statement of cash flow	**(50.01)**	**172.21**

14 (a) Equity share capital

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Authorised		
309,000,000 * equity shares (previous year: 300,000,000 equity shares) of ₹ 10 each	3,090.00	3,000.00
71,000,000 * (previous year : Nil) Preference shares of ₹ 10 each	710.00	-
Issued, subscribed and paid up		
204,360,804 equity shares (previous year: 204,360,804 equity shares) of ₹ 10 each, fully paid up	2,043.61	2,043.61
	2,043.61	**2,043.61**

*The amalgamation of NewRise Healthcare Private Limited with the Company was approved by Ministry of Corporate Affairs on 4 October 2017 and accordingly as per the scheme of amalgamation the authorised share capital of the company has been increased by 9,000,000 equity shares and 71,000,000 preference shares.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(i) Reconciliation of number of equity shares outstanding at the beginning and at the end of the year:

(₹ in million except for number of shares)

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Shares outstanding at the beginning of the year	204,360,804	2,043.61	204,360,804	2,043.61
Shares issued during the year	-	-	-	-
Shares outstanding at the end of the year	**204,360,804**	**2,043.61**	**204,360,804**	**2,043.61**

(ii) Rights, preference and restrictions attached to equity shares:

The Company has equity shares having a nominal value of ₹ 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.

The Company has preference shares having a nominal value of ₹ 10 each. Preference shares are non-convertible, non-cumulative, non-participating and carry preferential right vis-à-vis equity shares of the Company with respect to payment of dividend and repayment in case of winding up or repayment of capital and shall carry voting rights as per the provisions of Section 47(2) of the Companies Act, 2013.

(iii) Particulars of shareholders holding more than 5% equity shares:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Dr Devi Prasad Shetty	64,700,571	31.66%	64,700,571	31.66%
Shakuntala Shetty	62,083,095	30.38%	62,083,095	30.38%
CDC Group PLC	11,765,046	5.76%	11,765,046	5.76%
Ashoka Investment Holdings Limited	-	-	10,971,130	5.37%
	138,548,712	**67.80%**	**149,519,842**	**73.17%**

(iv) 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 shares for consideration other than cash during the period of five years immediately preceding the last balance sheet date except, the issue of 199,654,247 bonus shares on 25 March 2015 and conversion of Optionally Convertible Debentures along with accrued interest into 4,360,804 equity shares on 1 December 2015.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

14 (b) Other Equity

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Capital reserve		
At the commencement of the year	1.54	1.54
Add: Adjustment towards acquisition of subsidiary	142.38	-
At the end of the year	143.92	1.54
Securities premium account		
At the commencement of the year	4,901.24	4,901.24
Add: Securities premium on issue of equity shares during the year	-	-
At the end of the year	4,901.24	4,901.24
Treasury shares		
At the commencement of the year	(20.07)	(20.40)
Add: Additions during the year	0.54	0.33
At the end of the year	(19.53)	(20.07)
Share options outstanding		
At the commencement of the year	93.42	34.02
Add: Amounts recorded on grants during the year	42.46	59.40
At the end of the year	135.88	93.42
General reserve		
At the commencement of the year	250.00	250.00
At the end of the year	250.00	250.00
Retained earning		
At the commencement of the year	2,285.28	1,455.21
Add: Net profit after tax transferred from statement of profit and loss	514.02	830.52
Less: Share of non controlling interest	(0.55)	
Less: Liquidation of subsidiary	(6.99)	(0.45)
At the end of the year	2,791.76	2,285.28
Other Comprehensive Income		
Foreign currency translation reserve		
At the commencement of the year	83.40	102.57
Add: Additions during the year	45.27	(19.17)
At the end of the year	128.67	83.40
Re-measurement of defined benefit plans		
At the commencement of the year	(7.60)	(7.97)
Add: Addition during the year	2.04	0.37
Less: Share of non controlling interest	(0.00)	-
At the end of the year	(5.56)	(7.60)
Effective portion of cash flow hedge reserve		
At the commencement of the year	-	-
Add: Addition during the year	(12.52)	-
At the end of the year	(12.52)	-
	8,313.86	**7,587.21**

Capital reserve

Capital reserve was created at the time of acquisition of hospital in Barasat and acquisition of the subsidiary Health City Cayman Islands Ltd .

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.

Treasury shares

Own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from other equity.

Share options outstanding account

The Group has established a share based payment plan for eligible employees of the Company, its subsidiaries or associates. Also refer note 42 for further details on these plans.

General reserve

General reserve is used from time to time to transfer profits from retained earnings for appropriate purposes.

Foreign currency translation reserve

The foreign currency translation reserve has arisen on account of translation of financial statements / information of foreign subsidiaries and associates in accordance with Ind AS- 21 The Effects of changes in Foreign Exchange Rates.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

15 Non controlling interests

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Balance at the beginning of the year	2.36	2.73
Share of profit / (loss) for the year	0.55	(0.37)
Balance at the end of the year	**2.91**	**2.36**

16 Borrowings

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Non-current		
(i) Secured		
Term loans		
From banks (refer note I)	7,639.61	2,076.87
Less: Current maturity of long term debt [refer note 17 (b)]	(676.29)	(278.86)
	6,963.32	**1,798.01**
(b) Current		
(i) Secured		
Loans repayable on demand		
Bank overdrafts (refer note II)	375.81	90.22
	375.81	**90.22**

I Term loans from banks :

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Term loan from HSBC Bank : ₹ 33.00 million (previous year : ₹ 99.00 million). It is repayable in 2 quarterly instalments from the reporting date, (previous year 5 quarterly instalments). Interest is charged at 8.10% p.a.(previous year 8.80%)	Secured via mortgage of title deeds on the immovable property of Narayana Hospital Private Limited.
(ii)	Term loan from HSBC Bank : ₹ 37.50 million (previous year: ₹ 87.50 million). It is repayable in 3 quarterly instalments from the reporting date (previous year 7quarterly instalments). Interest is charged at 8.10% p.a.(previous year 8.80%)	
(iii)	Term loan from HSBC Bank : ₹ 19.00 million (previous year : ₹ 38.00 million). It is repayable in 4 quarterly instalments from the reporting date (previous year 8 quarterly instalments). Interest is charged at 8.10 % p.a (previous year: 9.50% p.a,)	
(iv)	Term loan from HSBC Bank : ₹ 270.00 million (previous year : ₹ nil). It is repayable in 20 quarterly instalments (previous year: nil) from December 2019 after moratorium period of 18 months from date of 1st disbursement. Date of 1st disbursement is 12 March 2018. Interest is charged at 8.30% p.a. (previous year: nil)	Movable Fixed Assets created out of the loan by Narayana Hrudayalaya Limited
(v)	Term loan from ICICI Bank: ₹ 900.00 million (previus year : ₹ 580.00 million). Repayable in 96 monthly instalments (previous year: nil) from 31 January 2019 after 3 years Moratorium from date of 1st Disbursement. Date of 1st Disbursement 19th January 2016. Interest is charged at 8.50% p.a., (previous year: 9.35% p.a.)	Movable Fixed Assets created out of the loan by Narayana Hrudayalaya Limited
(vi)	Foreign currency loan taken from EXIM Bank : ₹ nil ($ nil) [previous year : ₹ 145.88 million($ 2.25 million)]. Fully repaid during the year (previous year: 10 quarterly Instalments). Interest was linked to the Libor (6 month) + 340 base points. (previous year: Libor (6 month) + 340 base points).	Exclusively charge on land and building of Narayana Hrudayalaya Limited located over Sy NO:135/1 and 135/2 Kittiganahalli Attibele Hobli, Anekal Taluk, Bangalore.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(vii)	Foreign currency loan taken from EXIM Bank : ₹ 1,626.10 million ($ 25 million) [previous year: nil]. It is repayable in 28 quarterly instalments from January 2019 after Moratorium period of 12 months from the date of 1st disbursement (previous year: nil). Date of 1st disbursement is 2nd January 2018 Interest is linked to the Libor (6 month) + 175 base points. (previous year:nil).	Exclusive charge on the Land and Building of Narayana Hrudayalaya Limited located at Sy. No. 135/1 and 135/2 with an aggregate extent of Ac 4.35 guntas located at Narayana Health City, Bommasandra, Bangalore, Exclusive charge on the Land and Building located at Sy. No. 1/1, 1/2, 2/2, and 2/3 with an aggregate extent of Ac 3.24 guntas located at Narayana Health City, Bommasandra, Bangalore, Appropriate charge on the other tangible specific movable fixed assets.
(viii)	Term loan from SBI: ₹ 580.00 million (previous year: ₹ 200.00 million). Repayable in 96 monthly instalments from March 2019 after 2 years Moratorium from date of 1st disbursement (previous year: nil). Date of 1st Disbursement 31st March 2017. Interest is charged at 8.15% p.a.(previous year: 8.35% p.a.)	Movable Fixed Assets created out of the loan and exclusively charge on land and building Gurugram hospital of Narayana Hrudayalaya Limited located in Plot # 3201, Phase III, DLF city, Gurgaon, Harayana.
(ix)	Term loan from SBI: ₹ 1,170.85 million (previous year: ₹ nil). Repayable in 31 quarterly instalments from December 2019 after 2 years Moratorium from date October 2017 (previous year: nil). Interest is charged at 8.15% p.a.(previous year: nil).	
(x)	Term loan from Yes Bank Ltd - FCNR : ₹ 351.65 million (previous year: ₹ 355.25 million) fully repayable on 25th June 2018 Interest @ 09.73% p.a.(previous year: 9.73%,)	Exclusive charge on Movable Fixed assets of (present and future) and current assets of the Narayana Hrudayalaya Surgical Hospital Private Limited (present and future) excluding those charged to any other lender/vendor and those charged to Yes Bank LC facilities.
(xi)	Term loan from Yes Bank Ltd: ₹ 49.57 million (previous year : nil) repayable in 40 quarterly instalments from May 2018 Interest @ 1 year MCLR + 10 basis points (previous year: nil)	Exclusive charge on Movable Fixed assets (present and future) and current assets of Narayana Hrudayalaya Surgical Hospital Private Limited (present and future) excluding those charged to any other lender/vendor and those charged to Yes Bank LC facilities.
(xii)	Term loan from State Bank Of India: ₹ 134.83 million (previous year : ₹ 181.66 million). It is repayable in 10 quarterly installments from the reporting date, (previous year : 14 quarterly instalments). Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a. (previous year : 9.25% p.a.)	Term loan from State Bank Of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (Lease valid till 2036) of Meridian Medical Research & Hospital Limited and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Company including a first charge on inventories and trade receivables of the company ; and corporate guarantee of Narayana Hryudalaya Limited.
(xiii)	Term loan from State Bank Of India: ₹ 33.90 million (previous year : ₹ 45.88 million). It is repayable in 10 quarterly instalments from the reporting date, (previous year : 14 quarterly instalments). Interest is linked to the base rate plus 0.35% Base rate as on 31 March 2018 being 9.25% p.a. (previous year : 9.25% p.a.)	
(xiv)	Term loan from State Bank Of India: ₹ 233.14 million (previous year : ₹ 246.88 million). It is repayable in 27 quarterly instalments from the reporting date i.e. 31 March 2018 (previous year : 31 quarterly instalments). Interest is linked to the base rate plus 0.35%. Base rate as on 31 March 2018 being 9.15% p.a. (previous year : 9.25% p.a.)	
(xv)	Term loan from State Bank Of India: ₹ 84.81 million (previous year : ₹ 96.82 million) It is repayable in 26 quaterly instalments from the reporting date i.e. 31 March 2018 (previous year : 30 quarterly instalments). Interest is linked to the base rate plus 0.35% (Base rate as on 31st March 2018 being 9.25% p.a. (previous year : 9.25% p.a.)	
(xvi)	Term loan from State Bank Of India: ₹ 33.85 million (previous year : ₹ Nil) It is repayable in 11 quaterly instalments from the reporting date i.e. 31 March 2018 (previous year : Nil). Interest is linked to the base rate plus 0.35% (Base rate as on 31st March 2018 being 9.25% p.a. (previous year : Nil)	
(xvii)	Term loan from FCIB: ₹ 2081.41 million (previous year : ₹ Nil) It is repayable in quaterly instalments from August 2018 (previous year : Nil). Interest is linked to the Libor (3 month) + 175 base points. (previous year: nil).	Secured by corporate guarantee of Narayana Hrudayalaya Limited.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

II Overdraft and Cash Credit facilities:

Sl No.	Details of repayment terms, interest and maturity	Nature of security
(i)	Overdraft facility from Yes Bank Limited ₹ 56.56 million (previous year: Nil) carry interest rate of 0.30% above the base rate (previous year : base rate as being 0.25% p.a.), to be paid on monthly basis.	It is secured by current assets (both present and future), subservient charge on movable fixed assets of Narayana Hrudayalaya Surgical Hospital Private Limited and corporate guarantee of Narayana Hrudayalaya Limited.
(ii)	Overdraft from State Bank Of India: ₹ 41.46 million (previous year: ₹ 45.34 million). It is repayable on demand linked to the base rate plus 0.35%. Base rate as on 31 March 2018 being 9.25%p.a. (previous year : 9.25%,p.a).	'Overdraft from State Bank of India, SME Branch, Howrah are secured by equitable mortgage of 3.0832 acre of leasehold land (lease valid till 2036) in the name of Company and 5 storey building comprising of old hospital at JL No-38 Mouza Podra, PS Sankrail ranihati, Howrah (on pari-passu basis) Co-operative Society Ltd, Title deed no 396 of Old hospital purchased by the company & by hypothecation of all movable assets including medical equipments, furniture & other miscellaneous fixed assets of the Meridian Medical Research & Hospital Limited including a first charge on inventories and trade receivables of the Meridian Medical Research & Hospital Limited ; and corporate guarantee of Narayana Hryudalaya Limited (Holding Company).
(iii)	Overdraft facilities from HSBC bank ₹ 277.79 million (previous year: ₹ nil) carry interest ranging between 7.90% - 9.25% (previous year: nil) computed on a monthly basis on the actual amount utilised and are repayable on demand.	These are secured by pari passu charge by way of hypothecation of inventories, trade receivables, and specific charge on fixed assets of Narayana Hrudayalaya Limited.
(iv)	Overdraft facilities from YES bank ₹ nil (previous year: ₹ 44.88 million) carry interest nil (previous year: carry interest ranging between 8.40% - 10.25%) computed on a monthly basis on the actual amount utilised and are repayable on demand.	These are secured by pari passu charge by way of hypothecation of inventories, trade receivables, and specific charge on fixed assets of Narayana Hrudayalaya Limited.

17 Other financial liabilities

(₹ in million)

Particulars		As at 31 March 2018	As at 31 March 2017
(a)	**Non-current**		
	Payable towards share purchased for Employee Stock Option Plan (ESOP) Trust	20.40	20.40
	Creditors for capital goods	52.82	-
	Liability towards business acquistion	887.10	-
	Liability towards assets replacement cost	67.98	38.79
	Derivatives designated and effective as hedging instruments carried at fair value		
	Interest rate swap	16.50	-
		1,044.80	**59.19**
(b)	**Current**		
	Current maturities of long-term borrowings with banks *	676.29	278.86
	Liability towards business acquistion	175.40	-
	Interest accrued but not due on borrowings	29.74	0.74
	Deposits received	1.72	-
	Creditors for capital goods	185.95	411.91
	Other financial liabilities	19.81	1.28
		1,088.91	**692.79**

* The Group's exposure to currency and liquidity risks related to other financial liabilities are disclosed in note no 51.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

18 Provisions

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Non-current		
Provision for employee benefits		
Gratuity	144.42	150.84
	144.42	**150.84**
(b) Current		
Provision for employee benefits		
Gratuity	61.57	12.42
Compensated absences	180.97	109.81
	242.54	**122.23**

19 Other liabilities

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
(a) Non-current		
Unearned revenue	17.63	18.75
Payable towards Gratuity Trust	-	1.06
Rent equalisation reserve	53.51	35.57
Deferred liability for assets funding	5.43	-
Others	2.51	-
Deferred government liability for EPCG Licence**	6.10	-
Deferred government grant*	1,264.46	1,297.75
	1,349.64	**1,353.13**
(b) Current		
Deferred liability for assets funding	1.62	-
Advance from patients	132.17	101.42
Unearned revenue	10.65	7.66
Deferred government grant*	35.58	37.57
Statutory liabilities (vat, sales tax, tds etc.)	145.09	104.96
Other liabilities	91.94	2.47
To related parties		
Other payables	10.43	-
Unearned revenue	1.00	-
	428.48	**254.08**

Summary of the government grant received by the Group and its annual amortisation:-

Nature	Original grant amount	Annual amortisation
Monetary grant received for purchasing Property, plant and equipment	220.00	13.97
Non- Monetary grant received for importing Property, plant and equipment	6.10	-
Land allotted at a concessional rate for setting up hospital	1,278.53	21.31

*During the financial year 2013-14, the Company had received capital grant from the Assam Government amounting to ₹ 220 million for purchase of fixed assets for operating the hospital in Assam. The Company has recognized this grant as deferred income at fair value which is being amortised over the useful life of the fixed assets in proportion in which the related depreciation is recognized.

The Group had been allotted land at concessional rate from Government of Rajasthan and Gujarat in the financial year 2007-08 and 2008-09 respectively for setting up hospitals. The Group has recognized all the grants as deferred income at fair value. The deferred income pertaining to land is being amortised over the life of the building whereas for the fixed assets is being amortised over the useful life of the fixed assets in proportion to which the related depreciation is recognized.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

**During the financial year 2017-18, the Company had received capital grant in the form of EPCG licence from Government of India amounting to ₹ 6.10 million for import of capital goods subject to fulfilment of export obligation in next 6 years. The Company has recognized this grant as deferred government liability for EPCG licence at fair value. The company will recognize deferred grant income in the statement of profit and loss as per Ind AS.

20 Trade payables

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Total outstanding dues of micro enterprises and small enterprises	18.16	11.50
Total outstanding dues of creditors other than micro enterprises and small enterprises*	2,943.76	2,054.31
	2,961.92	**2,065.81**

*includes payables to related parties (refer note 33)

The Group's exposure to currency and liquidity risks related to trade payable is disclosed in note 51

21 Income tax liabilities (net)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Provision for tax (net)	-	0.43
	-	**0.43**

22 Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Income from medical and healthcare services	21,339.75	17,687.74
Sale of medical consumables and drugs	1,205.79	794.02
Other operating revenue:		
Other healthcare services	21.52	39.85
Teleradiology income	16.90	16.82
Revenue share income	34.20	30.21
Revenue from nursing school	11.78	9.50
Other medical and health care services	0.18	-
Income from patients amenities	67.34	59.34
Income from arrangement with trust (refer note 46(b))	111.61	144.17
	22,809.07	**18,781.65**

23 Other income

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Donations received	-	0.06
Interest income on		
- Bank deposits	5.30	6.97
- Unsecured loan	8.07	0.71
- Others	14.12	35.06
Interest income from financial asset at amortised cost	15.32	9.64
Government grant	35.28	37.57
Guarantee commission	8.84	14.95
Profit on sale of fixed asset	0.20	-
Profit on sale of investment	3.10	5.11
Miscellaneous income	98.77	64.75
	189.00	**174.82**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

24 Changes in inventories of medical consumables, drugs and surgical equipments (Increase) / decrease

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Inventory at the beginning of the year	523.60	497.47
Add: Inventory on acquisiton of subsidiary (refer note 45 (b))	211.42	-
Inventory at the end of the year	860.23	527.28
	(125.21)	**(29.81)**

25 Employee benefits

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Salaries, wages and bonus	4,081.17	3,327.56
Contribution to provident and other funds (refer note 37)	328.72	278.26
Share based payment to employees (refer note 42)	42.46	59.40
Staff welfare expenses	204.51	86.88
	4,656.86	**3,752.10**

During the financial year 2017-18, project salary cost amounting to ₹ 51.35 million (previous year: ₹ 15.79 million) has been capitalised through Capital work- in- progress (refer note 4).

26 Other expenses

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Hospital operating expenses		
Power and fuel	650.82	498.97
Hospital general expenses	293.75	263.09
House keeping expenses	632.29	516.83
Patient welfare expenses	323.10	290.11
Rent	581.55	482.13
Medical gas charges	72.41	61.75
Biomedical wastage expenses	13.06	12.28
Repairs and maintenance		
- Hospital equipments	544.98	432.06
- Buildings	88.35	60.37
- Others	353.64	261.89
	3,553.95	**2,879.48**
Administrative expenses		
Travel and conveyance	184.96	156.49
Security charges	205.12	176.77
Printing and stationery	123.65	106.78
Rent	112.00	76.59
Advertisement and publicity	509.85	374.87
Legal and professional fees	178.69	167.95
Payment to auditors (refer note (i) below)	8.00	12.91
Business promotion	295.66	173.21
Telephone and communication	73.64	52.54
Bank charges	78.12	57.78
Insurance	77.41	44.08
Corporate social responsibility (refer note (ii) below)	22.82	13.60
Rates and taxes	54.96	34.19
Books and periodicals	21.53	12.74

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Provision for doubtful debts	83.06	(58.98)
Bad debts written off	30.27	127.69
Donations paid	6.23	-
Loss on sale of fixed assets	14.83	14.10
Foreign exchange loss, (net)	15.47	2.49
Provision for prepaid rent	-	19.48
Assets written off	-	27.48
Miscellaneous expenses	26.54	54.04
	2,122.81	**1,646.80**
	5,676.76	**4,526.28**

(i) Payment to auditors*

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
As an auditor		
Audit fee	6.60	9.71
Limited review	1.40	2.21
In other capacity:		
Other services (certification fees)	-	0.25
Reimbursement of expenses	-	0.74
Total	**8.00**	**12.91**

*excluding taxes

(ii) Corporate social responsibility

Consequent to the requirements of Section 135 of the Companies Act 2013, the Company has made contributions as stated below. The same is in line with activities specified in Schedule VII of the Companies Act, 2013.

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
a) Gross amount required to be spent by Group during the year	19.36	13.22
b) Amount spent during the year (in cash)		
(i) Construction/acquisition of any asset	-	-
(ii) On purposes other than above	22.82	13.60
	22.82	**13.60**

27 Finance costs

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Interest expense on financial liabilities measured at amortised cost		
-term loans from banks	255.45	184.16
-bank overdraft	14.42	7.53
-commercial papers	4.37	0.50
-others	165.44	1.64
Other borrowing costs	1.85	0.82
Net loss on foreign currency transactions and translation to the extent regarded as borrowing costs	20.14	7.63
Finance cost on finance lease obligations	5.88	15.75
	467.55	**218.03**

During the year the company has capitalised interest cost amounting to ₹ 59.47 million (previous year : Nil)

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

28 Depreciation and amortisation expense

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Depreciation of property, plant and equipment (refer note 4)	923.33	775.55
Amortisation of intangible assets (refer note 4)	76.17	23.66
	999.50	**799.21**

29. Contingent liabilities and commitments

(i) Contingent liabilities

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Claims against the Group not acknowledged as debts in respect of:		
a) Sales tax (refer note A below)	31.83	-
b) Income tax (refer note B below)	12.17	12.17
c) Customer claim (refer note C below)	-	3.50
Guarantees:		
a) Bank guarantee	25.00	465.65

Notes:

A. Sales Tax

a) For financial year 2011-12, the Company has received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003. Based on Company's submission, the department has issued an order with a demand of ₹ 10.31 million by levying tax on sale of food to patients . Against this demand, the Company has deposited ₹ 3.1 million with the department and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

b) For financial year 2012-13, the Company has received a notice proposing levy of value added tax on sale of food to patients and sale of implants, medicines and consumables under Karnataka Value Added Tax Act, 2003.Based on Company's submission, the department has issued an order with a demand of ₹ 21.52 million by levying tax on sale of food to patients. Subsequent to year end, against this demand the Company has deposited ₹ 6.45 million and filed an application for stay with Joint Commissioner of Commercial Taxes(Appeal).

B. Income Tax

For assessment year 2009-2010 the Group had received an assessment order under section 143(3) of the Income Tax Act, 1961 on 28 December 2011 with a demand of ₹ 12.17 million. Against this demand, the Company had paid ₹ 10.00 million under protest and filed an appeal with the Commissioner of Income Tax (Appeals) (CIT(A)). CIT(A) had issued an order in favour of the Company. The department then filed an appeal with the Income Tax Appellate Tribunal (ITAT) against the order of CIT(A). On 23 January 2015, ITAT had issued an order in favour of the Company. Subsequently, the department has filed an appeal with High Court of Karnataka challenging the order of ITAT.

C. Customer claim

These pertained to customer claims for the previous year of ₹ 13.50 million as against an insurance coverage of ₹ 10.00 million for one of the subsidiary companies. These were pending before district consumer and state consumer forums.

The Group believes that other 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 other commitments not provided for amounts to ₹ 150.03 millions (previous year: ₹ 219.09 millions).

30. Leases

The Group has taken various medical equipment, hospital premises, office and residential premises under operating leases. The leases typically run for a term ranging from one to twenty years, with an option to renew the lease after the term completion. The escalation clause in these arrangements range from 5% to 10%.

Notes
to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(i) Future minimum lease payments under non-cancellable operating leases are as follows:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Not later than 1 year	136.79	81.95
Later than 1 year and not later than 5 years	527.91	334.23
Later than 5 years	1,097.09	505.15

(ii) Amounts recognised in consolidated statement of profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Cancellable	525.18	467.34
Non-cancellable	168.37	91.38
	693.55	**558.72**

31 Management agreements

The Company has management agreement for the management, operation and utilization of their hospital facilities. As a consideration towards the aforesaid arrangement, the Company is obligated to offer discounts to patients nominated by the trust at free of cost/ concession as per the terms of the agreement. The discounts thus offered have been recognised as revenue amounting to ₹ 12.11 millions (previous year: ₹ 12.11 millions) with a corresponding charge to rent expense.

32 Segment information

Operating Segments

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises 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 Group's performance and allocates resources on overall basis. The Group's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosures to be provided under Ind AS 108, other than those already provided in the financial statements.

Entity wide disclosures - Geographical information

Geographical information analyses the Group's revenue and non-current assets by the group'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.

(i) Revenue from operations

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
India	22,039.37	18,642.72
Rest of the world - Cayman Islands	769.70	138.93
	22,809.07	**18,781.65**

(ii) Non-current assets *

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
India	16,045.13	12,268.76
Rest of the world - Cayman Islands	3,923.53	-
	19,968.66	**12,268.76**

* Non-current assets exclude financial instruments, deferred tax assets and equity accounted investees

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(iii) Investment in associates accounted for by the equity method

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Mauritius	37.49	32.51
Cayman Islands**	-	895.77
	37.49	**928.28**

**Includes loss of ₹ 8.9 million recorded against the investment value of ₹ 8.9 million for the current and previous year.

33. Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Key Management Personnel (KMP)	Dr. Devi Prasad Shetty - Chairman
	Dr. Ashutosh Raghuvanshi - Managing Director
	Viren Shetty - Whole-time Director
	Kesavan Venugopalan - Chief Financial Officer
	Gene Thompson (with effect from 2 January, 2018)
Relatives of KMP	Dr. Varun Shetty
	Dr. Anesh Shetty
	Shakuntala Shetty
Associate	TriMedx India Private Limited (TriMedx)
Associates of subsidiary	Health City Cayman Islands Ltd (HCCI) (uptill 1 January 2018) (refer note 34)
	Cura Technologies Inc.(with effect from 15 November 2016)
	ISO Healthcare (with effect from 5 July 2016)
Enterprises under control/ joint control of KMP and their relatives	Narayana Health Academy Private Limited (NHAPL)
	Kateel Software Private Limited
	Hrudayalaya Pharmacy
	Charmakki Infrastructures
	Thrombosis Research Institute
	Narayana Hrudayalaya Foundation (NHF)
	Mazumdar Shaw Medical Foundation (MSMF)
	Daya Drishti Charitable Trust
	Narayana Hrudayalaya Charitable Trust (NHCT) (uptill 20 March 2017)
	Asia Heart Foundation (AHF)
	Healthcity Development Limited (with effect from 2 January 2018)
	Consulting service limited (with effect from 2 January 2018)
	Have a Heart Foundation (with effect from 2 January 2018)
	Office supply Ltd (with effect from 2 January 2018)
	Wyndham Reef Resort Grand Cayman (with effect from 2 January 2018)
	High Rock Property Maintenance (with effect from 2 January 2018)
Enterprises where control of the Company exists	Narayana Hrudayalaya Private Limited Employees Group Gratuity Trust

33 Related party disclosures

(b) Transactions with related parties during the year ended 31 March 2018

(₹ in million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Rent expense						
NHF	-	-	-	97.27	-	97.27
	(-)	(-)	(-)	(11.46)	(-)	(11.46)
AHF	-	-	-	10.06	-	10.06
	(-)	(-)	(-)	(10.06)	(-)	(10.06)
Charmakki Infrastructures	-	-	-	12.72	-	12.72
	(-)	(-)	(-)	(12.42)	(-)	(12.42)
MSMF	-	-	-	25.00	-	25.00
	(-)	(-)	(-)	(25.00)	(-)	(25.00)
TOTAL	-	-	-	145.05	-	145.05
	(-)	(-)	(-)	(58.94)	(-)	(58.94)
Other Expense						
Consulting Services Ltd	-	-	-	14.38	-	14.38
	(-)	(-)	(-)	(-)	(-)	(-)
Office Supply Ltd	-	-	-	1.01	-	1.01
	(-)	(-)	(-)	(-)	(-)	(-)
Healthcity Development Limited	-	-	-	2.56	-	2.56
	(-)	(-)	(-)	(-)	(-)	(-)
High Rock Property Maintenace	-	-	-	3.74	-	3.74
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	-	-	-	21.69	-	21.69
	(-)	(-)	(-)	(-)	(-)	(-)
Interest income on security deposit						
Charmakki Infrastructures	-	-	-	7.00	-	7.00
	(-)	(-)	(-)	(6.38)	(-)	(6.38)
Reimbursement of expenses						
HCCI	-	-	7.71	-	-	7.71
	(-)	(-)	(23.76)	(-)	(-)	(23.76)
AHF	-	-	-	0.06	-	0.06
	(-)	(-)	(-)	(0.48)	(-)	(0.48)
NHF	-	-	-	0.16	-	0.16
	(-)	(-)	(-)	(-)	(-)	(-)
Daya Drishti Charitable Trust	-	-	-	-	-	-
	(-)	(-)	(-)	(0.25)	(-)	(0.25)

Figures in brackets are for previous year.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Consulting Service Ltd	-	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)	(-)
Have a Heart Foundation	-	-	-	0.03	-	0.03
	(-)	(-)	(-)	(-)	(-)	(-)
TOTAL	-	-	7.71	0.28	-	7.99
	(-)	(-)	(23.76)	(0.73)	(-)	(24.49)
Payment of share application money						
HCCI	-	-	-	-	-	-
	(-)	(-)	(96.09)	(-)	(-)	(96.09)
Cura Technologies Inc.	-	-	-	-	-	-
	(-)	(-)	(2.67)	(-)	(-)	(2.67)
TOTAL	-	-	-	-	-	-
	(-)	(-)	(98.76)	(-)	(-)	(98.76)
Advance given for payment to employees						
HCCI	-	-	0.69	-	-	0.69
	(-)	(-)	(1.98)	-	(-)	(1.98)
Advance to supplier						
Health City Development Ltd	-	-	-	3.42	-	3.42
	(-)	(-)	(-)	(-)	(-)	(-)
Investment in equity instruments						
TriMedx	-	-	8.58	-	-	8.58
	(-)	(-)	(-)	(-)	(-)	(-)
Revenue from healthcare services						
NHCT	-	-	-	-	-	-
	(-)	(-)	(-)	(6.31)	(-)	(6.31)
NHF	-	-	-	0.01	-	0.01
	(-)	(-)	(-)	(0.10)	(-)	(0.10)
Consulting Services Ltd	-	-	-	0.10	-	0.10
	(-)	(-)	(-)	(-)	(-)	(-)
Have A Heart Foundation	-	-	-	3.92	-	3.92
	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	-	-	4.03	-	4.03
	(-)	(-)	(-)	(6.41)	(-)	(6.41)
Sales of medical consumables and drugs						
HCCI	-	-	86.44	-	-	86.44
	(-)	(-)	(138.93)	(-)	(-)	(138.93)
Guarantee commission						
HCCI	-	-	8.84	-	-	8.84
	(-)	(-)	(14.95)	(-)	(-)	(14.95)

Figures in brackets are for previous year.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Software license fees						
HCCI	-	-	5.82	-	-	5.82
	(-)	(-)	(9.81)	(-)	(-)	(9.81)
Donation given						
Thrombosis Research Institute	-	-	-	-	6.12	6.12
	(-)	(-)	(-)	(-)	(-)	(-)
Patents transferred						
Cura Technologies Inc.	-	-	-	-	-	-
	(-)	(-)	(6.56)	(-)	(-)	(6.56)
Advance on account of discount entitlement						
AHF	-	-	-	-	-	-
	(-)	(-)	(-)	(7.91)	(-)	(7.91)
Discount entitlement (excluding tax)						
AHF	-	-	-	12.11	-	12.11
	(-)	(-)	(-)	(12.11)	(-)	(12.11)
NHF	-	-	-	6.00	-	6.00
	(-)	(-)	(-)	(-)	(-)	(-)
Total	-	-	-	18.11	-	18.11
	(-)	(-)	(-)	(12.11)	(-)	(12.11)
Investment in promissory note						
Cura Technologies Inc.	-	-	65.04	-	-	65.04
	(-)	(-)	(20.01)	(-)	(-)	(20.01)
Interest income on promissory note						
Cura Technologies Inc.	-	-	2.90	-	-	2.90
	(-)	(-)	(0.61)	(-)	(-)	(0.61)
Purchases of medical consumables and drugs						
Hrudayalaya Pharmacy	-	-	-	0.21	-	0.21
	(-)	(-)	(-)	(0.95)	(-)	(0.95)
Maintenance of medical equipments						
TriMedx	-	-	373.02	-	-	373.02
	(-)	(-)	(530.25)	(-)	(-)	(530.25)
Purchase of fixed assets						
Consulting Services Ltd	-	-	-	12.40	-	12.40
	(-)	(-)	(-)	(-)	(-)	(-)

Figures in brackets are for previous year.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Transactions	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Enterprises under significant influence of relative of KMP	Total
Lab outsourcing expenses						
MSMF	-	-	-	4.26	-	4.26
	(-)	(-)	(-)	(4.88)	(-)	(4.88)
Short term employee benefit*						
Dr. Devi Prasad Shetty	52.52	-	-	-	-	52.52
	(43.74)	(-)	(-)	(-)	(-)	(43.74)
Viren Shetty	10.55	-	-	-	-	10.55
	(9.48)	(-)	(-)	(-)	(-)	(9.48)
Dr. Varun Shetty	-	4.80	-	-	-	4.80
	(-)	(3.00)	(-)	(-)	(-)	(3.00)
Dr. Anesh Shetty	-	2.54	-	-	-	2.54
	(-)	(2.04)	(-)	(-)	(-)	(2.04)
Dr. Ashutosh Raghuvanshi	38.95	-	-	-	-	38.95
	(32.63)	(-)	(-)	(-)	(-)	(32.63)
Kesavan Venugopalan	18.12	-	-	-	-	18.12
	(15.22)	(-)	(-)	(-)	(-)	(15.22)
Total	120.14	7.34	-	-	-	127.48
	(101.07)	(5.04)	(-)	(-)	(-)	(106.11)
Long term employee benefit*						
Kesavan Venugopalan	-	-	-	-	-	-
	(4.00)	(-)	(-)	(-)	(-)	(4.00)
Share based payments						
Dr. Ashutosh Raghuvanshi	27.15	-	-	-	-	27.15
	(37.99)	(-)	(-)	(-)	(-)	(37.99)

Figures in brackets are for previous year.

*The amounts are determined as per section 17(2) of the Income tax Act, 1961 read with the related Rules.

Note:

Compensation to KMP is bifurcated into short-term employee benefits, long-term benefits and share based payments. The remuneration to KMP does not include the provisions made for gratuity and compensated absences, as they are obtained on an actuarial basis for the Company as a whole.

29. Related party disclosures(continued)

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

(₹ in million)

Balances	Year	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Other financial assets- Due for reimbursement of expense						
HCCI	31 March 2018	-	-	-	-	-
	31 March 2017	(-)	(-)	(15.71)	(-)	(15.71)
Hrudayalaya Pharmacy	31 March 2018	-	-	-	-	-
	31 March 2017	(-)	(-)	(-)	(0.92)	(0.92)
NHF	31 March 2018	-	-	-	0.91	0.91
	31 March 2017	(-)	(-)	(-)	(1.12)	(1.12)
TOTAL	31 March 2018	-	-	-	0.91	0.91
	31 March 2017	(-)	(-)	(15.71)	(2.04)	(17.75)
Other current assets- Due for reimbursement of expense						
AHF	31 March 2018	-	-	-	5.56	5.56
	31 March 2017	(-)	(-)	(-)	(21.49)	(21.49)
Other financial assets (Non-current)- Share application money pending allotment						
HCCI	31 March 2018	-	-	-	-	-
	31 March 2017	(-)	(-)	(18.54)	(-)	(18.54)
Other non-current assets- Prepaid expenses						
AHF	31 March 2018	-	-	-	218.33	218.33
	31 March 2017	(-)	(-)	(-)	(234.18)	(234.18)
Other current assets - Prepaid expenses						
AHF	31 March 2018	-	-	-	15.79	15.79
	31 March 2017	(-)	(-)	(-)	(15.72)	(15.72)
Financial assets-loans non-current - Security deposit and loans						
Healthcity Development Limited	31 March 2018	-	-	-	127.30	127.30
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Charmakki Infrastructures	31 March 2018	-	-	-	79.88	79.88
	31 March 2017	(-)	(-)	(-)	(72.88)	(72.88)
TOTAL	31 March 2018	-	-	-	207.18	207.18
	31 March 2017	(-)	(-)	(-)	(72.88)	(72.88)
Other non-current assets - Prepaid rent						
Charmakki Infrastructures	31 March 2018	-	-	-	35.74	35.74
	31 March 2017	(-)	(-)	(-)	(42.71)	(42.71)

Figures in brackets are for previous year.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Balances	Year	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Other current assets - Prepaid rent						
Charmakki Infrastructures	31 March 2018	-	-	-	6.97	6.97
	31 March 2017	(-)	(-)	(-)	(6.97)	(6.97)
Trade receivables						
HCCI	31 March 2018	-	-	-	-	-
	31 March 2017	(-)	(-)	(67.27)	(-)	(67.27)
NHF	31 March 2018	-	-	-	0.38	0.38
	31 March 2017	(-)	(-)	(-)	(0.32)	(0.32)
TriMedx -associate	31 March 2018	-	-	-	6.85	6.85
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Consulting Services Ltd	31 March 2018	-	-	-	0.09	0.09
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Have A Heart Foundation	31 March 2018	-	-	-	367.24	367.24
	31 March 2017	(-)	(-)	(-)	(-)	(-)
TOTAL	31 March 2018	-	-	-	374.56	374.56
	31 March 2017	(-)	(-)	(67.27)	(0.32)	(67.59)
Trade payables						
HCCI	31 March 2018	-	-	-	-	-
	31 March 2017	(-)	(-)	(1.71)	(-)	(1.71)
TriMedx	31 March 2018	-	-	6.47	-	6.47
	31 March 2017	(-)	(-)	(199.45)	(-)	(199.45)
Consulting Services Ltd	31 March 2018	-	-	-	2.55	2.55
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Charmakki Infrastructures	31 March 2018	-	-	-	0.44	0.44
	31 March 2017	(-)	(-)	(-)	(0.42)	(0.42)
NHF	31 March 2018	-	-	-	0.14	0.14
	31 March 2017	(-)	(-)	(-)	(0.16)	(0.16)
Office Supply Ltd	31 March 2018	-	-	-	0.62	0.62
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Wyndham Reef Resort Grand Cayman	31 March 2018	-	-	-	1.59	1.59
	31 March 2017	(-)	(-)	(-)	(-)	(-)
High Rock Property Maintenace	31 March 2018	-	-	-	3.78	3.78
	31 March 2017	(-)	(-)	(-)	(-)	(-)
MSMF	31 March 2018	-	-	-	13.50	13.50
	31 March 2017	(-)	(-)	(-)	(-)	(-)
TOTAL	31 March 2018	-	-	6.47	22.62	29.09
	31 March 2017	(-)	(-)	(201.16)	(0.58)	(201.74)

Figures in brackets are for previous year.

(₹ in million)

Balances	Year	Key Management Personnel	Relative of KMP	Associate/ Associates of subsidiary	Entity under control/joint control of KMP and their relatives	Total
Unearned revenue						
NHF	31 March 2018	-	-	-	1.00	1.00
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Other current liabilities - Other payables						
AHF	31 March 2018	-	-	-	10.43	10.43
	31 March 2017	(-)	(-)	(-)	(-)	(-)
Share based payments outstanding						
Dr. Ashutosh Raghuvanshi	31 March 2018	86.83	-	-	-	86.83
	31 March 2017	(59.70)	(-)	(-)	(-)	(59.70)
Guarantee outstanding						
HCCI	31 March 2018	-	-	-	-	-
	31 March 2017	(-)	(-)	(465.65)	(-)	(465.65)

Figures in brackets are for previous year.

Note:

(a) No amount in respect of related parties have been written off/back or provided for during the year.

(b) Related party relationships have been identified by the Management and relied upon by the auditors.

(c) A number of key management personnel, or their related parties, hold positions in other entities that result in them having control or significant influence over those entities.

A number of these entities transacted with the Group during the reporting period. The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with non-key management personnel related entities on an arm's length basis.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

34 Group Information

Information about subsidiaries and associates

(a) Subsidiaries

The consolidated financial statements of the group include the following subsidiaries:

Name	Principal Activities	Country of incorporation/ Principal place of business	Ownership interest held by Group	
			31 March 2018	31 March 2017
Narayana Institute for Advanced Research Private Limited (NIARPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Hospitals Private Limited (NHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Health Institutions Private Limited (NHIPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Cayman Holdings Ltd (NCHL)	Investment Company	Cayman Islands	100.00%	100.00%
Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM) (refer note c below)	Medical and Healthcare services	Malaysia	-	100.00%
Meridian Medical Research & Hospital Limited (MMRHL)	Medical and Healthcare services	India	99.12%	99.09%
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	Medical and Healthcare services	India	100.00%	100.00%
Narayana Holdings Private Limited (NHPL, Mauritius)	Investment Company	Mauritius	100.00%	100.00%
Health City Cayman Islands Ltd. (HCCI) (refer note d below)	Medical and Healthcare services	Cayman Islands	100.00%	NA

(b) Associates

The consolidated financial statements of the group include the following associates:

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			31 March 2018	31 March 2017
ISO Healthcare (with effect from 5 July 2016)	Medical and Healthcare services	Mauritius	20.02%	20.02%
Health City Cayman Islands Ltd. (HCCI) (refer note d below)	Medical and Healthcare services	Cayman Islands	NA	28.60%
Cura Technologies Inc. (with effect from 15 November 2016)	IT Services related to Healthcare	United States of America	43.33%	43.33%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

(c) During the year ended 31 March 2018, Narayana Hrudayalaya Hospitals Malaysia SDN. BHD, a wholly owned subsidiary has been liquidated and the Company received ₹ 14.87 million against the investment of ₹ 14.10 million (net of provision other than temporary diminution of ₹ 36.38 million). The liquidation process was completed on 24 April 2018.

(d) As of 1 January 2018, Ascension Health Ventures LLC ("AHV") and Naryana Cayman Holdings Limited ("NCHL") held 71.40% and 28.60% respectively in Health City Cayman Island Limited ("HCCI"). On 2 January 2018, HCCI bought back AHV's entire stake by transfer of funds. Consequently, the group obtained control over HCCI making it a wholly owned subsidiary on 02 January, 2018 and the formalities relating to the buyback were concluded in all respects on 12 January 2018.

35 Investment in associates

The Group has interest in the following companies. This has been accounted for using the equity method in the consolidated financial statements. The Group has significant influence either by virtue of shareholding being more than 20%, provision of essential technical service or Board representation. However the Group does not have control or joint control over any of them.

Name	Principal Activities	Country of incorporation/ Principal place of business	% equity interest	
			31 March 2018	31 March 2017
ISO Healthcare (with effect from 5 July 2016)	Medical and Healthcare services	Mauritius	20.02%	20.02%
Health City Cayman Islands Ltd. (HCCI)	Medical and Healthcare services	Cayman Islands	NA	28.60%
Cura Technologies Inc. (with effect from 15 November 2016)	IT Services related to Healthcare	United States of America	43.33%	43.33%
TriMedx India Private Limited (TriMedx)	Healthcare equipment management service	India	10.00%	10.00%

Summarised financial information of material associate HCCI:

(₹ in million)

Particulars	Health City Cayman Islands Ltd. (HCCI)	
	As at 31 March 2018*	As at 31 March 2017
Current assets	-	969.52
Non- current assets	-	4,120.36
Current liabilities	-	548.09
Non- current liabilities	-	1,457.64
Net assets	**-**	**3,084.15**
Ownership held by Group	0.00%	28.60%
Group's share of net assets	**-**	**882.07**
Add: Goodwill on consolidation	-	14.80
Add: Impact on account of foreign currency translation reserve	-	(1.10)
	-	**895.77**

* HCCI is a wholly owned subsidiary as at 31 March 2018

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Particulars	Health City Cayman Islands Ltd. (HCCI)	
	For the year ended 31 March 2018**	For the year ended 31 March 2017
Revenue	2,105.91	2,192.18
Loss before tax	**(11.08)**	**(154.68)**
Income tax	-	-
Loss for the year (continuing operations)	**(11.08)**	**(154.68)**
Total Comprehensive income	**(11.08)**	**(154.68)**
Ownership held by Group	28.60%	28.60%
Group's share of total comprehensive income	**(3.17)**	**(44.24)**
Less: unrealised gain	1.29	3.94
Group's share of total comprehensive income (net)	**(4.46)**	**(48.18)**

** HCCI was an associate of the group till 1 January 2018 and details have been presented as such.

The following table analyzes, in aggregate, the carrying amount and share of profit or loss of individually immaterial associates

Particulars	31 March 2018	31 March 2017
Carrying amount of interest in associate	37.49	32.51
Share of loss***	(41.89)	(31.16)
Share in total comprehensive income	(41.89)	(31.16)

*** Includes loss of ₹ 58.02 million (previous year : ₹ 10.70 million)recorded in excess of investment value considering this as "long term investment" as per Ind AS 28 Investments in Associate and Joint Ventures.

36. Investments, loans and guarantees

(a) The Group has paid the following amounts towards share application money for allotment of equity shares:

(₹ in million)

Entity	As at 31 March 2017	Payment / (refund) during the year	Allotment during the year	Foreign currency translation impact	As at 31 March 2018
Health City Cayman Island Ltd	18.54		(18.54)		
	18.54	**-**	**(18.54)**	**-**	**-**

(b) The Group has made investment in the following entities:

(₹ in million)

Entity	As at 31 March 2017	Allotment / Purchases during the year	Business combination adjustment (refer note 45)	Provision / write off	As at 31 March 2018
Investment in equity instruments					
Trimedx India Private Limited	3.00	8.58	-	(11.58)	-
Health City Cayman Island Ltd	1,439.52	-	(1,439.52)	-	-
Cura Technologies Inc.	9.27	-	-	-	9.27
ISO Healthcare	44.62	-	-	-	44.62
	1,496.41	**8.58**	**(1,439.52)**	**(11.58)**	**53.89**

(c) The Group has given loans to the following entity:

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of loans
Cura Technologies Inc.	20.01	65.04	85.05	Financial assistance
Mytec Process (P) Ltd.	-	17.00	17.00	Financial assistance
	20.01	**82.04**	**102.05**	

(d) The Group has provided guarantees to the following entity:

(₹ in million)

Entity	As at 31 March 2017	Consolidation adjustment	As at 31 March 2018	Purpose of guarantees
Health City Cayman Island Ltd (HCCI)	465.65	(465.65)	-	Bank guarantee given to Bank of America through Canara Bank for term loan taken by HCCI.
	465.65	**(465.65)**	**-**	

37. Employee benefits

A. Defined contribution plan

The Company makes contributions towards provident fund and employee state insurance to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The amount recognised as an expense towards contribution to Provident Fund and Employee State Insurance for the year aggregated to ₹ 268.66 million (previous year: ₹ 230.06 million)

B. Defined benefit plan

The Group 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. During the previous year, scheme was partly funded through the gratuity fund administered by a trust formed for this purpose and managed by Kotak Life Insurance and Life Insurance Corporation of India directly. The Group'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 Group recognizes actuarial gains and losses immediately in the consolidated statement of profit and loss.

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 Group's consolidated financial statements as at balance sheet date:

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation liability	242.26	188.33
Plan assets	42.22	31.34
Net defined benefit liability	**200.04**	**156.99**
Full and final settlement cases*	5.95	6.27
Liability for compensated absences	180.97	109.81
Total employee benefit liability	**386.86**	**273.07**
Non-current	**144.42**	**150.84**
Current	**242.54**	**122.23**

C. Reconciliation of net defined benefit (assets) / liability

i) Reconciliation of present values of defined benefit

The following table shows a reconciliation from the opening balances to the closing balances for net defined benefit (asset) liability and its components:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation as at 1 April	188.33	151.58
Benefits paid	(12.81)	(13.07)
Current service cost	45.18	38.54
Interest cost	13.56	10.93
Past service cost	3.52	-
Acquisition / Divestiture	7.93	-
Actuarial (gains) / losses recognised in other comprehensive income		
-changes in demographic assumptions	7.81	4.49
-changes in financial assumptions	3.41	13.58
-experience adjustments	(14.67)	(17.72)
Defined benefit obligations as at 31 March*	**242.26**	**188.33**

* The above amount does not include ₹ 5.95 million (previous year: ₹ 6.27 million) pertaining to employees who left the organisation but full and final settlement was not done till 31 March 2018. The same was computed on actual basis.

ii) Reconciliation of the present values of plan assets

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Plan assets at beginning of the year	31.34	16.31
Acquisition	6.72	-
Adjustments	(1.99)	-
Contributions paid into the plan	15.94	24.12
Interest income	2.20	1.27
Benefits paid	(11.93)	(13.02)
Return on plan assets recognised in other comprehensive income	(0.06)	2.66
Plan assets at the end of the year	**42.22**	**31.34**
Net defined benefit liability	200.04	156.99

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

D. i) Expense recognised in consolidated statement of profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	45.18	38.54
Interest cost	13.56	10.93
Past service cost	3.52	-
Interest income	(2.20)	(1.27)
	60.06	**48.20**

ii) Remeasurements recognised in other comprehensive income

(₹ in million)

Particulars	Year ended 31 March 2018	Year ended 31 March 2017
Actuarial (gain) loss on defined benefit obligation	(3.45)	(0.35)
Return on plan assets excluding interest income	0.06	2.66
	(3.39)	**2.31**

E. Plan Assets

Plan assets comprises of the following:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Government securities & debt instruments	42.22	31.34
	42.22	**31.34**

The nature of assets allocation of plan assets is in government securities and debt instruments of high credit rating.

F. 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 2018	As at 31 March 2017
Attrition rate	38.00%-50.00%	35.00%- 53.00%
Discount rate	6.70%-7.70%	6.25%-7.50%
Expected return on plan assets	6.70%-7.50%	6.25%-7.50%
Mortality table	IALM 2006-2008 Ultimate	IALM 2006-2008 Ultimate
Future salary increases	First year 9%, thereafter 6%	6.00%

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

As of 31 March 2018, the plan assets have been invested in insurer managed funds and the expected contributions to the fund during the year ending 31 March 2019, will be approximately ₹ 89.57 million (previous year: ₹212.13 million).

Notes
to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Maturity profile of defined benefit obligation

The following payments are expected contribution to the defined benefit plan in future year:

(₹ in million)

Particulars	Amount
1st following year	89.57
2nd following year	61.91
3rd following year	43.83
4th following year	31.10
5th following year	21.68
Year 6 to 10	36.63
More than 10 years	-

As at 31 March 2018, the average duration of the defined benefit obligations was 28-42 years (previous year: 25 -27 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 2018		31 March 2017	
	Increase	Decrease	Increase	Decrease
Discount rate (0.5% movement)	(2.50)	2.56	(13.91)	15.66
Future salary increase (0.5% movement)	2.02	(2.04)	15.03	(13.52)
Attrition rate (0.5% movement)	(0.42)	0.42	3.22	(3.21)
Mortality rate (10% movement)	0.01	(0.01)	1.48	(1.48)

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.

38 Leasehold land includes 36 acres of land acquired by Narayana Hospitals Private Limited ("NHPL") in the year 2008 under perpetual lease from Government of Gujarat amounting to ₹ 1,652.38 million. The aforesaid land has been granted to NHPL by Government of Gujarat at a concessional rate under Gujarat Health Project for construction of heart hospital with certain conditions including but not limited to the following:

-1,000 bed hospital for cardiac surgery should be built and be operational within 18 months from the date of completing legal formalities/ handing over with clear title and after obtaining all necessary permissions from all concerned departments. Self dependent 100 seat medical college under Medical Council of India ('MCI') Rules should be built and be operational within 36 months. Total project including 5,000 bed super-specialty hospital should be completed within 6 years;

-Self dependent medical college, to be established by NHPL, should be set up with total adherence to rules governed by MCI and Government of India;

-5% surgery in the proposed health city should be done free. Only medicines and disposable should be charged;

-20% cardiac surgeries should be performed at the subsidised rate of ₹ .07 million only, which includes every expense;

-Beneficiaries of the above said 5% and 20% surgeries will be referred by the Government of Gujarat;

-15% out-patients should be given free consultation. Diagnostics fees will be charged at 50%;

-After achieving, 5,000 surgeries annually, 1,000 surgeries should be performed under concessional rate of ₹ .07 million and 250 surgeries should be performed free and

-Number of student intake and fees for the proposed medical college should be according to the prevailing government rules.

NHPL was unable to start the project on the specified date and received a show cause notice from the Government of Gujarat on 22 December 2010. Subsequent to the show cause notice, NHPL replied on 19 January 2011 assuring the Government of

Gujarat that the entire project will be completed by June 2016.

As per the letter dated 19 January 2011, the timelines committed by NHPL are as follows:

Commissioning timelines		
a)	500 bed multispecialty hospital	June-2012
b)	1000 bed multispecialty hospital (expansion)	June-2012
c)	100 seat Medical College	June-2013
d)	5000 bed Health City	June-2016

The Company commenced operations in its Ahmedabad unit on 3 May 2012. As of 31 March 2018, the Group is yet to achieve the above timelines. The Group based on its past projects with government and other authorities believes that the terms/ conditions of grant of leasehold land at concessional rate would be renegotiated and no liability or adjustment to recorded assets is required as at 31 March 2018.

39 NHPL had entered into a lease agreement and obtained a 5 acre land from Siliguri Jalpaiguri Development Authority in February 2009 for construction of a hospital for a consideration of ₹ 25 Millions disclosed as prepaid rent under other current and non-current assets. As per the lease agreement, NHPL was required to complete the construction of the hospital by August 2009. However, no construction has been completed till date. The Group based on the past projects with Government and other authorities believes that the terms/ conditions of grant of leasehold land at concessional rate would be renegotiated and accordingly no liability or adjustment to recorded assets is required as at 31 March 2018.

40 In the year 2008-09, NHPL was allotted 35 acres of land by Jaipur Development Authority ('JDA') for establishing a medical college at Bagrana Grama, Jaipur (""Bagrana""). Subsequently, NHPL has surrendered 25 acres of land to JDA and retained 10 acres of land. However, in the year 2013-14 JDA intimated NHPL that 6,000 sq. meters of land out of the 10 acres land retained will be utilised for the completion of ring road project. Subsequently, JDA gave another proposal of land allotment at Govind Pura Ropada, in lieu of 10 acres at Bagrana, NHPL gave its consent on the same through letter dated 24 April 2015. Since this land is given in lieu of land allotted at Bagrana, NHPL has requested JDA that the land at Govind Pura Ropada to be valued the same as it was during the time of allotment of land in Bagrana in March 2008. As at 31 March 2018, NHPL has paid ₹ 54.44 million (previous year : ₹ 54.44 million) to JDA and accrued the balance payable of ₹ 29.66 million (previous year : ₹ 23.73 million). NHPL would capitalize this amount along with any other payment once NHPL gets the land registered in its name. NHPL believes that this advance towards land is recoverable from the JDA and hence provision for doubtful advance is not required as at 31 March 2018.

41 Prepaid expenses

Expenses prepaid to related party represents rent paid to Asia Heart Foundation amounting to ₹ 234.11 million (previous year : ₹ 249.89 million) . During the year ended 31 March 2016, the Company had entered into an agreement with Asia Heart Foundation to pay ₹ 108.91 million by converting the future outflow of ₹ 1 million per month towards discount entitlement of 214 months into present value. ₹ 108.91 million is being amortized over the period of 214 months beginning from 1 April 2015. Prepaid expense also includes rent paid to Modern Medical Institute amounting to ₹ 61.54 million (previous year : ₹ 66.16 million) which is being amortized over a period of 20 years from August 2011.

42 Employee Stock Option Plan (ESOP)

During the year ended 31 March 2016, the Company introduced the NH ESOP 2015 ("NH ESOP") for the benefit of the employees of the Company, its subsidiaries and associates, as approved by the Board of Directors in its meeting held on 12 September 2015. NH ESOP 2015 provides for the creation and issue of 2,040,000 share options that would eventually convert into equity shares of ₹ 10 each in the hands of the employees of the Group. The options are to be granted to the eligible employees as per the eligibility criteria as determined by the Nomination and Remuneration Committee of the Company at its sole discretion. The share options vest in a graded manner over a period of four years and are exercisable in one or more tranches within a period of four years from the date of first vesting, failing which the options shall lapse.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Pursuant to NH ESOP, the Company granted 814,830 share options till 31 March 2018 (previous year : 814,830 shares) . The Stock compensation cost is computed under the fair value method. For the year ended 31 March 2018, the Company has recorded stock compensation expenses of ₹ 42.46 million (previous year: ₹ 59.4 million) and liability as on 31 March 2018 is ₹ 135.88 million (previous year: ₹ 93.42 million).

The activity in this stock option plan is summarized below:

Particulars	As at 31 March 2018	As at 31 March 2017
Outstanding as at the beginning of the year (Nos.)	781,283	814,830
Option granted during the year (Nos.)	-	-
Forfeited during the year(Nos.)	(990)	(1,100)
Exercised during the year(Nos.)	(54,020)	(32,447)
Expired during the year(Nos.)	-	-
Outstanding at the end of the year(Nos.)	726,273	781,283
Exercisable at the end of the year(Nos.)	-	-

The weighted average remaining contractual life for the stock options outstanding as at 31 March 2018 is 2.50 years (previous year: 3.50). The exercise price for the stock options outstanding as at 31 March 2018 is ₹ 10 (previous year : ₹ 10).

Fair value presentation

The fair value of share options have been valued based on fair value method as described under Ind AS- 102, Shared-based Payment using Black Scholes valuation options-pricing model, using the fair value of the Company's shares as on the grant date.

Particulars	As at 31 March 2018	As at 31 March 2017
No. of options granted (Nos.)	814,830	814,830
Date of grant	1 October 2015	1 October 2015
Vesting period (years)	4	4
Expected life of option (years)	5	5
Expected volatility	35%	35%
Risk free rate	7.63%	7.63%
Expected dividends expressed as a dividend yield	-	-
Weighted-average fair values of options per shares (₹)	208.73	208.73
Weighted average share price at the date of exercise (₹)	297.15	336.23

43 Earnings per share (EPS)

Basic earnings per share

The calculation of basic earnings per share for the year ended on 31 March 2018 was based on profit attributable to equity shareholders of ₹ 513.47 million (previous year: ₹ 830.53 million) and weighted average number of equity shares outstanding 202,564,923 (previous year: 202,361,490).

Diluted earnings per share

The calculation of diluted earnings per share for the year ended 31 March 2018 was based on profit attributable to equity shareholders of ₹ 513.47 million (previous year: ₹ 830.53 million) and weighted average number of equity shares outstanding after adjustment for effects of all the dilutive potential equity shares 203,004,182 (previous year: 202,835,183).

(₹ in million)

Earnings	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit after tax	513.47	830.53

Notes
to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Weighted average number of equity shares (basic)

Shares	For the year ended 31 March 2018	For the year ended 31 March 2017
Total no. of shares outstanding	204,360,804	204,360,804
Effect of Treasury shares	(1,795,881)	(1,999,314)
Weighted average number of equity shares for the year	**202,564,923**	**202,361,490**

Weighted average number of equity shares (diluted)

Shares	For the year ended 31 March 2018	For the year ended 31 March 2017
Weighted average number of equity shares for the year (basic)	202,564,923	202,361,490
Weighted average number of equity shares from assumed exercise of stock options	439,259	473,693
Weighted average number of equity shares (diluted) for the year	**203,004,182**	**202,835,183**
Basic earnings per share (₹)	2.53	4.10
Diluted earnings per share (₹)	2.53	4.09

44. Exceptional items

Year ended 31 March 2018

A. Exceptional item for the year ended 31 March 2018 includes loss of ₹ 11.58 million on impairment of investment in associate "Trimedx India Private Limited".

B. Acqusition of Health City Cayman Islands Ltd (HCCI)

Ascension Health Ventures LLC ("AHV") and Naryana Cayman Holdings Limited ("NCHL") held 71.40% and 28.60% respectively in Health City Cayman Island ("HCCI"). On 2 January 2018, HCCI bought back AHV's entire stake by transfer of funds. Consequently, the group obtained control over HCCI making it a wholly owned subsidiary on 02 January, 2018 and the formalities relating to the buyback were concluded in all respects on 12 January 2018. The disposal of the associate resulted in a gain of ₹ 16.99 Millions which has been recognised as an exceptional item in the consolidated financial statements.

Year ended 31 March 2017

C. Exceptional item for the year ended 31 March 2017 amounting to ₹ 13.40 million represents loss on sale of its investment in wholly owned subsidiary "Asia Healthcare Development Limited" through a sale agreement dated 10 November 2016.

D. Proceeds from slump sale

The Company entered into a business transfer agreement on 1 April 2016 ('the Agreement') with Chandramma Educational Society for sale of its business on a slump sale basis, without values being assigned to the individual assets and liabilities.

As per the terms of the agreement, the Company had sold the assets and liabilities pertaining to health care business of Hyderabad unit for an aggregate consideration of ₹ 157.50 million and received ₹ 155.70 million during the previous financial year as the final sales consideration.

45 Business combinations :

(a) NewRise Healthcare Private Limited (NewRise)

On 21 April 2017, pursuant to approval by the Committee formed by the Board of Directors, the Company signed a Share Purchase Agreement ('SPA') and acquired 100% equity and preference shares in NewRise Healthcare Private Limited ('NewRise'), a wholly owned subsidiary of Panacea Biotech Limited for a consideration of ₹ 756.4 million paid in cash.

Further, as per the Order dated 04 October 2017 from the Ministry of Corporate Affairs ("MCA") the amalagamation of NewRise with the Company was approved under Section 233 of the Companies Act, 2013 and NewRise was amalgamated with the Company with effect from 21 April 2017.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

The purchase price has been allocated as follows:

(₹ in million)

Component	Acquisition date fair value
Assets	
Tangible Assets	181.04
Capital work In progress	1,612.83
Other non-current assets	0.14
Current assets	15.89
Total assets	**1,809.90**
Liabilities	
Long- term borrowings	780.85
Long- term provisions	0.67
Current liabilities	271.98
Total Liabilities	**1,053.50**
Fair value of net assets acquired	**756.40**

(b) Health City Cayman Islands Ltd (HCCI)

Ascension Health Ventures LLC ("AHV") and Naryana Cayman Holdings Limited ("NCHL") held 71.40% and 28.60% respectively in Health City Cayman Island ("HCCI"). The aforesaid parties had entered into a definitive agreement on 06 November 2017 whereby HCCI would buyback the entire stake of AHV for a consideration of US$ 32.26 million by transfer of funds. Consequently, the group obtained control over HCCI making it a wholly owned subsidiary on 02 January, 2018 and the formalities relating to the buyback were concluded in all respects on 12 January 2018.

Divestiture of a non core asset from AHV's perspective, coincided with Group perspective of leveraging on the vibrant footprints and reputation created by the HCCI and have complete control and ownership of HCCI.

(i) The purchase price has been allocated as follows:

(₹ in million)

Component	Acquisition date fair value
Assets	
Tangible assets	3,698.02
Capital work-in-progress	30.37
Intangible assets	221.47
Other non-current assets	133.53
Current assets	1,210.20
Total assets	**5,293.59**
Liabilities	
Long- term borrowings	2,094.42
Current liabilities	483.79
Total liabilities	**2,578.21**
Net assets / Net worth of HCCI	**2,715.38**

(ii) Fair value of investment in the associate HCCI before buyback

Particulars	(₹ in million)
Fair value of business	4,754.72
Current assets - cash and bank balances	84.06
Less: Loan	1,587.08
Net value of HCCI	**3,251.70**
Group's share of the above value - 28.6%	929.99
Carrying value of investment as on date of acquisition	913.00
Gain on disposal of associates (considered as exceptional item)	**16.99**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(iii) Capital reserve recognized in equity

Particulars	(₹ in million)
Fair value of HCCI investment in NCHL	929.99
Fresh investement during buyback	1,643.01
Total investment	**2,573.00**
Less: Net assets / Net worth of HCCI (refer note (i))	**2,715.38**
Capital reserve	**142.38**

From the date of aqusition, HCCI has contributed revenues amounting to ₹ 769.70 million and profit amounting to ₹ 32.12 million to the Company's results for three months commencing from 2 January 2018 to 31 march 2018.

HCCI has generated revenue ₹ 2,874.07 million (previous year : ₹ 2,190.28 million) and with profit of ₹ 27.26 million (previous year : loss of ₹ 154.68 million) for the year ended 31 March 2018.

(c) Healthcare Service Agreement with Dharamshila Cancer Foundation and Research Centre (DCFRC)

On March 31, 2017, Company entered into Healthcare Services Agreement ("Agreement") with Dharamshila Cancer Foundation and Research Centre ("Society"). The Society operates the Dharamshila Hospital and Research Centre ("Hospital"). As per the Agreement with the Society, the Company has the power to direct the operations, exposure or rights to variable returns and the ability to use its power to affect the amount of returns. Accordingly the Company has control over the operations of Hospital resulting in a business combination.The Company commenced the provision of healthcare services at the Hospital on 1st April 2017 ("Commencement Date"). The term of the Agreement will be 25 years, the Parties may extend the term of the Agreement for a further period on such terms as may be mutually agreed. Neither Party shall have the right to terminate the Agreement before 10 years of the Commencement Date. As per the Agreement, the Hospital is renamed as "Dharamshila Narayana Superspeciality Hospital, A Unit of Dharamshila Cancer Foundation And Research Centre".

In terms of the Agreement, the Company shall pay a consideration amounting to ₹ 180 million per annum with an annual escalation of 5% during the term.

The fair value of the consideration, recognized on the acquisition date is determined by discounting the estimated amount payable to the Society applying the Discounted Cash Flow approach. The fair value of estimates are based on discount rate of 15.23%. The excess of purchase consideration over the fair value of net assets acquired has been attributed towards goodwill.

The purchase price has been allocated based on Management's estimates as follows:

Component	(₹ in million) Acquisition date fair value
Property, plant and equipment	357.68
Right to use building	163.94
Intangible assets	463.70
Total	**985.32**
Goodwill	79.00
Total purchase price	**1,064.32**

The intangible assets are amortised over a period of ten years as per management's estimate of its useful life, based on the life over which economic benefits are expected to be realized.

The goodwill amounting to ₹ 79 million comprises value of benefits of expected synergies, future revenue, future market developments, assembled workforce, etc.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

None of the goodwill arising on the acquisition is expected to be deductible for tax purposes.

The Company has paid an interest-free refundable security deposit amounting to ₹ 100 million to the Society as per the Agreement. Security deposit was discounted and the differential was treated as prepaid rent and amortised over the term of the Agreement.

From the date of Agreement, Dharamshila Narayana Superspeciality Hospital has contributed revenues amounting to ₹ 769.13 million and loss amounting to ₹ 233.28 million to the Company's results for the year ended March 31, 2018.

46. Service Concession Arrangement.

(a) National Rural Health Mission, Assam (NRHM)

The Company had entered into an agreement with National Rural Health Mission, Assam (NRHM) on 16 August 2012 ("effective date") to set up a super specialty hospital and to operate and manage such hospital for a period of 30 years. As per the agreement, NRHM will provide ₹ 220 million in three installments over a period of 1 year during execution of the project besides the existing hospital building on as is where is basis. The Company has received ₹ 220 million as it met all the conditions related to the grants. As per the terms of the agreement, the Company has entered into lease agreement with NRHM for existing building and land for a lease period of 30 years.

Also, as per the agreement not less than 50% of the hospitals beds shall be charged at 1.85% below the National Accreditation Board of Hospitals and Healthcare Providers (NABH) accredited hospital rates applicable. All the surgical, observational and other procedures for which super speciality rates are available in Central Government Health Scheme ("CGHS") schedule, such rates quoted in CGHS schedule shall apply and for which it is not available, NABH accredited hospital rates shall be applicable.

The Company has established a super-speciality hospital providing all the necessary services and for that it has to bear all the expenses in setting up the facilities mentioned in the agreement and thereafter run the hospitals on a day to day basis.

The term of the agreement is to commence on the effective date and will continue until the expiration of 30 years on 15 August 2042. Thereafter, this agreement shall be renewed for such additional periods and on such terms and conditions as may be mutually agreed to by the parties to the agreement. The agreement can be terminated by both the parties by mutual written agreement or if the other party breaches or fails to perform any of the covenants of the agreement or if any representation or warranty of the other party under this agreement shall have become untrue. Also, there is no addendum to this agreement.

(b) Narayana Vaishno Devi Specialty Hospitals Private Limited ("NVDSHPL")

NVDSHPL entered into a Concession Agreement with Shri Mata Vaishno Devi Shrine Board ("the trust") to operate, maintain and manage a 230 bed multi specialty hospital on public private partnership model. NVDSHPL is required to pay concession fees to trust as mutually agreed, during the period of agreement. The trust has invested and incurred capital costs to set up/ establish 230 bed multi specialty hospital and has reimbursed costs incurred by the NVDSHPL for providing technical assistance during the refurbishment and commissioning period to the extent of ₹ 5 million. The period of agreement is 21 Years from the Commercial Operation Date (COD) which is April 2016 .

Effective from the COD, Shri Mata Vaishno Devi Shrine Board shall provide Viability Gap Funding ("VGF") to NVDSHPL for a maximum period of 5 years from the COD on actual basis subject to a cumulative maximum amount of ₹ 450 million.

The Viability Gap Funding received so far is as below:

Particulars	Financial Year	(₹ in million)
Other Operating revenue under Revenue from Operations	16-17	144.17
Other Operating revenue under Revenue from Operations	17-18	110.02
Other Operating revenue under Revenue from Operations	17-18	1.59
Deferred liability for assets funding under non current and current liabilities*	17-18	7.05

* This is paid towards capital expenditure and will be amortised over the life of assets.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

47 Additional information pursuant to paragraph 2 of Division II of Schedule III to the Companies Act 2013- 'General instructions for the preparation of consolidated financial statements'

31 March 2018 **(₹ in million)**

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Narayana Hrudayalaya Limited	56.01	5,801.28	104.80	538.79	(13.22)	(4.60)	97.33	534.19
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	9.23	956.59	2.33	11.96	-	-	2.18	11.96
Narayana Institute for Advanced Research Private Limited	(0.00)	(0.20)	(0.04)	(0.22)	-	-	(0.04)	(0.22)
Narayana Health Institutions Private Limited	0.00	0.44	(0.04)	(0.23)	-	-	(0.04)	(0.23)
Narayana Hrudayalaya Surgical Hospital Private Limited	2.09	216.87	(32.95)	(169.39)	(2.62)	(0.91)	(31.03)	(170.30)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.01)	(0.85)	1.66	8.51	1.18	0.41	1.63	8.92
Meridian Medical Research & Hospital Limited	3.99	413.64	20.12	103.43	(0.88)	(0.31)	18.79	103.12
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	28.29	2,931.08	3.24	16.66	95.08	33.08	9.06	49.74
Narayana Hrudayalaya Hospital Malaysia Sdn. Bhd.*	-	-	(0.05)	(0.24)	20.41	7.10	1.25	6.86
Narayana Holdings Private Limited	0.40	41.54	0.82	4.20	0.06	0.02	0.77	4.22
Associates (Investment as per the equity method) - Foreign								
Health City Cayman Islands Ltd	-	-	-	-	-	-	-	-
ISO Healthcare	-	-	-	-	-	-	-	-
Cura Technologies Inc.	-	-	-	-	-	-	-	-
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited	-	-	0.11	0.55	(0.01)	(0.00)	0.10	0.55
	100.00	**10,360.38**	**100.00**	**514.02**	**100.00**	**34.79**	**100.00**	**548.81**

* The Company was liquidated on 24 April 2018

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

31 March 2017 (₹ in million)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As a % of consolidated net assets	Amount	As a % of consolidated profit or loss	Amount	As a % of consolidated other comprehensive income	Amount	As a % of consolidated total comprehensive income	Amount
1	2	3	4	5	6	7	8	9
Parent								
Narayana Hrudayalaya Limited	74.46	7,173.69	116.57	967.11	1,111.56	3.83	116.97	970.94
Subsidiaries								
Indian subsidiaries								
Narayana Hospitals Private Limited	9.52	916.70	1.65	13.70	-	-	1.65	13.70
Narayana Institute for Advanced Research Private Limited	(0.00)	(0.18)	(0.02)	(0.13)	-	-	(0.02)	(0.13)
Narayana Health Institutions Private Limited	0.00	0.46	(0.02)	(0.13)	-	-	(0.02)	(0.13)
Narayana Hrudayalaya Surgical Hospital Private Limited	2.90	279.65	2.88	23.90	(23.24)	(0.08)	2.87	23.82
Asia Healthcare Development Limited	-	-	(0.78)	(6.45)	-	-	(0.78)	(6.45)
Narayana Vaishno Devi Specialty Hospitals Private Limited	(0.00)	(0.33)	0.68	5.63	116.61	0.40	0.73	6.03
Meridian Medical Research & Hospital Limited	2.71	260.74	(10.17)	(84.35)	(1,096.19)	(3.78)	(10.62)	(88.13)
Foreign subsidiaries								
Narayana Cayman Holdings Ltd.	16.15	1,555.84	(0.91)	(7.59)	-	-	(0.91)	(7.59)
Narayana Hrudayalaya Hospital Malaysia Sdn. Bhd.	0.15	14.24	(0.11)	(0.90)	-	-	(0.11)	(0.90)
Narayana Holdings Private Limited	0.50	48.23	(0.11)	(0.94)	-	-	(0.11)	(0.94)
Associates (Investment as per the equity method)-Foreign								
Health City Cayman Islands Ltd	(6.10)	(587.74)	(5.81)	(48.18)	-	-	(5.80)	(48.18)
ISO Healthcare	(0.11)	(10.91)	(1.31)	(10.91)	-	-	(1.31)	(10.91)
Cura Technologies Inc.	(0.20)	(19.57)	(2.44)	(20.25)	-	-	(2.44)	(20.25)
Non-controlling interests in Indian subsidiary								
Meridian Medical Research & Hospital Limited	0.02	2.36	(0.10)	(0.79)	(8.74)	(0.03)	(0.10)	(0.82)
	100.00	**9,633.18**	**100.00**	**829.74**	**100.00**	**0.35**	**100.00**	**830.09**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

48. Capital management

The Group'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 2018 and 2017 was as follows:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Total equity	10,360.38	9,633.18
As a percentage of total capital	**56%**	**82%**
Long-term borrowings including current maturities	7,639.61	2,076.87
Short-term borrowings	375.81	90.22
Total borrowings	**8,015.42**	**2,167.09**
As a percentage of total capital	**44%**	**18%**
Total capital (Equity and Borrowings)	**18,375.80**	**11,800.27**

49 Tax expense

(a) Amounts recognised in profit and loss

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current income tax	219.78	509.19
Mat credit entitlement	(219.78)	-
Deferred tax charge/ (credit), net		
Origination and reversal of temporary differences	289.64	14.47
Tax expense for the year	**289.64**	**523.66**

(b) Amounts recognised in other comprehensive income

Particulars	For the year ended 31 March 2018			For the year ended 31 March 2017		
	Before tax	Tax (expense) benefit	Net of tax	Before tax	Tax (expense) benefit	Net of tax
Items that will not be reclassified subsequently to profit or loss						
Re-measurement of defined benefit plans	3.39	(1.35)	2.04	2.31	(1.96)	0.35
Items that will be reclassified subsequently to profit or loss						
The effective portion of gains /(loss) on hedging instruments in a cash flow hedge	(16.46)	3.94	(12.52)	-	-	-
	(13.07)	**2.59**	**(10.48)**	**2.31**	**(1.96)**	**0.35**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(c) Reconciliation of effective tax rate

(₹ in million)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit before tax	**803.66**	**1,353.40**
Tax using the Company's domestic tax rate (current year 34.61% and previous year 34.61%)	278.15	468.41
Tax effect of:		
Non-deductible tax expenses	9.21	11.99
Tax-exempt income	18.57	7.39
Share issue expense allowed as deduction	(5.85)	(5.85)
Origination and reversal of temporary differences	(80.27)	-
Current-year losses for which no deferred tax asset is recognised	53.80	13.96
Share of loss of equity accounted investees on which no deferred tax was recognised	16.03	27.46
Others	-	0.30
	289.64	**523.66**

50 Recognised deferred tax assets and liabilities

(a) Narayana Hrudayalaya Limited :-

(i) Deferred tax assets and liabilities are attributable to the following:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset		
Provision for doubtful receivables	65.17	40.08
Provision for gratuity	67.81	53.91
Provision for compensated absences	49.35	33.43
Unabsorbed depreciation and business loss	445.01	-
Other current liabilities	31.80	36.69
On non current financial liabilities	7.48	9.51
On land indexation of freehold land	18.73	18.73
On security deposit at amortised cost	8.68	7.83
Total deferred tax asset	**694.03**	**200.18**
Deferred tax liability		
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(1,309.54)	(448.21)
Total deferred tax liability	**(1,309.54)**	**(448.21)**
Minimim alternative tax assets*	**219.78**	**-**
Deferred tax liability (net)	**(395.73)**	**(248.03)**

*During the year the Company has loss as per normal provision of Income Tax Act, 1961 and so liable to pay tax as per Minimum Alternative tax (MAT) under section 115 JB of Income Tax Act, 1961. As per Section 115 JAA, MAT assets can be carried forward for 15 years from Assesment year 2018-19, subject to earlier utilization by the Company.

Notes
to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(ii) Movement in temporary differences

(₹ in million)

Particulars	Balances as at 1 April 2017	Recognised in Profit or loss during 2017-18	Recognise in OCI during 2017-18	Balances as at 31 March 2018
Provision for doubtful receivables	40.08	25.09	-	65.17
Provision for gratuity	53.91	11.47	2.43	67.81
Provision for compensated absences	33.43	15.92	-	49.35
Unabsorbed depreciation and business loss	-	445.02		445.02
Other current liabilities	36.69	(4.89)	-	31.80
On non current financial liabilities	9.51	(2.03)	-	7.48
On Freehold land	18.73	-	-	18.73
On security deposit	7.83	0.85	-	8.68
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(448.21)	(861.33)	-	(1,309.54)
Minimim alternative tax assets	-	219.78	-	219.78
	(248.03)	**(150.12)**	**2.43**	**(395.72)**

(b) Meridian Medical Research & Hospital Limited :-

(i) Deferred tax assets and liabilities are attributable to the following:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Deferred tax asset		
Provision for doubtful receivables	2.61	2.01
Provision for gratuity	6.09	4.65
Provision for compensated absences	3.37	2.93
On brought forward loss	163.01	252.58
Others	2.53	3.10
Total deferred tax asset	**177.61**	**265.27**

Deferred tax liability

Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(97.18)	(90.83)
Total deferred tax liability	**(97.18)**	**(90.83)**
Minimim alternative tax assets		
Deferred tax asset (net)	**80.43**	**174.44**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

(ii) Movement in temporary differences

(₹ in million)

Particulars	Balances as at 1 April 2017	Recognised in P & L movements	Recognise in OCI during 2017-18	Balances as at 31 March 2018
Provision for doubtful receivables	2.01	0.60	-	2.61
Provision for gratuity	4.65	1.28	0.16	6.09
Provision for compensated absences	2.93	0.44	-	3.37
On brought forward loss	252.58	(89.57)		163.01
Others	3.10	(0.57)	-	2.53
Excess of depreciation on fixed asset under Income Tax Act, 1961 over depreciation under Companies Act.	(90.83)	(6.35)	-	(97.18)
	174.44	**(94.17)**	**0.16**	**80.43**

Note: During the year, in one of the subsidiary company deferred tax asset has been recognised for the first time. The asset was not recognised in earlier years as the company was not expected to make profit.

51 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in million)

				Fair value			
As at 31 March 2018	**FVOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Investments	-	50.29	50.29	-	-	-	-
Trade receivables	-	2,789.76	2,789.76	-	-	-	-
Cash and cash equivalents	-	333.29	333.29	-	-	-	-
Bank balances other than above	-	19.25	19.25	-	-	-	-
Loans	-	507.15	507.15	-	-	-	-
Other financial assets	-	140.20	140.20	-	-	-	-
	-	**3,839.94**	**3,839.94**	**-**	**-**	**-**	**-**
Financial liabilities							
Borrowings	-	7,339.13	7,339.13	-	-	-	-
Trade payables	-	2,961.92	2,961.92	-	-	-	-
Other financial liabilities		2,117.21	2,117.21				
Interest rate swap	16.50	-	16.50	-	16.50	-	-
	16.50	**12,418.26**	**12,434.76**	**-**	**16.50**	**-**	**-**

As at 31 March 2017	**FVOCI**	**Amortised cost**	**Total**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets							
Investments	-	29.54	29.54	-	-	-	-
Trade receivables	-	1,569.10	1,569.10	-	-	-	-
Cash and cash equivalents	-	262.43	262.43	-	-	-	-
Bank balances other than above	-	78.78	78.78	-	-	-	-
Loans	-	232.63	232.63				
Other financial assets	-	372.71	372.71	-	-	-	-
	-	**2,545.19**	**2,545.19**	**-**	**-**	**-**	**-**
Financial liabilities							
Borrowings	-	1,888.23	1,888.23	-	-	-	-
Trade payables	-	2,065.81	2,065.81	-	-	-	-
Other financial liabilities	-	751.98	751.98	-	-	-	
	-	**4,706.02**	**4,706.02**	**-**	**-**	**-**	**-**

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

Measurement of fair values

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

B. Financial risk management

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

(i) Risk management framework

The Group'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 Group establishes an allowance for impairment 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 ₹ 2,789.76 million (previous year: ₹ 1,569.10 million). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

(₹ in million)

Allowance for credit loss	As at 31 March 2018	As at 31 March 2017
Opening balance	127.66	186.71
Add : On aqusition of subsidiary	89.42	-
Foreign currency translation	1.89	-
Credit loss recognised / (reversed)	83.06	(59.05)
Closing balance	**302.03**	**127.66**

No single customer accounted for more than 10% of the revenue as of 31 March 2018, 31 March 2017 . There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Group 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 Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group'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 Group's reputation. In addition, the Group maintains line of credit as stated in Note 16.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	375.81	674.12	2,503.65	3,785.55	7,339.13
Trade payables	2,961.92	-	-	-	2,961.92
Other financial liabilities	1,088.91	61.21	291.94	691.65	2,133.71
Total	**4,426.64**	**735.33**	**2,795.59**	**4,477.20**	**12,434.76**

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

(₹ in million)

Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Borrowings	90.22	611.22	501.20	685.59	1,888.23
Trade payables	2,065.81	-	-	-	2,065.81
Other financial liabilities	692.79	-	-	59.19	751.98
Total	**2,848.82**	**611.22**	**501.20**	**744.78**	**4,706.02**

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 Group operates internationally and a major portion of the business is transacted in several currencies and consequently, the Group is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

The currency profile of financial assets and financial liabilities as at 31 March 2018 and 31 March 2017 are as follows:

Particulars	As at 31 March 2018	As at 31 March 2017
	USD in million	USD in million
Financial assets		
Trade receivables	8.78	1.04
Cash and cash equivalents	2.19	0.70
Other financial assets (current)	5.50	0.68
Financial liabilities		
Borrowings	56.10	7.76
Trade payables	3.07	0.31
Other financial liabilities	1.35	0.01
Net assets / (liabilities)	**(44.05)**	**(5.65)**

Sensitivity analysis

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign exchange forward/option contracts designated as cash flow hedges.

(₹in million)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
USD Sensitivity				
INR/USD - Increase by 1%	(28.65)	(3.67)	(32.04)	(3.67)
INR/USD - Decrease by 1%	28.65	3.67	32.04	3.67

Cash flow and fair value interest rate risk

The Group's main interest rate risk arises from long-term borrowings with variable rates, which expose the Group to cash flow interest rate risk.

(a) Interest rate risk exposure

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. In order to optimize the Company's position with regard to interest income and interest expenses and to manage the interest rate risk, treasury performs a comprehensive corporate interest rate risk management by balancing the proportion of fixed rate and floating rate financial instruments in its total portfolio.

Type of Derivative	No. of Contracts	As at 31 March 2018		As at 31 March 2017	
		Amount Hedged (in USD million)	Fair Value (INR million)	Amount Hedged (in USD million)	Fair Value (INR million)
Interest rate swap	6	57.00	(16.50)	-	-

The Company has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at March 31, 2018, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

The exposure of the Group'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:

(₹ in million)

Particulars	As at 31 March 2018	As at 31 March 2017
Variable rate long term borrowings including current maturities	5,659.88	2,076.87
Total borrowings	**5,659.88**	**2,076.87**

(b) Sensitivity

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.

(₹ in million)

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2018	As at 31 March 2017	As at 31 March 2018	As at 31 March 2017
Sensitivity				
1% increase in interest rate	(56.60)	(20.77)	(56.60)	(20.77)
1% decrease in interest rate	56.60	20.77	56.60	20.77

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

Notes

to the consolidated financial statements for the year ended 31 March 2018 (Continued)

52 Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

The Group had classified accrued salaries and benefits under Other financial liabilities - current in the financial statement for the previous year. However , in the current year the same has been reclassified to Trade payable appearing in note 20.

The impact on reclassification is given below:

(₹ in million)

Particulars	Previously reported 31 March 2017	Amount reclassified	After reclassification 31 March 2017
Other financial liabilities - current	873.14	(180.35)	692.79
Trade payables	1,885.46	180.35	2,065.81

The Management believes that the impact of the above reclassifications is not material.

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

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Viren Shetty
Whole -time Director
DIN: 02144586

Kesavan Venugopalan
Chief Financial Officer

Sridhar S
Company Secretary

Place: Bengaluru
Date: 29 May 2018

Narayana Health®
Health for all. All for health.

Narayana Hrudayalaya Limited
258/A, Bommasandra Industrial Area
Bengaluru - 562158
www.narayanahealth.org

Concept & Design WYATT Prism COMMUNICATIONS (info@wyatt.co.in)