INDEPENDENT AUDITOR'S REPORT
To The Members of Narayana Vaishno Devi Specialty Hospitals Private Limited
Report on the Financial Statements

We have audited the accompanying financial statements of **Narayana Vaishno Devi Specialty Hospitals Private 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 Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the 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 loss, 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 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 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 does not have any pending litigations which would impact its financial position.

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts 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)

Place: Bengaluru
Date: 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 Vaishno Devi Specialty Hospitals Private Limited** ("the Company") as of March 31, 2018 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting 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.

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)

Place: Bengaluru
Date: 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 three 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) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the order is not applicable.

(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) 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.

(iv) The Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the order is not 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 not been specified by the Central Government under section 148(1) of the Companies Act, 2013 and hence reporting under Clause (vi) of the order is not applicable.

(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, Sales 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.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Goods and Service Tax, and Value Added Tax as on March 31, 2018 on account of disputes.

(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 explanation given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.

(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) The company is a private company and hence the provision of section 197 of the companies Act, 2013 do not apply to the company.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.

(xiii) The Company is a private company and hence the provisions of section 177 is not applicable to the Company. In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 of the Companies Act, 2013, 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 holding company or persons connected with them 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)

Place: Bengaluru
Date: May 29, 2018

Narayana Vaishno Devi Specialty Hospitals Private Limited
Balance sheet

(` in lakhs)

Particulars	Note No.	As at 31 March 2018	As at 31 March 2017
ASSETS			
Non-current assets			
Property, plant and equipment	**4**	70.47	-
Financial assets			
Loans	**5**	1.00	0.25
Income tax assets	**6**	63.22	22.85
Total non-current assets		**134.69**	**23.10**
Current Assets			
Inventories	**7**	368.18	365.64
Financial assets			
Trade receivables	**8**	145.17	113.68
Cash and cash equivalents	**9**	221.09	162.50
Other financial assets	**10**	28.95	26.21
Other current assets	**11**	76.22	47.44
		839.61	**715.47**
TOTAL ASSETS		**974.30**	**738.57**
EQUITY AND LIABILITIES			
Equity			
Equity share capital	**12**	100.00	100.00
Other Equity	**13**	(108.52)	(108.52)
Total equity		**(8.52)**	**(8.52)**
Liabilities			
Non-Current Liabilities			
Other non-current liabilities	**14(a)**	54.26	-
Provisions	**15(a)**	6.83	9.57
		61.09	**9.57**
Current Liabilities			
Financial Liabilities			
Trade payables	**16**	773.65	617.96
Other financial liabilitie:	**17**	-	5.23
Other current liabilities	**14 (b)**	113.43	102.42
Provisions	**15(b)**	34.65	11.91
		921.73	**737.52**
TOTAL EQUITY AND LIABILITIES		**974.30**	**738.57**
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 Vaishno Devi Specialty Hospitals Private Limite

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Mr. Viren Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: 29 May 2018

Narayana Vaishno Devi Specialty Hospitals Private Limited
Statement of profit and loss

Particulars	Note No.	For the Year ended 31 March 2018	For the Year ended 31 March 2017
			(` in lakhs)
INCOME			
Revenue from Operations	**18**	6,827.44	4,552.95
Other income	**19**	5.34	2.97
Total income (A)		**6,832.78**	**4,555.92**
EXPENSES			
Purchase of medical consumables, drugs and surgical equipments		1,745.36	1,316.01
Changes in inventories	**20**	(2.54)	(357.28)
Employee benefit expenses	**21**	1,495.94	1,109.60
Professional fees to doctors		1,612.24	1,003.25
Other expenses	**22**	1,969.98	1,480.32
Expenses before finance costs, depreciation and amortisation and exceptional items (B)		**6,820.98**	**4,551.90**
Earnings before finance costs, depreciation and amortisation, exceptional items and tax (A-B)		**11.80**	**4.02**
Depreciation and amortisation expense **(C)**	**4**	15.91	-
Total expenses (D) = (B+C)		6,836.89	4,552
Profit before tax (E) = (A-D)		**(4.11)**	**4.02**
Tax Expenses		**-**	**-**
Profit/(loss) for the year		**(4.11)**	**4.02**
Other comprehensive income (OCI)			
Items that will not be reclassified subsequently to profit or loss			
Re-measurement of defined benefit plans		4.11	(4.02)
Other comprehensive income for the year (F)		4.11	(4.02)
Total comprehensive income for the year (E+F)		-	-
Earnings per share			
Basic and diluted (`)	**28**	(0.41)	0.40
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 Vaishno Devi Specialty Hospitals Private Limite

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Mr. Viren Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: 29 May 2018

Narayana Vaishno Devi Specialty Hospitals Private Limited
Statement of Cash flow

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
		(` in lakhs)
Cash flow from operating activities		
Profit /(Loss) for the year	(4.11)	4.02
Adjustments:		
Depreciation	15.91	-
Provision for loss allowance	1.46	3.27
Provision of inventories for write-down to net realisable value	16.67	-
Loss on sale of fixed assets	-	2.71
Interest on bank deposits	(1.61)	(1.78)
Operating cash flow before working capital changes	**28.32**	**8.22**
Changes in inventories	(19.21)	(357.28)
Changes in trade receivables	(32.95)	(116.95)
Changes in prepayments	(32.16)	(37.89)
Changes in trade payable and other financial liabilities	215.74	666.24
Changes in provision	24.10	15.92
Cash generated from operations	**183.84**	**178.26**
Income tax paid	(40.37)	(22.82)
Net cash generated from/ (used in) operating activities (A)	**143.47**	**155.44**
Cash flow from investing activities		
Purchase of fixed assets	(86.39)	-
Investment in bank deposit	(25.00)	(50.00)
Interest received on bank deposits	1.51	1.76
Net cash generated from/ (used in) investing activities (B)	**(109.88)**	**(48.24)**
Cash flow from financing activities		
Proceeds from issue of shares	-	-
Net cash generated from/ (used in) financing activities (C)	**-**	**-**
Net increase in cash and cash equivalents (A+B+C)	**33.59**	**107.20**
Cash and cash equivalents at the beginning of the year/ period (refer note 9)	112.50	5.30
Cash and cash equivalent at the end of the year (refer note 9)	**146.09**	**112.50**

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

for and on behalf of the Board of Directors of
Narayana Vaishno Devi Specialty Hospitals Private Limited

V.Balaji
Partner

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Mr. Viren Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: 29 May 2018

Place: Bengaluru
Date: 29 May 2018

Narayana Vaishno Devi Specialty Hospitals Private Limited
Statement of changes in equity for the year ended 31 March 2018

(a) Equity share capital — **(` in lakhs, 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	1,000,000.00	100.00
Changes in equity share capital during 2016-17 (refer note 12)	-	-
Balance as at 31 March 2017	1,000,000.00	100.00
Changes in equity share capital during 2017-18 (refer note 12)	-	-
Balance as at 31 March 2018	**1,000,000.00**	**100.00**

(b) Other Equity

(` in lakhs)

	Reserves & Surplus	Items of OCI	
	Retained earnings	Remeasurements of the net defined benefit Plans	Total other equity
Balance at April 1, 2016	**(108.43)**	**(0.09)**	**(108.52)**
Profit for the year	4.02	-	4.02
Other comprehensive income for the year	-	(4.02)	(4.02)
Total comprehensive income for the year	**4.02**	**(4.02)**	**(0.00)**
Balance at March 31, 2017	**(104.41)**	**(4.11)**	**(108.52)**
Changes in accounting policy / prior period errors	-	-	
Restated balance at the beginning of the reporting period	**(104.41)**	**(4.11)**	**(108.52)**
Profit for the year	(4.11)	-	(4.11)
Other comprehensive income for the year	-	4.11	4.11
Total comprehensive income for the year	**(4.11)**	**4.11**	**-**
Balance as at March 31, 2018	**(108.52)**	**-**	**(108.52)**

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

for **Deloitte Haskins & Sells**
Chartered Accountants

V.Balaji
Partner

Place: Bengaluru
Date: 29 May 2018

for and on behalf of the Board of Directors of
Narayana Vaishno Devi Specialty Hospitals Private Limited

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Mr. Viren Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: 29 May 2018

Narayana Vaishno Devi Specialty Hospitals Private Limited

Notes to the financial statements for the year ended 31 March 2018

1. Company overview

Narayana Vaishno Devi Specialty Hospitals Private Limited ('the Company') was incorporated on 5 September 2014 under the provisions of the Companies Act, 2013. The Company is a wholly owned subsidiary of Narayana Hrudayalaya Limited. The Company is engaged in establishing, promoting, owning, letting, managing and maintaining hospitals, clinics, health centers, nursing home in all discipline of medicine and without limitation to run and administer healthcare schemes.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements of the Company for the year ended 31st March 2017, were audited by 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 Company's accounting policies are included in Note 3.

2.2. Going Concern

The financial statements have been prepared on a going concern basis, notwithstanding the current losses and negative net worth.

The Company has received a letter of financial support from Narayana Hrudayalaya Limited, holding company, which undertakes to provide financial and operational assistance as is necessary to enable the Company to operate as a going concern and meet its obligation as and when they fall due upto a period of one year from the balance sheet date i.e 31 March 2018. Further, actual loss incurred by the Company till the determined threshold for initial years as per the agreed arrangement will be funded by Shri Mata Vaishno Devi Shrine Board (an autonomous body).

2.3. 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 lakhs, except share data and per share data unless otherwise stated.

2.4. Basis of measurement

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

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

2.5. Use of estimates and judgments

In preparing these financial statements, management has made judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgments
Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:
Note 33 - Financial instruments

Assumptions and estimation uncertainties
Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2018 is included in the following notes:

Note 26 -recognition of deferred tax asset
Note 31 - measurement of defined benefit obligation; key actuarial assumptions
Note 4 - useful life of property, plant and equipment
Note 5,8,9,10 and 33 - recognition of impairment of financial assets

2.6. Measurement of fair values

A number of the Company's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities.

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in the following notes:

Note 33 – financial instruments

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 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 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

c. Derecognition

Financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Company neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Company enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

The Company derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

The Company also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

d. Offsetting

Financial assets and financial liabilities are offset and the net amount presented in the balance sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

3.2. Inventories

The inventories of medical consumables, drugs and surgical equipments are valued at lower of cost or net realisable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realisable value is the selling price. The comparison of cost and net 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.

3.3. Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

3.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net loss before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated.

3.5. Revenue recognition

Revenue from operations

Revenue from medical and healthcare services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered.

Revenue is recognised net of discounts given to the patients.

Revenue from sale of medical consumables and drugs within the hospital premises is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

The Company has entered into operating and management agreements with a, under which, the Company has a right over the management, operation and utilisation of hospital facilities owned by the trust. Further, as per the agreement, for the initial years, the actual loss incurred by the Company will be funded till the amount determined by the trust. This funding of loss has been recognized as "other operating revenue".

'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 the excess of earnings.

Interest

For all debt instruments measured either at amortised cost, interest income is recorded using the effective interest rate (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss

3.6. Property, Plant and Equipment

Recognition and measurement

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price. Subsequent expenditures related to an item of tangible fixed asset are added to its book value only if they increase the future benefits from the existing asset beyond its previously assessed standard of performance. Cost includes expenditures directly attributable to the acquisition of the asset.

Depreciation and amortisation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Block of assets	Useful life
Electrical installation	10 years
Medical equipment	13 years
Office equipment	5 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Computers	3 years

Depreciation methods, useful lives and residual values are reviewed at each financial year-end and adjusted appropriately.

The Company believes that the useful life as given above best represent the useful life of the assets based on the internal technical assessment and these useful life are as prescribed under Part C of Schedule II of the Companies Act, 2013.

The cost and related accumulated depreciation are eliminated from the financial statements upon sale or disposition of the asset and the resultant gains or losses are recognized in the statement of profit and loss. Amounts paid towards the acquisition of property, plant and equipment outstanding as of each reporting date are recognized as capital advance and the cost of property, plant and equipment not ready for intended use before such date are disclosed under capital work- in-progress.

3.7. Intangible assets

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

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.

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.

3.8. Employee benefits

Short term employee benefits

Employee benefits payable wholly within twelve months of receiving services are classified as short-term employee benefits. These benefits include salary and wages, bonus and ex-gratia. The undiscounted amount of short-term employee benefits to be paid in exchange for employee services is recognized as an expense as the related service is rendered by the employees.

Post-employment benefits

Defined contribution plans

A defined contribution plan is post-employment benefit plan under which an entity pays specified contributions to separate entity and has no obligation to pay any further amounts. The Company makes specified obligations towards employee provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value. The calculation of Company's obligation under the plan is performed periodically by a qualified actuary using the projected unit credit method.

Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense on the net defined liability for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. The Company recognizes gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on termination of employment. Since the employee has unconditional right to avail the leave, the benefit is classified as a short term employee benefit. The Company records an obligation for such compensated absences in the period in which the employee renders the services that increase this entitlement. The obligation is measured on the basis of independent actuarial valuation using the projected unit credit method.

3.9. Earnings/ (loss) per share

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

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

3.10. Impairment

a. Impairment of financial instruments

The Company recognises loss allowances for expected credit losses on financial assets measured at amortised cost:

At each reporting date, the Company assesses whether financial assets carried at amortised cost. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Evidence that a financial asset is credit- impaired includes the following observable data:

- significant financial difficulty of the borrower or issuer;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the borrower will enter bankruptcy or other financial reorganisation; or
- the disappearance of an active market for a security because of financial difficulties.

The Company measures loss allowances at an amount equal to lifetime expected credit losses, except for the following, which are measured as 12 month expected credit losses:

- debt securities that are determined to have low credit risk at the reporting date; and
- other debt securities and bank balances for which credit risk (i.e. the risk of default occurring over the expected life of the financial instrument) has not increased significantly since initial recognition.

Loss allowances for trade receivables are always measured at an amount equal to lifetime expected credit losses.

Lifetime expected credit losses are the expected credit losses that result from all possible default events over the expected life of a financial instrument.

12-month expected credit losses are the portion of expected credit losses that result from default events that are possible within 12 months after the reporting date (or a shorter period if the expected life of the instrument is less than 12 months).

In all cases, the maximum period considered when estimating expected credit losses is the maximum contractual period over which the Company is exposed to credit risk.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating expected credit losses, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward- looking information.

Measurement of expected credit losses

Expected credit losses are a probability-weighted estimate of credit losses. Credit losses are measured as the present value of all cash shortfalls (i.e. the difference between the cash flows due to the Company in accordance with the contract and the cash flows that the Company expects to receive).

Presentation of allowance for expected credit losses in the balance sheet

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets.

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 and inventories, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

The recoverable amount of a CGU (or an individual asset) is the higher of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the CGU (or the asset).

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.

3.11. 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.

3.12. Other income

Reimbursement of expenses incurred is recognised on accrual basis as 'other income'.

3.13. 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.

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.

3.14. Leases

Leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.

Lease payments under operating lease are generally recognised as an expense in the statement of profit and loss on a straight line basis over the term of lease unless such payments are structured to increase in line with the expected general inflation to compensate for the lessor's expected inflationary cost increases.

3.15. Measurement of Earnings before interest, tax, depreciation and amortization (EBITDA)

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (which is considered to be applicable even in the context of Schedule III to the Companies Act, 2013) the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. In its measurement of EBITDA, the Company includes other income but does not include depreciation and amortization expense, finance costs and tax expenses.

3.16. New Standards and interpretation not yet adopted

IND AS 115, Revenue from contract 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 Property, plant and equipment and intangible assets

(₹ in lakhs)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at 1 April 2017	Additions	Deletions	As at 31 March 2018	As at 1 April 2017	Depreciation / Amortization	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
(A) Tangible assets*										
Electrical installation	-	4.86	-	4.86	-	0.23	-	0.23	4.63	-
Office equipments	-	0.75	-	0.75	-	0.16	-	0.16	0.59	-
Medical equipments	-	8.85	-	8.85	-	0.31	-	0.31	8.54	-
Other equipment including air conditioners	-	15.94	-	15.94	-	0.58	-	0.58	15.36	-
Furniture and fixtures	-	18.73	-	18.73	-	5.40	-	5.40	13.33	-
Computers	-	37.02	-	37.02	-	9.17	-	9.17	27.85	-
		-	-	-	-	-	-	-	-	-
(B) Intangible assets*		-				-				
Computer software	-	0.23	-	0.23	-	0.06	-	0.06	0.17	-
Grand total (A+B)	-	86.38	-	86.38	-	15.91	-	15.91	70.47	-
Previous year										

* The assets are owned under an arrangement between Narayana Vaisho Devi Specialty Hospitals Private Limited with Shri Mata Vaishno Devi Shrine Board

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017
5	**Loans**		
	(Unsecured, considered good unless otherwise stated)		
	Non-current		
	To parties other than related parties		
	Security deposits	1.00	0.25
		1.00	**0.25**
6	**Income tax assets**		
	Tax deducted at source	63.22	22.85
		63.22	**22.85**
7	**Inventories**		
	(Valued at lower of cost and net realisable value)		
	Medical consumables, drugs and surgical equipments	384.85	365.64
	Less: Provision for slow and non-moving	(16.67)	-
		368.18	**365.64**
8	**Trade receivables**		
	Unsecured, considered good	145.17	113.68
	Unsecured, considered doubtful	4.73	3.27
		149.90	116.95
	Loss allowance		
	Unsecured, considered doubtful	(4.73)	(3.27)
		(4.73)	(3.27)
	Net trade receivables	**145.17**	**113.68**

The Company's exposure to credit and currency risks and loss allowances are disclosed in note 33

The Company uses a provision matrix to determine impairment 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 every year end, 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.

	Ageing		
Category	**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%

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 33

		As at 31 March 2018	As at 31 March 2017
9	**Cash and bank balances**		
	Cash and cash equivalents		
	Cash on hand	1.20	9.77
	Balance with banks		
	-On current accounts	144.89	102.73
	-On fixed deposit (with original maturity of less than 3 months)	75.00	50.00
		221.09	**162.50**

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

Particulars		
Cash on hand	1.20	9.77
Cheques, drafts on hand	-	-
Balance with banks		
-On current accounts	144.89	102.73
Cash and cash equivalents in the statement of cash flows	**146.09**	**112.50**

		As at 31 March 2018	As at 31 March 2017
10	**Other financial assets**		
	Current		
	To parties other than related parties		
	Interest accrued on fixed deposits but not due	0.12	0.02
	Unbilled revenue	28.83	26.19
		28.95	**26.21**

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017
11	**Other current assets**		
	To parties other than related parties		
	Prepaid expenses	38.63	43.10
	Advance to vendors	37.59	4.34
		76.22	**47.44**
12	**Equity share capital**		
	Authorised		
	3,000,000 equity shares (previous year: 3,000,000 equity shares) of ₹ 10 each	300.00	300.00
	Issued, subscribed and paid up		
	1,000,000 equity shares (previous year: 100,000 equity shares)of ₹ 10 each, fully paid up	100.00	100.00
		100.00	**100.00**

(i) Reconciliation of equity shares outstanding at the beginning and at the end of the year/ period

(₹ in lakhs, 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	10,00,000	100	10,00,000	100.00
Issued during the year	-	-	-	-
At the end of the year	10,00,000	100	10,00,000	100.00

(ii) Rights, preference and restriction attached to equity shares

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

(iii) Shares held by Holding Company

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	Amount	Number of shares	Amount
Narayana Hrudayalaya Limited	9,99,795	99.98	9,99,795	99.98

(iv) Particulars of shareholders holding more than 5% shares:

Particulars	As at 31 March 2018		As at 31 March 2017	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited	9,99,795	99.98%	9,99,795	99.98%

The Company has not bought back any shares during the period from the date of incorporation (i.e. 5th September 2014) to 31 March 2018. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the period from the date of incorporation (i.e. 5th September 2014) to 31 March 2018

(₹ in lakhs)

		As at 31 March 2018	As at 31 March 2017
13	**Other Equity**		
	Reserves and surplus		
	Surplus (profit and loss balance)		
	At the commencement of the year	(104.41)	(108.43)
	Add: Net profit/(loss) after tax transferred from statement of profit and loss	(4.11)	4.02
	At the end of the year	(108.52)	(104.41)
	Other Comprehensive Income		
	At the commencement of the year	(4.11)	(0.09)
	Add: Addition during the year	4.11	(4.02)
	At the end of the year	0.00	(4.11)
		(108.52)	**(108.52)**

Surplus

Surplus represents prior year undistributed earning / (losses).

Other Comprehensive Income

Other Comprehensive Income represents acturial gain or loss or re-measurement of defined benefits obligation.

		As at 31 March 2018	As at 31 March 2017
14	**(a) Other non-current liabilities**		
	Deferred liability for assets funding	54.26	-
		54.26	**-**
	(b) Other current liabilities		
	To parties other than related parties		
	Deferred liability for assets funding	16.21	-
	Advance from patients	29.73	16.71
	Unearned Revenue	2.38	-
	Statutory liabilities (vat, sales tax, tds,gst etc.)	37.26	29.64
	Other liabilities	27.85	56.07
		113.43	**102.42**
15	**Provisions (refer note 31)**		
	(a) Non-current		
	Provision for employee benefits		
	Gratuity	6.83	9.57
		6.83	**9.57**
	(b) Current		
	Provision for employee benefits		
	Gratuity	0.03	0.18
	Compensated absences	34.62	11.73
		34.65	**11.91**
16	**Trade payables**		
	Total outstanding dues of micro enterprises and small enterprises (refer note 32)	-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises	773.65	617.96
		773.65	**617.96**

The Company's exposure to currency and liquidity risks related to trade payable is disclosed in note 33.

		As at 31 March 2018	As at 31 March 2017
17	**Other financial liabilities**		
	Current		
	To related parties		
	Related parties - Other payables (refer note 27)	-	5.23
		-	**5.23**

(₹ in lakhs)

18 Revenue from operations

Particulars	For the Year ended 31 Mar 2018	For the Year ended 31 Mar 2017
Income from medical and healthcare services	4,092.73	2,169.90
Sale of medical consumables and drugs	1,618.51	941.26
Other operating revenue:		
Viability gap funding income	1,116.06	1,441.79
Other healthcare services	0.14	
	6,827.44	**4,552.95**

19 Other income

Particulars	For the Year ended 31 Mar 2018	For the Year ended 31 Mar 2017
Interest income on		
- Bank deposits	1.61	1.78
Miscellaneous income	3.73	1.19
	5.34	**2.97**

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

Particulars	For the Year ended 31 Mar 2018	For the Year ended 31 Mar 2017
Inventory at the beginning of the year	365.64	8.36
Inventory at the end of the year	368.18	365.64
	(2.54)	**(357.28)**

21 Employee benefits

Particulars	For the Year ended 31 Mar 2018	For the Year ended 31 Mar 2017
Salaries, wages and bonus	1,391.29	1,056.90
Contribution to provident and other funds (refer note 31)	86.40	48.00
Staff welfare expenses	18.25	4.70
	1,495.94	**1,109.60**

(₹ in lakhs)

22 Other expenses

Particulars	For the Year ended 31 Mar 2018	For the Year ended 31 Mar 2017
Hospital operating expenses		
Power and fuel	354.59	286.55
Hospital general expenses	46.17	32.91
Rent (refer note 25)	50.95	14.63
House keeping expenses	276.67	185.53
Patient welfare expenses	91.73	60.05
Medical gas charges	8.84	17.13
Biomedical wastage expenses	11.62	9.12
Repairs and maintenance		
- Hospital equipments	67.48	33.73
- Buildings	93.74	39.33
- Others	240.47	163.96
	1,242.26	**842.94**
Administrative expenses		
Traveling and conveyance	62.10	82.58
Security charges	127.23	96.68
Printing and stationery	57.08	55.59
Advertisement and publicity	253.91	274.76
Rent (refer note 25)	10.15	-
Legal and professional fees	23.68	7.96
Payments to auditors (see note (i) below)	1.00	1.03
Business promotion	99.33	38.69
Telephone and communication	27.66	24.03
Bank charges	19.03	5.80
Insurance	29.26	22.83
Rates and taxes	14.74	3.60
Books and periodicals	1.09	0.28
Provision for doubtful debts	1.46	3.27
Assets/ capital work-in-progress- written off	-	2.71
Miscellaneous expenses	-	17.57
	727.72	**637.38**
	1,969.98	**1,480.32**

(i) **Payment to auditors***

Particulars	For the Year ended 31 Mar 2018	For the Year ended 31 Mar 2017
As an auditor		
Audit fee	1.00	1.00
Limited review	-	-
In other capacity:	-	-
Other services (certification fees)	-	-
Reimbursement of expenses	-	0.03
	1.00	1.03

*excluding taxes

23. Contingent liabilities and commitments

(i) Contingent liabilities

The Company believes that disputes, lawsuits and claims including commercial matters, which arise from time to time in the ordinary course of business will not have any material adverse effect on its financial statements in any given accounting year.

Commitments:

Estimated amounts of contracts remaining to be executed on capital account (net of advances) and not provided amounts to ₹ NIL (previous year: ₹ NIL).

24. Segment reporting

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 disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

Geographical information

Geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. India) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets. Since the Company has only one geographical location,i.e India , with respect to location of assets and location of customers, further details of geographical information is not applicable.

25. Leases

The Company has taken various medical equipment, hospital premises, vehicle,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) Amounts recognised in statement of profit and loss **(₹ in lakhs)**

Particulars	**For the year ended 31 March 2018**	**For the year ended 31 March 2017**
Cancellable	61.10	14.63
	61.10	**14.63**

26. Unrecognised deferred tax asset

Deferred tax assets has not been recognised because it is not probable that future taxable profit will be available against which the company can use the benefits thereon:

27 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Holding Company	Narayana Hrudayalaya Limited
Key Management Personnel (KMP)	Dr. Ashutosh Raghuvanshi- Managing Director Dr. Devi Prasad Shetty- Whole-time Director
Fellow 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) Narayana Holdings Private Limited (with effect from 11 April 2016)
Associate of Holding Company	Trimedx India Private Limited

(b) Transactions with related party during the year ended 31 March 2018

(₹ in lakhs)

Transactions	Holding company	Associate of Holding company	Total
Reimbursement of expenses	89.23 (15.34)	- (-)	89.23 (15.34)
Maintenance of medical equipment	- (-)	42.47 (33.73)	42.47 (33.73)
Issue of equity shares	- (-)	- (-)	- (-)
Guarantees received	- (250.00)	- (-)	- (250.00)

c) The balances payable to related parties

Balances	Year	Holding company	Associate of Holding company	Total
Other financial liabilities- Other Payable	31 March 2018	-	-	-
	31 March 2017	(5.23)	(-)	(5.23)
Guarantees received*	31 March 2018	250.00	-	250.00
	31 March 2017	(250.00)	(-)	(250.00)

Figures in brackets are for previous year.

*Given by Narayana Hrudayalaya Limited, holding company to Shri Mata Vaishno Devi Shrine Board

28 Earnings per share

Basic and diluted earnings per share

The calculation of basic and diluted earnings/ (loss) per share for the year ended 31 March 2018 was based on loss attributable to equity shareholders of ₹ 4.11 lakhs (Previous year loss: ₹ 4.02 lakhs) and weighted average number of equity share outstanding 1,000,000 (Previous year: 1,000,000).

(₹ in lakhs, except no of shares)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Profit(loss) for the year	(4.11)	4.02
Weighted average number of equity shares (basic/diluted)		
Shares	**As at 31 March 2018**	**As at 31 March 2017**
Opening balances	10,00,000	10,00,000
Effect of shares issued during the year	-	-
Weighted average number of equity share	10,00,000	10,00,000
Basic and diluted loss per share (₹)	(0.41)	0.40
(Nominal value per share ₹ 10)		

29 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. The Company is equity financed as evident from the capital structure below. There are no borrowings from any financial institution/organisation.

The capital structure as of 31 March 2018 and 31 March 2017 was as follows: (₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Total equity attributable to the equity shareholders of the Company	100.00	100.00
As a percentage of total capital	100%	100%
Borrowings from financial instituition and organisation	-	-
As a percentage of total capital	-	-
Total capital (Equity and Borrowings)	100.00	100.00

30 The Company 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. The Company 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 Company for providing technical assistance during the refurbishment and commissioning period to the extent of ₹ 50.00 lakhs The period of agreement is 21 Years from the Commercial Operation Date (COD) which is April 2016

Effective from the COD, the Authority shall provide Viability Gap Funding ("VGF") to the Company for a maximum period of 5 years from the COD on actual basis subject to a cumulative maximum amount of ₹4500 lakhs.

The Viability Gap Funding received so far is as below:

Particulars	Financial Year	(₹ in lakhs)
Other Operating revenue under Revenue from Operations	16-17	1,441.79
Other Operating revenue under Revenue from Operations	17-18	1,100.15
Other Operating revenue under Revenue from Operations	17-18	15.91
Deferred liability for assets funding under non current and current liabilities*	17-18	70.47

* This is paid towards capital expenditure and will be amortised over the life of assets.

31 Employee benefits

A. Defined benefit 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 ₹ 79.75 lakhs (previous year: ₹ 38.25 lakhs)

The Company operates post-employment defined benefit plan that provide gratuity. The gratuity plan entitles an employee, who has rendered at least five years of continuous service, to receive one-half month's salary for each year of completed service at the time of retirement/exit. This scheme is non funded. The Company's obligation in respect of the gratuity plan, which is a defined benefit plan, is provided for based on actuarial valuation carried out by an independent actuary using the projected unit credit method. The Company recognizes actuarial gains and losses immediately in the statement of profit and loss. The Company accrues gratuity as per the provisions of the Payment of Gratuity Act, 1972 as applicable as at the balance sheet date and accordingly the maximum payment is restricted to Rs. 20 lakhs.

Based on the actuarial valuation obtained in this respect, the following table sets out the status of the gratuity plan and the amounts recognised in the Company's financial statements as at balance sheet date:

(₹ in lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Net defined benefit liability	6.86	9.75
Liability for compensated absences	34.62	11.73
Total employee benefit liability	**41.48**	**21.48**
Non-current	6.83	9.57
Current	34.65	11.91

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 lakhs)

Particulars	As at 31 March 2018	As at 31 March 2017
Defined benefit obligation as at 1 April	9.75	0.25
Current service cost	5.91	5.48
Interest cost	0.74	0.01
Benefits Payment directly by employer	(1.41)	
-changes in demographic assumptions	0.33	(0.42)
-changes in financial assumptions	0.32	(3.86)
-experience adjustements	(8.78)	8.29
Defined benefit obligations as at 31 March	**6.86**	**9.75**
Net defined benefit liability	**6.86**	**9.75**

C. i) Expense recognised in statement of profit and Loss

(₹ in lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Current service cost	5.91	5.48
Interest cost	0.74	0.01
	6.65	**5.49**

ii) Remeasurements recognised in other compherensive income

(₹ in lakhs)

Particulars	For the year ended 31 March 2018	For the year ended 31 March 2017
Actuarial (gains) loss on defined benefit obligation	(4.11)	4.02
Return on plan assets excluding interest income	-	-
	(4.11)	**4.02**

Employee benefits (Continued)

D. Defined Benefit obligation

i) Actuarial assumptions

The following are the principal actuarial assumptions at the reporting date (expressed as weighted averages):

Principal actuarial assumptions	As at 31 March 2018	As at 31 March 2017
Attrition rate	39.00%	40.00%
Discount rate	6.80%	7.50%
Expected rate of return on plan assets	-	-
Future salary increases	First year 9% thereafter 6%	6.00%

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

Maturity profile of defined benefit obligation

Particulars	(₹ in lakhs)
1st following year	0.04
2nd following year	0.02
3rd following year	0.18
4th following year	2.51
5th following year	2.48
Year 6 to 10	4.01
More than 10 years	

As at 31 March 2018, the average duration of the defined benefit obligations was 26 years (31 March 2017: 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)	(0.17)	0.16	8.84	10.79
Future salary increases (0.5% movement)	(0.17)	0.16	10.70	8.91
Attrition rate (0.5% movement)	0.17	(0.18)	9.40	10.13
Mortality rate (10% movement)	0.00	0.00	9.78	9.73

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.

32 Due to Micro, Small and Medium Enterprises

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 26 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum. Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2017 has been made in the financial statements based on information received and available with the Company. Further in view of the management, the impact of interest, if any, that may be payable in accordance with the provisions of the Micro, Small and Medium Enterprises Development Act, 2006 ('The MSMED Act') is not expected to be material. The Company has not received any claim for interest from any supplier.

(₹ in lakhs)

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	-	-
-Interest	-	-
The amount of interest paid by the buyer as per the MSMED Act	-	-
The amount of payments made to micro and small suppliers beyond the appointed day during the accounting year;	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act;	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under the MSMED Act	-	-

33 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

(₹ in lakhs)

As at 31 March 2018	Amortised cost	Total
Financial assets		
Trade receivables	145.17	145.17
Cash and cash equivalents	221.09	221.09
Loans	1.00	1.00
Other financial assets	28.95	28.95
	396.23	**396.23**
Financial liabilities		
Trade payables	773.65	773.65
	773.65	**773.65**

As at 31 March 2017	Amortised cost	Total
Financial assets		
Trade receivables	113.68	113.68
Cash and cash equivalents	162.50	162.50
Loans	0.25	0.25
Other financial assets	26.21	26.21
	302.64	**302.63**
Financial liabilities		
Trade payables	617.96	617.96
Other financial liabilities	5.23	5.23
	623.19	**623.19**

Measurement of fair values

The carrying value 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 Rs. 145.17 lakhs (31 March 2018: Rs. 113.68 Lakhs). The movement in allowance for credit loss in respect of trade and other receivables during the year was as follows:

(₹ in lakhs)

Allowance for credit loss	As at 31 March 2018	As at 31 March 2017
Opening balance	3.27	-
Credit loss recognised	1.46	3.27
Closing balance	**4.73**	**3.27**

No single customer accounted for more than 10% of the revenue as of 31 March 2018. There is no significant concentration of credit risk.

Credit risk on cash and cash equivalent is limited as the Company generally transacts with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies

(iii) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Company's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Company's reputation.

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2018:

(₹ in lakhs)

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Trade payables	773.65	-	-	-	773.65
Total	**773.65**	-	-	-	**773.65**

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

Particulars	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Trade payables	617.96	-	-	-	617.96
Other financial liabilities	5.23	-	-	-	5.23
Total	**623.19**	-	-	-	**623.19**

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. There are no such associated rise in the Company.

Cash flow and fair value interest rate risk

The Company does not have any borrowings in the current year and previous year

34 **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.

A. The company had classified accurred salaries and benefits under Other financial liabilities - Current in the financial statement for the previous year. However , in the

The impact on reclassification is given below: **(` in lakhs)**

Particulars	Previously reported 31 March 2017	Amount reclassified	After reclassification 31 March 2018
Other financial Liabilities	40.70	(35.47)	5.23
Trade payables	582.49	35.47	617.96

The Management believes that the impact of the above reclassifications is not material.

for and on behalf of the Board of Directors of
Narayana Vaishno Devi Specialty Hospitals Private Limited

Dr. Ashutosh Raghuvanshi
Managing Director
DIN: 02775637

Mr. Viren Shetty
Director
DIN: 02144586

Place: Bengaluru
Date: 29 May 2018