Narayana Health™

Date of Submission: 31.01.2017

To	To
Secretary Listing Department BSE Limited Department of Corporate Services Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai – 400 001 **Scrip Code - 539551**	Secretary Listing Department National Stock Exchange of India Limited Exchange Plaza, Bandra Kurla Complex Mumbai – 400 050 **Stock Code- NH**

Dear Sir/Madam,

Sub: Result Release and Quarterly Presentation for Q3 FY 2016-17.

With reference to the captioned subject, please find enclosed Result Release and Quarterly Presentation for Q3 FY 2016-17 ending **31st December, 2016**.

Kindly take the above said information on record as per the requirement of Listing Regulations.

Thanking You,

Yours faithfully

For NARAYANA HRUDAYALAYA LIMITED

Ashish Kumar

Ashish Kumar
Group Company Secretary and Compliance Officer
Encl: A/A

NARAYANA HRUDAYALAYA LIMITED BANGALORE

PRESS RELEASE

Q3 FY17 Consolidated operating income at Rs. 4,553 mn (y-o-y of 13.9%) with EBITDA of Rs. 565 mn (y-o-y of 21.9%)

9M FY17 Consolidated operating income at Rs. 13,946 mn (y-o-y of 17.6%) with EBITDA of Rs. 1,805 mn (y-o-y of 32.8%)

Bengaluru, India, January 31st, 2017 – Narayana Hrudayalaya Limited, a leading healthcare service provider in India, today announced its financial results for the third quarter (Q3 FY17) and nine months (9M FY17) ended December 31st, 2016.

Financial Highlights for the Quarter (Q3 FY17) - Prepared in accordance with Ind AS ('Indian Accounting Standards')

- Consolidated total operating income was Rs. 4,553 mn as against Rs. 3,997 mn in Q3 FY16, reflecting an increase of 13.9%
- Consolidated EBITDA stood at Rs. 565 mn as compared to Rs. 463 mn in Q3 FY16, reflecting an increase of 21.9%
- Consolidated EBITDA Margin was at 12.4% as against 11.6% in Q3 FY16, showing an improvement by 82 basis points (bps)
- PAT after minority interest and share of loss in associates stood at Rs. 170 mn as compared to Rs. 58 mn in Q3 FY16

Financial Highlights for the Nine Months (9M FY17)

- Consolidated total operating income was Rs. 13,946 mn as against Rs. 11,863 mn in 9M FY16, reflecting an increase of 17.6%
- Consolidated EBITDA stood at Rs. 1,805 mn as compared to Rs. 1,359 mn in 9M FY16, reflecting an increase of 32.8%
- Consolidated EBITDA Margin was at 12.9% as compared to 11.5% in 9M FY16, showing an improvement by 148 bps
- PAT after minority interest and share of loss in associates stood at Rs. 608 mn as compared to Rs. 162 mn in 9M FY16

As on December 31st, 2016, the consolidated net debt was Rs. 1,818 mn representing a net debt to equity ratio of 0.19.

Other Highlights during the Quarter

- Mazumdar Shaw Medical Centre, Bengaluru (MSMC) harvested Bone marrow from an 8 month old infant to donate it to his sister. Harvesting of Bone marrow from such a young patient was done for the first time ever in India
- Our hospital in Mysore performed a rare complete hip replacement surgery on a 12 year old boy to treat TB of hip
- The Blood Bank at our hospital in Guwahati got accredited by NABH, making it the first ever in the country to achieve this within 18 months of commissioning
- MSMC achieved the distinction of performing 150 Bone Marrow Transplants (BMT) during 9 months ended December 2016
- NH won the Healthcare Leadership Award, presented by ABP News, under the category "Best use of Social Media & Digital Marketing" in Nov'16 and also won "Community Health Organisation of the Year" award at India Health & Wellness Awards 2016 presented by AMUL in Dec'16

Management Comment

Commenting on the performance, **Dr. Ashutosh Raghuvanshi, Vice Chairman, Managing Director and Group CEO, Narayana Hrudayalaya Limited,** said *"We are pleased to register a steady performance for the quarter despite Q3 being a seasonally moderate quarter for our industry. The Government's demonetization drive also had an impact on our walk-ins which constitute ~60% of our revenue. However, we believe the headwinds due to the same are temporary and we expect normalcy to return to our business over the short to medium term with the predicted ease in the cash crunch situation. Overall, we see our business being well-poised which coupled with the myriad opportunities in the healthcare space, sets us up nicely on an exciting growth trajectory to deliver affordable quality healthcare to all sections of the society."*

About Narayana Hrudayalaya Limited

Founded in 2000 by Dr. Devi Prasad Shetty and headquartered in Bengaluru, Narayana Hrudayalaya Limited is one of the leading healthcare service providers in India, operating a chain of multispecialty, tertiary and primary healthcare facilities. The Company has a network of 22 hospitals and 7 heart centres across India and single hospital overseas at Cayman Islands with over 5,500 operational beds across all its centres and potential to reach a capacity of over 6,600 beds.

For further details, please contact us at investorrelations@nhhospitals.org

Q3/9M FY17 Result Conference Call

At 3:30 PM, IST on February 2nd, 2017

Following the announcement of the third quarter (Q3FY17) and nine months (9MFY17) ended December 31st, 2016 results on January 31st, 2017, the management of Narayana Hrudayalaya Limited will host a conference call to discuss the Company's performance on February 2nd, 2017 at 3:30 pm IST.

Details of the conference call are as under:

Date:	Thursday, February 2nd, 2017
Time:	3:30 pm IST
Dial-in Numbers:	
Primary Number	+91 22 3938 1009
Local Access Number	3940 3977^
International Toll Free Numbers	USA - 1 866 746 2133 UK - 0 808 101 1573 Singapore - 800 101 2045 Hong Kong - 800 964 448
Pre-Registration Facility	***Click here* to pre-register for the call and dial in directly without waiting for the operator.**
Transcript	The transcript will be uploaded on our website www.narayanahealth.org

^Available in - Ahmedabad, Bangalore, Chandigarh, Chennai, Gurgaon (NCR), Hyderabad, Kochi/Cochin, Kolkata, Lucknow, Pune. Accessible from all carriers.

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Narayana Health

Quarterly Presentation – Q3 FY17

January 2017

Important Disclosure

No representation or warranty, express or implied is made as to, and no reliance should be placed on, the fairness, accuracy, completeness or correctness of such information or opinions contained herein. The information contained in this presentation is only current as of its date. Certain statements made in this presentation may not be based on historical information or facts and may be "forward looking statements", including those relating to the Company's general business plans and strategy, its future financial condition and growth prospects, and future developments in its industry and its competitive and regulatory environment.

Actual results may differ materially from these forward-looking statements due to a number of factors, including future changes or developments in the Company's business, its competitive environment and political, economic, legal and social conditions in India.

This communication is for general information purpose only, without regard to specific objectives, financial situations and needs of any particular person. This presentation does not constitute an offer or invitation to purchase or subscribe for any shares in the Company and neither any part of it shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. The Company may alter, modify or otherwise change in any manner the content of this presentation, without obligation to notify any person of such revision or changes. This presentation can not be copied and/or disseminated in any manner.

Key Highlights – Q3 FY17

Clinical and Operational

- Mazumdar Shaw Medical Centre, Bengaluru (MSMC) harvested Bone marrow from an 8 month old infant to donate it to his sister. Harvesting of Bone marrow from such a young patient was done for the first time ever in India
- MSMC achieved the distinction of performing 150 Bone Marrow Transplants (BMT) during 9 months ended December 2016
- Our hospital in Mysore performed a rare complete hip replacement surgery on a 12 year old boy to treat TB of hip
- The Blood Bank at our hospital in Guwahati got accredited by NABH, making it the first ever in the country to achieve this within 18 months of commissioning
- RTIICS, Kolkata launched a comprehensive paediatric neuro clinic. It would address congenital brain, spine anomalies and other complicated brain and spinal diseases

Awards and Honors

- NH won the Healthcare Leadership Award, presented by ABP News, under the category "Best use of Social Media & Digital Marketing" in Nov'16
- NH won "Community Health Organisation of the Year" award at India Health & Wellness Awards 2016 presented by AMUL in Dec'16
- NH won the IHRC (Indian Human Resources Convention) HDM (HR Development & Management) award 2016 for "Excellence in HR through Technology" in Dec'16

Financial Performance

- Operating revenue of INR 4,553 mn in Q3 FY17, an increase of 13.9% YoY
- Robust 21.9% growth YoY in EBITDA to INR 565 mn in Q3 FY17, reflecting an EBITDA margin of 12.4%
- Net debt of INR 1,818 mn as on 31st Dec, 2016, reflecting net debt to equity ratio of 0.19

NH at a Glance

As on 1st Jan 2017

49	**Healthcare Facilities**	
18	Owned / Operated hospitals (1)	4,369 Beds
4	Managed hospitals (2)	720 Beds
7	Heart centres	376 Beds
19	Primary healthcare facilities (3)	10 Beds
1	Hospital in Cayman Islands	101 Beds

6,647 Capacity Beds

5,576 Operational Beds

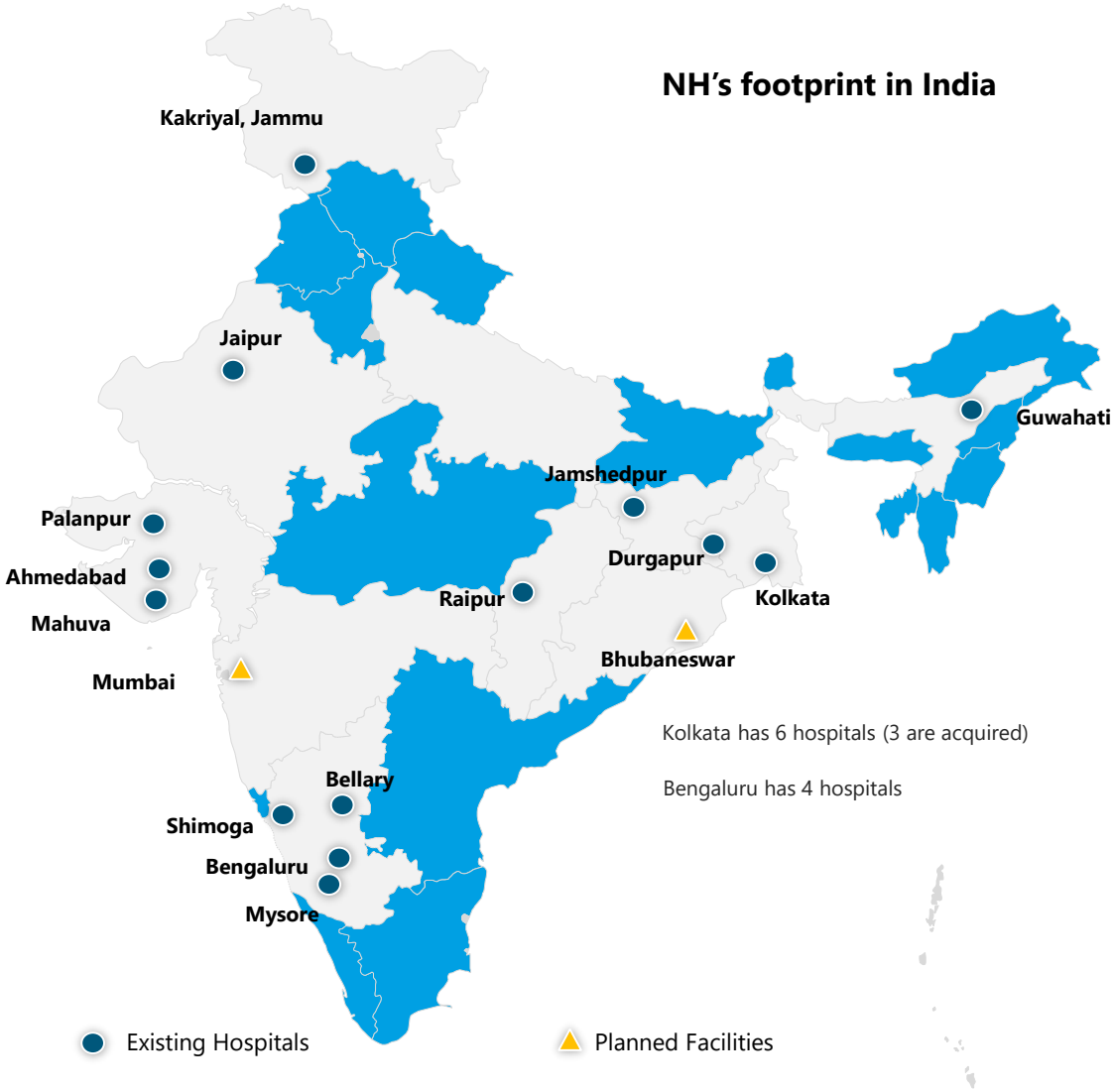
2.7 mn (4) Average effective capital cost per operational bed

30+ Specialities

309 (5) Daily Average Surgeries and Procedures

14,074 Full-time employees and associates including 2,915 doctors

NH's footprint in India



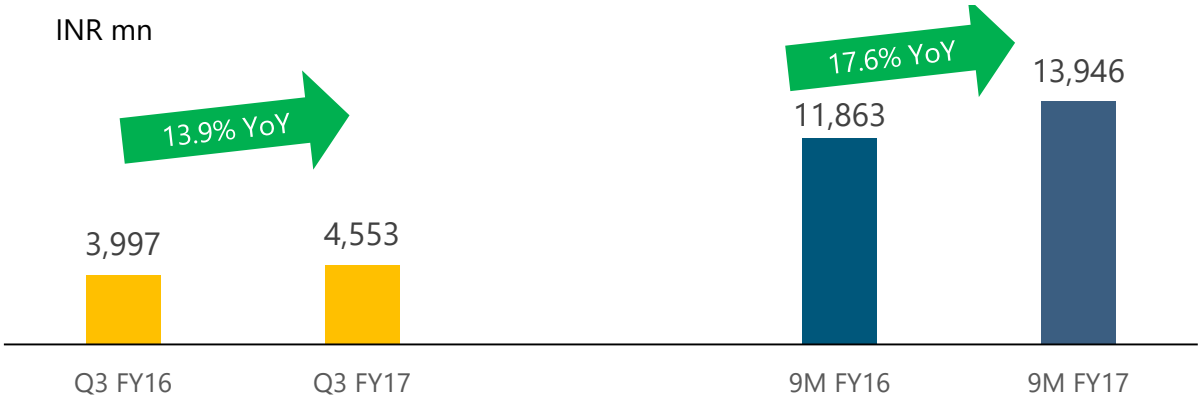
Kolkata has 6 hospitals (3 are acquired)

Bengaluru has 4 hospitals

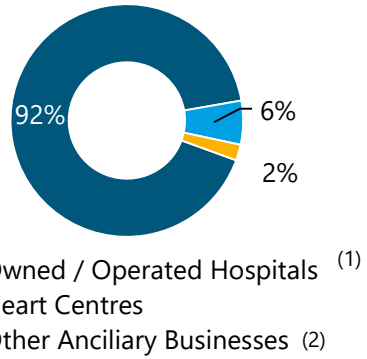
(1) *NH owns the P&L responsibility*
(2) *NH manages 3rd party hospitals for Management Fees*
(3) *Includes clinics, information centres, etc*
(4) *Based on (Gross Block for Fixed Assets (adjusted for non-cash government grant provision)+ Capital Work in Progress (CWIP)) / Number of operational beds as of 31st Dec 2016. excludes Managed Hospitals and Cayman facility*
(5) *Daily average calculated on a 92 days basis for Q3 FY17; excludes Vaishno Devi unit*

Revenue Mix

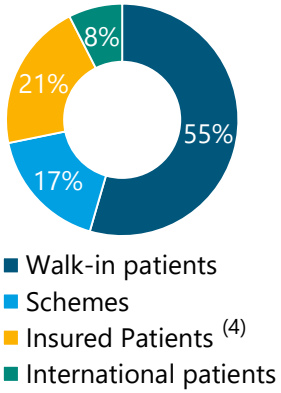
Operating Revenue



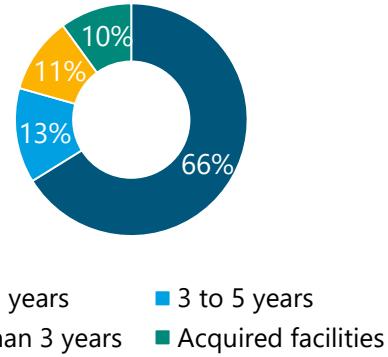
Business Mix



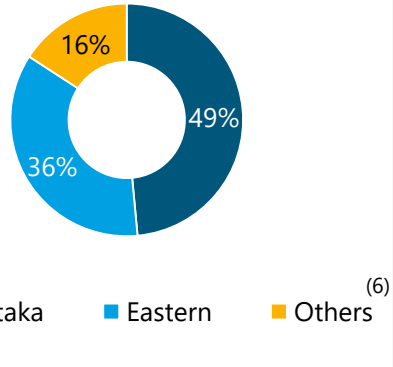
Payee-Profile(3,8)



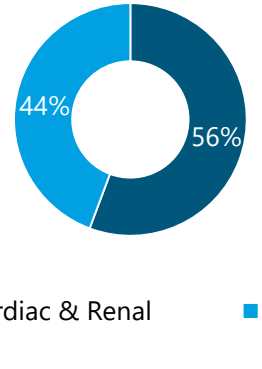
Maturity-Wise(5)



Cluster-Wise(5,8)

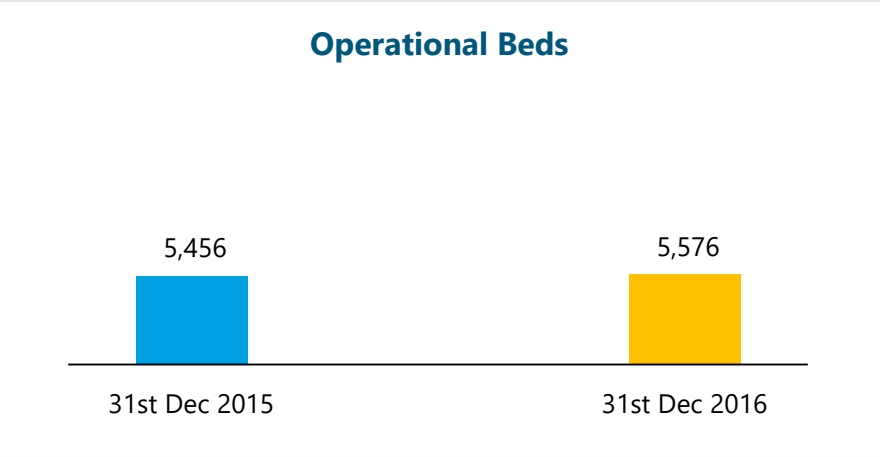


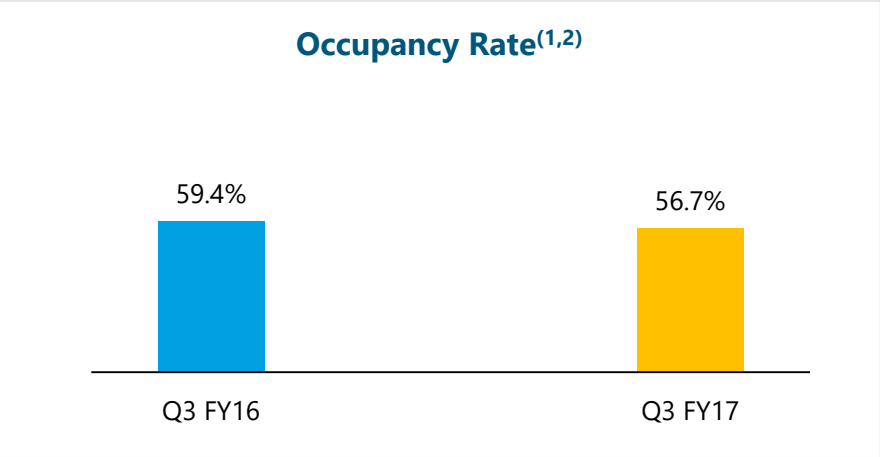
Speciality-Profile(7)

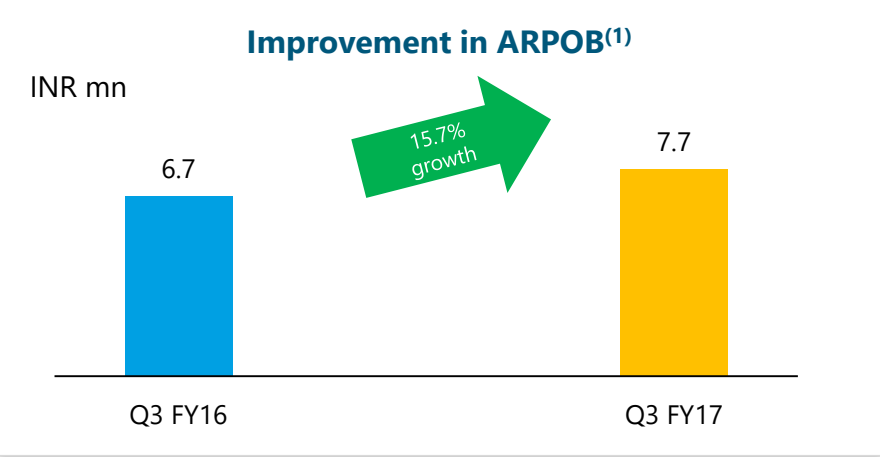


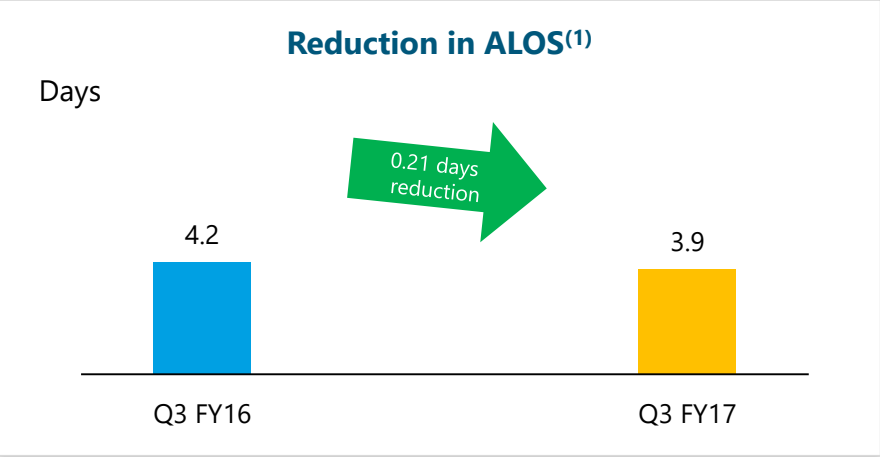
(1) NH owns the P&L responsibility
(2) Includes managed hospitals, clinics, learning and development, teleradiology, etc
(3) As percentage of IP and OP revenue: Schemes include CGHS, ESIS, other state government schemes. Excludes E City, Sarjapur, Hosur, HSR clinics and Berhampore unit
(4) Includes Insurance-covered patients, corporate patients (including public sector undertakings)
(5) Calculated on operating revenue of owned / operated hospitals
(6) Others include hospitals at Jaipur, Raipur, Ahmedabad and newly commissioned facility at Kakriyal, Jammu
(7) Calculated on IP revenue; 6 core specialities (cardiac sciences, renal sciences, oncology, neurosciences, gastroenterology and orthopaedics) account for~90% of IP revenue in Q3 FY17 (excludes Vaishno Devi unit)
(8) Percentages might not add up to 100% due to rounding off

Operational Review









(1) Excludes Managed Hospitals, Berhampore & Cayman facility for Q3 FY17 and excludes Managed Hospitals, MMRHL & Cayman facility for Q3 FY16
(2) Occupancy rate is calculated on total Census beds (Census beds exclude recovery, pre operative, dialysis, emergency, day care, etc); Occupancy of 48.7% on total operational beds in Q3 FY 17 as against 51.7% in Q3 FY 16

Cluster Split

Regional Cluster	Hospitals[1]	% of Hospital Operating Revenue[2,5]		% of Hospital Operational Beds[1,5]	Operational Parameters[2]	
			YoY Growth		ARPOB (INR mn)	Occupancy[4]
Karnataka Cluster	7[3]	49%	18%	42%	8.3	54%
Eastern Cluster[6]	9[3]	36%	10%	37%	6.9	67%
Others[7]	6[3]	16%	36%	20%	6.6	55%

(1) Includes Managed hospitals and excludes Cayman facility
(2) Excludes Managed hospitals and Cayman facility
(3) Karnataka and Eastern clusters include 1 managed hospital each while Others include 2 managed hospitals
(4) Occupancy is calculated on Census beds; Occupancy of 48% for Karnataka cluster, 56% for Eastern cluster and 45% for Others respectively on total operational beds
(5) Percentages in pie might not add up to 100% due to rounding off
(6) Does not include Berhampore hospital data as NH exited from it in November 2016
(7) Does not include Hyderabad hospital data as NH exited from it in April 2016

Maturity Profile

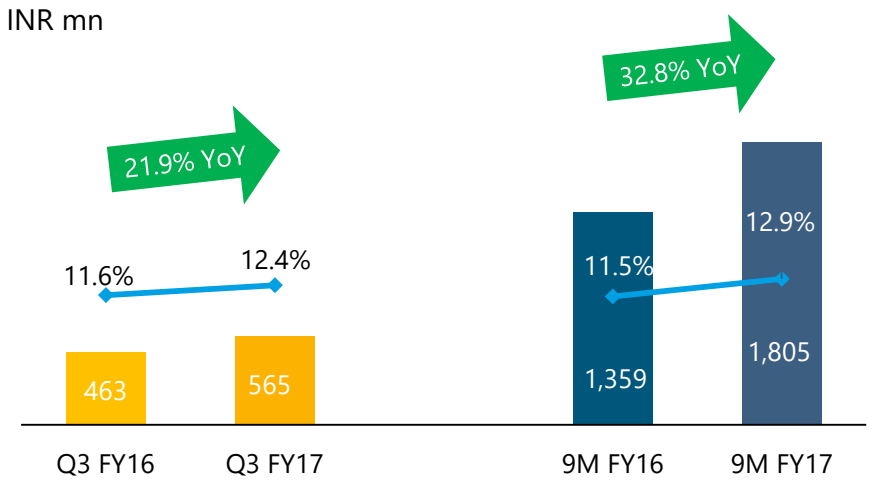
Maturity[1]	Hospitals[2]	% of Hospital Operating Revenue[3]	YoY Growth	% of Hospital Operational Beds[2]	ARPOB (INR mn)	Occupancy[5]	EBITDAR Margin[4]
Over 5 years	7	66%	11%	51%	8.1	60%	23.7%
3 to 5 Years	4	13%	15%	16%	6.0	51%	9.7%
Less than 3 years	8	11%	74%	23%	8.2	55%	6.2%
Acquired Facilities	3	10%	25%	10%	5.8	68%	7.9%

(1) Maturity determined as on 31st March'16 except Jammu, commissioned on 8th April'16, Hyderabad and Berhampore excluded
(2) Includes Managed hospitals and excludes Cayman facility
(3) Excludes Managed hospitals and Cayman facility
(4) EBITDA before rental/revenue share and before allocation of any corporate expenses
(5) Occupancy is calculated on Census beds; Occupancy of 52% for > 5 years bucket, 43% for 3-5 years, 43% for < 3 years, 58% for acquired units respectively on total operational beds

- Over 5 years include NICS,MSMC, RTIICS, units at Jaipur, Jamshedpur and 2 other units at Kolkata viz. RTSC, RNN
- 3-5 years include units at Raipur, Ahmedabad, Mysore, and Shimoga
- Less than 3 years include 4 managed hospitals and 4 units at Whitefield, HSR, Guwahati and Kakriyal
- Acquired facilities include 2 units of MMRHL, Kolkata and unit at Barasat (Kolkata)

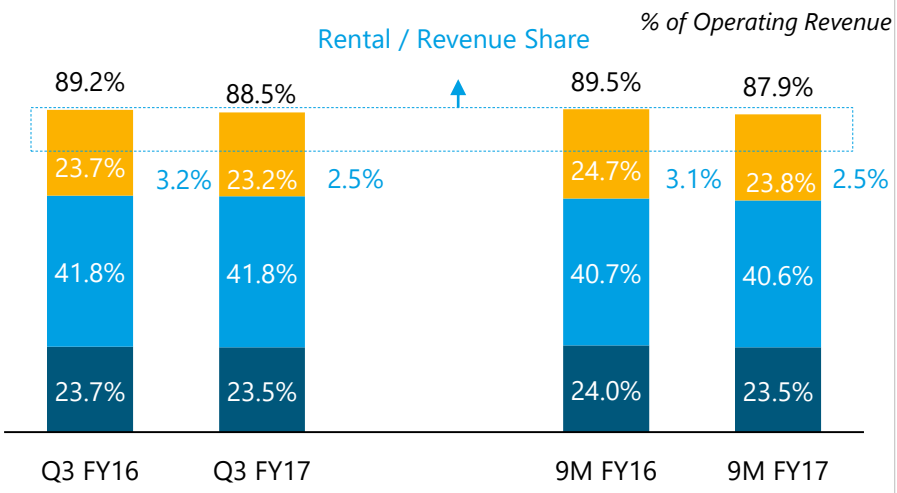
Profitability Snapshot

EBITDA and EBITDA Margin



- 9 months FY17 EBITDA grew by 32.8% YoY, reflecting an improvement of 148 bps in margin
- Heart centres clocked an EBITDAR margin of 19.6%[1] in Q3 FY17
- Hospital at Cayman Islands achieved operating revenue of USD 8.4 mn and EBITDA of USD 0.8 mn in Q3 FY17

Cost Structure[2]



- Consumable Expenses
- Employee (excluding doctors) Benefits + Doctors expenses
- Other Expenses

(1) EBITDA before rental/revenue share and before allocation of any corporate expenses
(2) Categories have been calculated as Consumable Expenses = Purchase of medical consumables, drugs and surgical equipment, net of changes in inventories of medical consumables, drugs and surgical equipment; Employee (exc. Doctors) Benefits and Doctors expenses = Employee benefits + Professional fees to doctors; Others = all other expenses

Financial Performance

Figures in INR mn, unless stated otherwise

Profit and Loss Statement[1]

Particulars	Q3 FY17	9M FY17
Total Operating Revenue	**4,553**	**13,946**
Purchase of medical consumables, drugs and surgical equipment- Net of change in Inventory	1,068	3,275
Employee (Excluding Doctors) Expenses	879	2,588
Doctors Expenses	1,023	3,079
Other Admin Expenses	1,056	3,317
Total Expenses	**4,027**	**12,259**
Other Income	39	118
EBITDA	**565**	**1,805**
Depreciation and Amortization	200	587
Finance Costs	55	162
Profit Before Tax & Exceptional Items	**309**	**1,055**
Exceptional Items	13	13
Tax Expense	109	374
PAT before MI and share of loss of associates	**187**	**669**
Share in (loss) of associates and MI	(16)	(61)
PAT after MI and share of loss of associates	**170**	**608**
Total Comprehensive Income, net of tax	167	610

Key Balance Sheet Items[1]

Particulars	31st Dec 2016
Shareholder Equity	**9,445**
Total Debt	**2,107**
Long term debt including current maturities	1,964
Short term debt	143
Net Block	10,023[2]
Goodwill	581
Non Current Investment	981
Net receivables	1,822
Cash and cash equivalents	**289**

As on December 31st, 2016, the consolidated net debt was Rs 1,818 mn representing a net debt to equity ratio 0.19

(1) Figures might not equal the reported numbers due to rounding off
(2) Net Block includes non-cash government grant provision of Rs 1,448 mn

Narayana Health

Project Pipeline

Location	Estimated time for Commencement	Type of hospital	No of beds	Type
Mumbai	Within next 2 months	Multispeciality, paediatric	297	Operation and management basis
Bhubaneshwar	NA	Multispeciality	220	Construct and operate hospital on leasehold land (Awaits Govt of Odisha's acceptance for alternate land parcel)
Kenya	Within next 48 months	Multispeciality	130	Minority equity stake and management agreement with NH

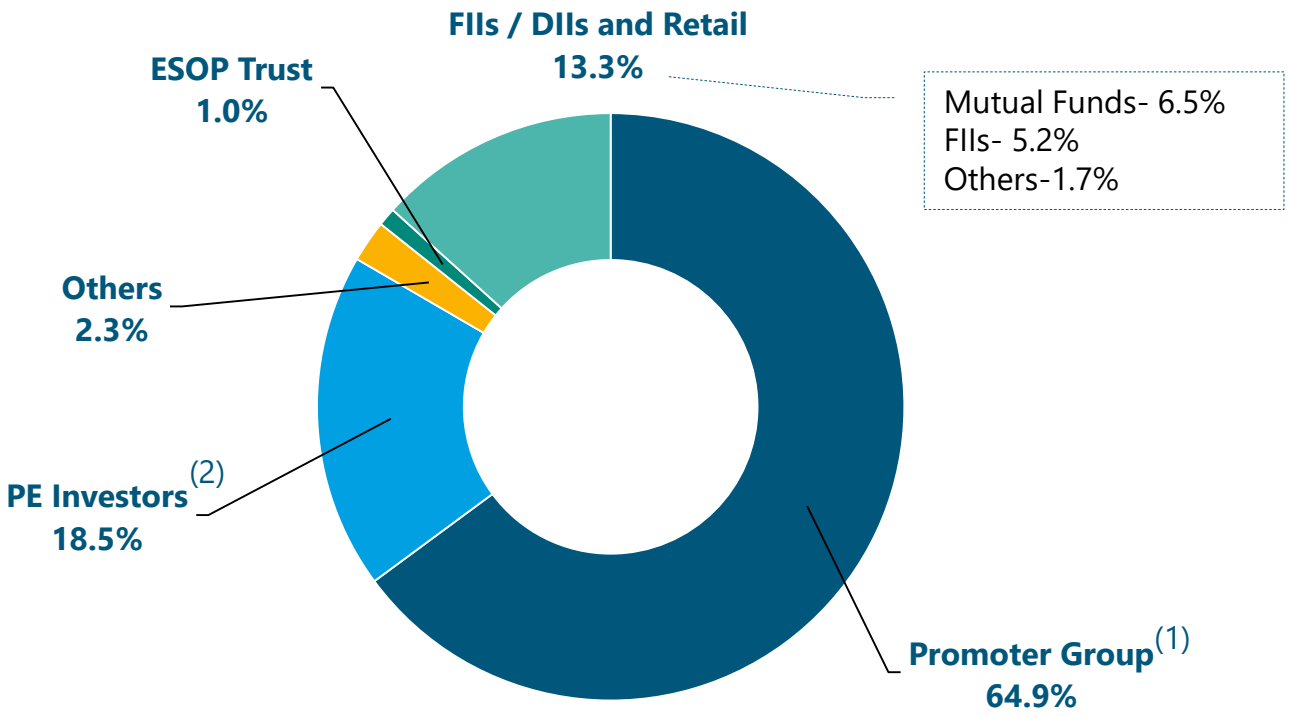
- Growth trajectory on track through the above projects as well as several projects under discussion
- Emphasis on "asset right" capital deployment model and the engagement framework which provide us the flexibility to limit our capital investments primarily to medical equipment
- Focus to maintain a balanced approach while evaluating organic and inorganic opportunities to fuel future expansion

Shareholding Pattern

Shareholding as on 31st December 2016

Total Number of Shares

204,360,804



(1) *Includes 2.8% held by NHAPL (Narayana Health Academy Private Limited)*
(2) *PE investors include CDC, Asia Growth Capital and JP Morgan who have been shareholders prior to the IPO*