



**Independent Auditor's Report**

**To the Members of Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

We have audited the accompanying standalone Ind AS financial statements of Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd. ('the Company'), which comprises the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "Ind AS standalone financial statements").

**Management's Responsibility for the Standalone 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 standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including Ind AS prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit



Sandeep K Nayak  
Chartered Accountant

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procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

### **Opinion**

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

### **Report on other Legal and Regulatory Requirements**

As required by Section 143(3) of the Act, we report that :

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose 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 dealt with by this Report are in agreement with the books of account; and
- d) in our opinion, the standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014

**For Sandeep K Nayak**  
**Chartered Accountant**

**Sandeep K Nayak**  
**Proprietor**  
Membership Number: 237506

**Bangalore**  
**29<sup>th</sup> May, 2017.**

**Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd**  
**Balance sheet as at 31 March 2017**

(Presented in INR)

	Notes	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015
<b>ASSETS</b>				
<b>Current Assets</b>				
Financial assets				
Cash and cash equivalents	4	148,98,033	183,04,092	381,40,534
Bank balances other than above		-	-	-
Loans	5	-	-	331,97,912
Other current assets	6	-	1,24,435	-
<b>Total current assets</b>		<b>148,98,033</b>	<b>184,28,527</b>	<b>713,38,446</b>
<b>TOTAL ASSETS</b>		<b>148,98,033</b>	<b>184,28,527</b>	<b>713,38,446</b>
<b>EQUITY AND LIABILITIES</b>				
<b>Equity</b>				
Equity share capital	7	504,83,750	504,83,750	504,83,750
Other Equity		(362,45,527)	(329,56,498)	(374,16,147)
<b>Total equity</b>		<b>142,38,223</b>	<b>175,27,252</b>	<b>130,67,603</b>
<b>Liabilities</b>				
<b>Non-Current Liabilities</b>				
Financial Liabilities				
Borrowings	8	-	-	552,11,500
		-	-	552,11,500
<b>Current Liabilities</b>				
Financial Liabilities				
Trade payables	9	6,59,810	1,00,768	13,05,385
Other financial liabilities	10	-	8,00,507	17,53,958
		6,59,810	9,01,275	30,59,343
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>148,98,033</b>	<b>184,28,527</b>	<b>713,38,446</b>

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

As per our report of even date attached  
For Sandeep K. Nayak  
Chartered Accountants

for and on behalf of the Board of Directors of  
Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd

Sandeep K Nayak  
Proprietor  
Membership No.237506  
Place: Bengaluru  
Date: 29 May 2017

Dr. Ashutosh Raghuvanshi  
Director

Viren Prasad Shetty  
Director

Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd  
Statement of profit and loss for the year ended 31 March 2017

		(Presented in INR)	
Notes	For the year ended 31 March 2017	For the year ended 31 March 2016	
<b>EXPENSES</b>			
Other expenses	11	9,04,979	5,68,845
		<u>9,04,979</u>	<u>5,68,845</u>
<b>Earnings before finance costs, depreciation and amortisation, exceptional items and tax</b>		(9,04,979)	(5,68,845)
Finance costs	12	-	5,24,003
Depreciation and amortisation expense		-	-
<b>Profit before exceptional items and tax</b>		-	5,24,003
Exceptional items		-	-
<b>Profit before tax</b>		(9,04,979)	(10,92,848)
<b>Tax expenses:</b>			
Current Tax		-	-
Deferred tax (credit)/ charge		-	-
<b>Total tax expense</b>		-	-
<b>Profit for the year</b>		<u>(9,04,979)</u>	<u>(10,92,848)</u>
<b>Other comprehensive income</b>			
<b>Items that will not be subsequently reclassified to profit or loss</b>			
Re-measurement of defined benefit plans		-	-
Income tax effect		-	-
<b>Other comprehensive income for the year, net of tax</b>		-	-
<b>Total comprehensive income for the year</b>		<u>(9,04,979)</u>	<u>(10,92,848)</u>
<b>Loss per share</b>			
Basic (')	16	(0.35)	(0.42)
Diluted (')		(0.35)	(0.42)

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

As per our report of even date attached  
For Sandeep K. Nayak  
Chartered Accountants

for and on behalf of the Board of Directors of  
Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd  
(RM)

Sandeep K. Nayak  
Proprietor  
Membership No.237506  
Place: Bengaluru  
Date: 29 May 2017

Dr. Ashutosh Raghuvanshi  
Director

Viren Prasad Shetty  
Director



Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd  
Statement of changes in equity for the year ended 31 March 2017

(Presented in INR)		
(a) Equity share capital		
Particulars	No. of Shares	Amount
Equity shares of ' 19.53 each issued, subscribed and fully paid up		
Balance as at 1 April 2015	25,85,136	504,83,750.00
Changes in equity share capital during 2015-16	-	-
Balance as at 31 March 2016	25,85,136	504,83,750.00
Changes in equity share capital during 2016-17	-	-
Balance as at 31 March 2017	25,85,136	504,83,750.00

(Presented in INR)

(b) Other equity				
	Reserves and Surplus		Items of OCI	Total other equity
	Retained earnings	Foreign currency translation reserve	Remeasurements of the net defined benefit Plans	
Balance at 1 April 2015	(271,47,750)	(102,68,397)	-	(374,16,147)
Profit for the year	(10,92,848)	55,52,497	-	44,59,649
Other comprehensive income (OCI) (net of tax)	-	-	-	0
Total comprehensive income for the year	(10,92,848)	55,52,497	-	44,59,649
Balance as at 31 March 2016	(282,40,598)	(47,15,900)	-	(329,56,498)
Profit for the year	(9,04,979)	(23,84,050)	-	(32,89,029)
Other comprehensive income (net of tax)	-	-	-	0
Total comprehensive income for the year	(9,04,979)	(23,84,050)	-	(32,89,029)
Balance as at 31 March 2017	(291,45,577)	(70,99,950)	-	(362,45,527)

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

As per our report of even date attached  
For Sandeep K. Nayak  
Chartered Accountants

for and on behalf of the Board of Directors of  
Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd

Sandeep K Nayak  
Proprietor  
Membership No.237506  
Place: Bengaluru  
Date: 29 May 2017

Dr. Ashutosh Raghuvanshi  
Director

Viren Prasad Shetty  
Director

**Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd**  
**Cash flow statement for the year ended 31 March 2017**

(Presented in INR)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>Cash flow from operating activities</b>		
Profit before tax	(9,04,979)	(10,92,848)
<b>Adjustments to reconcile profit before tax to net cash flows:</b>		
Interest expense and other borrowing costs	-	5,24,003
<b>Operating cash flow before working capital changes</b>	<b>(9,04,979)</b>	<b>(5,68,845)</b>
Changes in other assets	1,24,435	(1,24,435)
Changes in loans and advances	-	331,97,912
Changes in liabilities and provisions	(26,25,515)	(21,25,560)
<b>Cash generated from/ (used in) operations</b>	<b>(34,06,059)</b>	<b>303,79,073</b>
Income taxes paid, net of refund	-	-
<b>Net cash generated from/ (used in) operating activities (A)</b>	<b>(34,06,059)</b>	<b>303,79,073</b>
<b>Net cash flow from investing activities (B)</b>	<b>-</b>	<b>-</b>
<b>Cash flow from financing activities</b>	<b>-</b>	<b>-</b>
Repayment of debentures	-	(496,91,512)
Interest and other borrowing costs paid	-	(5,24,003)
<b>Net cash flow from financing activities (C)</b>	<b>-</b>	<b>(502,15,515)</b>
<b>Net decrease in cash and cash equivalents (A+B+C)</b>	<b>(34,06,059)</b>	<b>(198,36,442)</b>
Cash and cash equivalents at the beginning of the year	183,04,092	381,40,534
<b>Cash and cash equivalents at the end of the year (refer note 4)</b>	<b>148,98,033</b>	<b>183,04,092</b>

As per our report of even date attached  
For Sandeep K Nayak  
Chartered Accountants

for and on behalf of the Board of Directors of  
**Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd**

Sandeep K Nayak  
Proprietor  
Membership No.237506  
Place: Bengaluru  
Date: 29 May 2017

Dr. Ashutosh Raghuvanshi  
Director

Viren Prasad Shetty  
Director

## **Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

#### **1. Company overview**

Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd. ('the Company') was incorporated on 27 September 2011 as a Company limited by shares under the laws of the Malaysia. The registered office of the Company is located at, Level 7, Menara Milenium, Jalan Damanlela, Pusat Bandar Damansara, Damansara Heights 50490 Kuala Lumpur. The Company is a wholly owned subsidiary of Narayana Hrudayalaya Limited and has not commenced operations since its incorporation. Its intended principal activity is rendering various services relating to treatment of ailments including to run nursing homes, hospitals, operation theatres pathological laboratories, X-ray clinics, research centres and cardiographic and sonographic centres. On 7 January 2017, the Company has, at a Board of Directors' meeting, made a written Declaration of Solvency for the voluntary liquidation of the Company pursuant to Section 257(1) of the Companies Act, 1965.

#### **2. Basis of preparation of the financial statements**

##### **2.1. Statement of compliance**

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

The Company's financial statements up to and for the year ended 31 March 2016 were prepared in accordance with the Companies (Accounting Standards) Rules 2006, notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

As these are the first financial statements prepared in accordance with Indian Accounting Standards (Ind AS), Ind AS 101, *First-time Adoption of Indian Accounting Standards* has been applied. An explanation of how the transition to Ind AS has affected the previously reported financial position, financial performance of the Company is provided in Note 18.

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

Details of the accounting policies are included in Note 3.

##### **2.2. Functional and presentation currency**

These financial statements are presented in Indian Rupees ("INR"), however the function currency of the Company is Malaysian Ringgits ("MYR"). All amounts have been rounded-off to the nearest rupee unless otherwise indicated.

**Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

**2.3. Basis of measurement**

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

<b>Items</b>	<b>Measurement basis</b>
Certain financial assets and liabilities	Fair value

**2.4. Use of estimates and judgments**

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

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

Note 17 – financial instruments;

**3. Significant accounting policies**

**3.1. Financial instruments**

***a. Recognition and initial measurement***

Trade receivables and debt securities issued are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

***b. Classification and subsequent measurement***

*Financial assets*

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- FVTPL



### 3.1 Financial instruments (contd)

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.

**Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

**3.1 Financial instruments (contd)**

*Financial assets: Assessment whether contractual cash flows are solely payments of principal and interest*

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for the credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

In assessing whether the contractual cash flows are solely payments of principal and interest, the Company considers the contractual terms of the instrument. This includes assessing whether the financial asset contains a contractual term that could change the timing or amount of contractual cash flows such that it would not meet this condition. In making this assessment, the Company considers:

- contingent events that would change the amount or timing of cash flows;
- terms that may adjust the contractual coupon rate, including variable interest rate features;
- prepayment and extension features; and
- terms that limit the Company's claim to cash flows from specified assets (e.g. non-recourse features).

A prepayment feature is consistent with the solely payments of principal and interest criterion if the prepayment amount substantially represents unpaid amounts of principal and interest on the principal amount outstanding, which may include reasonable additional compensation for early termination of the contract. Additionally, for a financial asset acquired at a significant discount or premium to its contractual par amount, a feature that permits or requires prepayment at an amount that substantially represents the contractual par amount plus accrued (but unpaid) contractual interest (which may also include reasonable additional compensation for early termination) is treated as consistent with this criterion if the fair value of the prepayment feature is insignificant at initial recognition.

*Financial assets: Subsequent measurement and gains and losses*

Financial assets at FVTPL	These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in profit or loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

*Financial liabilities: Classification, subsequent measurement and gains and losses*

Financial liabilities are classified as measured at amortised cost or FVTPL. A financial liability is classified as at FVTPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTPL are measured at fair value and net gains and losses, including any interest expense, are recognised in profit or loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign

**Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

**3.1 Financial instruments (contd)**

exchange gains and losses are recognised in profit or loss. Any gain or loss on derecognition is also recognised in profit or loss.

***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. Cash and cash equivalents**

Cash and cash equivalents comprise cash at bank and on hand which are subject to insignificant risk of changes in value.

**3.3. Cash flow statement**

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. Bank overdrafts are classified as part of cash and cash equivalent, as they form an integral part of an entity's cash management.



**Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

**3.4. Loss per Share**

The Loss per share is computed by dividing the loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company does not have potential dilutive equity shares outstanding during the year.

**3.5. Income tax**

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

*Current income tax*

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

*Deferred tax*

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.



**Narayana Hrudayalaya Hospitals Malaysia Sdn. Bhd.**

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

**3.6. 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.

**3.7. Measurement of Profit/ Earnings before interest, tax, depreciation and amortization (EBITDA)**

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

Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd  
Notes to the financial statements for the year ended 31 March 2017 (continued)

		(Presented in INR)	
		As at 31 March 2017	As at 31 March 2016
			As at 1 April 2015
<b>Financial assets</b>			
<b>4 Cash and bank balances</b>			
<b>(a) Cash and cash equivalents</b>			
Cash on hand	29	34	34
Balance with banks			
-On current accounts	148,98,004	183,04,058	381,40,500
	<b>148,98,033</b>	<b>183,04,092</b>	<b>381,40,534</b>
<b>(b) Bank balances other than above</b>			
-On deposit accounts (due to mature within 12 months of the reporting date)	-	-	-
	<b>148,98,033</b>	<b>183,04,092</b>	<b>381,40,534</b>

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

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Cash on hand	29	34	34
Balance with banks			
-On current accounts	148,98,004	183,04,058	381,40,500
	<b>148,98,033</b>	<b>183,04,092</b>	<b>381,40,534</b>
Less: Bank overdraft used for cash management purposes	-	-	-
Cash and cash equivalents in the statement of cash flows	<b>148,98,033</b>	<b>183,04,092</b>	<b>381,40,534</b>
<b>5 Loans Current</b>			
<b>(Unsecured, considered good unless otherwise stated)</b>			
<i>To parties other than related parties</i>			
Other loans and advances	-	-	331,97,912
	-	-	<b>331,97,912</b>

<b>6 Other current assets</b>			
Prepaid expenses	-	1,24,435	-
	-	<b>1,24,435</b>	-

<b>7 Equity share capital</b>			
<i>Authorised</i>			
5,000,000 equity shares (previous year: 5,000,000 equity shares) of INR 19.53 each			
<i>Issued, subscribed and paid up</i>			
fully paid up	504,83,750	504,83,750	504,83,750
	<b>504,83,750</b>	<b>504,83,750</b>	<b>504,83,750</b>

Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd  
Notes to the financial statements for the year ended 31 March 2017 (continued)

Particulars	(Presented in INR)			
	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015	
<b>Reconciliation of the equity shares outstanding at the beginning and at the end of the year:</b>				
	As at 31 March 2017		As at 31 March 2016	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	25,85,136	504,83,750	25,85,136	504,83,750
Issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>25,85,136</b>	<b>504,83,750</b>	<b>25,85,136</b>	<b>504,83,750</b>

Rights, preferences and restrictions attached to equity shares:

The Company has a single class of equity shares referred to as equity shares having a nominal value of MYR 1 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.

**Particulars of shareholders holding more than 5% equity shares:**

Particulars	As at 31 March 2017			As at 31 March 2016	
	Number of shares	% holding	Number of shares	Amount	
Narayana Hrudayalaya Limited	25,85,136	100.00%	25,85,136	100.00%	

**Financial Liabilities**

**8 Borrowings (Non-current)**

Debentures

[Nil ( 31 March 2016: Nil; 1 April 2015: 2,960,786) 6% partly convertible debentures of 1 MYR each fully paid up]

	-	-	-	552,11,500
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**9 Trade payables**

Total outstanding dues of micro enterprises and small enterprises

Total outstanding dues of creditors other than micro enterprises and small enterprises

	-	6,59,810	1,00,768	13,05,385
	-	<b>6,59,810</b>	<b>1,00,768</b>	<b>13,05,385</b>

**10 Other financial liabilities (Current)**

*To parties other than related parties*

Interest accrued and due on borrowings

Retention Money

*To related parties*

Related parties - Other payables

	-	-	7,87,078	17,40,552
	-	-	13,429	-
	-	-	<b>8,00,507</b>	<b>17,53,958</b>

(Presented in INR)

	For the year ended 31 March 2017	For the year ended 31 March 2016
<b>11 Other expenses</b>		
<i>Administrative expenses</i>		
Traveling and conveyance	-	3,487
Printing and stationery	22,872	40,847
Advertisement and publicity	33,074	-
Legal and professional fees	8,42,284	4,87,475
Telephone and communication	2,851	1,308
Bank charges	2,728	14,940
Rates and taxes	-	19,450
Foreign exchange loss, (net)	1,140	1,339
Miscellaneous expenses	30	-
	<b>9,04,979</b>	<b>5,68,845</b>
	<b>9,04,979</b>	<b>5,68,845</b>
<b>12 Finance costs</b>		
Interest expense on financial liabilities measured at amortised cost		
- debentures	-	5,24,003
	-	<b>5,24,003</b>



**13 Contingent liabilities and commitments**

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

**14 Segment reporting**

**Operating segments and Geographical information**

The Company has not yet commenced its operations. It intends to engage in 'Research and development in medical services' and the principal geographical segment is India. Hence segment information as per Ind AS 108 – 'Operating Segments' is not disclosed.

15 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Hrudayalaya Limited (holding company)
Key Management Personnel (KMP)	Dr. Ashutosh Raghuvanshi - Director Dr. Devi Prasad Shetty - Director Mr Viren Prasad Shetty - Director

b) The balances receivable from and payable to related parties

(Presented in INR)				
Transactions	Year	Enterprise having control over the company	KMP	Total
<b>Trade payables</b>				
Narayana Hrudayalaya Limited	31 March 2017	-	-	-
	31 March 2016	13,429		13,429
	01 April 2015	13,406		13,406
<b>Debenture</b>				
Narayana Hrudayalaya Limited	31 March 2017	-	-	-
	31 March 2016	-	-	-
	01 April 2015	552,11,500		552,11,500

**Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd (RM)**  
**Notes to the financial statements for the year ended 31 March 2017**

**16 Loss per share**

**Basic and diluted loss per share**

The calculation of basic and diluted earnings/ (loss) per share for the year ended 31 March 2017 was based on loss attributable to equity shareholders of INR 9,04,979(Previous year loss: INR 10,92,848) and weighted average number of equity share outstanding 2,585,136 (Previous year: 2,585,136).

Particulars	Units	For the year ended 31 March 2017	For the year ended 31 March 2016
Profit/ (loss) after tax	INR	(9,04,979)	(10,92,848)
Weighted average number of equity share outstanding during the year for calculation of basic loss per share	Numbers	25,85,136	25,85,136
Basic and diluted loss per share	INR	(0.35)	(0.42)

17 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

As at 31 March 2017	(Presented in INR)	
	Amortised cost	Total
<b>Financial assets</b>		
Cash and cash equivalents	148,98,033	148,98,033
	<b>148,98,033</b>	<b>148,98,033</b>
<b>Financial liabilities</b>		
Trade payables	6,59,810	6,59,810
	<b>6,59,810</b>	<b>6,59,810</b>
<b>As at 31 March 2016</b>		
<b>Financial assets</b>		
Cash and cash equivalents	183,04,092	183,04,092
	<b>183,04,092</b>	<b>183,04,092</b>
<b>Financial liabilities</b>		
Trade payables	1,00,768	1,00,768
Other financial liabilities	8,00,507	8,00,507
	<b>9,01,274</b>	<b>9,01,274</b>

As at 1 April 2015

	Amortised cost	Total
<b>Financial assets</b>		
Cash and cash equivalents	381,40,534	381,40,534
Loans	331,97,912	331,97,912
	<b>713,38,447</b>	<b>713,38,447</b>
<b>Financial liabilities</b>		
Borrowings	552,11,500	552,11,500
Trade payables	13,05,385	13,05,385
Other financial liabilities	17,53,958	17,53,958
	<b>582,70,843</b>	<b>582,70,843</b>

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.

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

Particulars	(Presented in INR)			
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years
Trade payables	6,59,810	-	-	-
<b>Total</b>				<b>6,59,810</b>

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

Particulars	(Presented in INR)			
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years
Trade payables	1,00,768	-	-	-
Other financial liabilities	8,00,507	-	-	-
<b>Total</b>	<b>9,01,274</b>	<b>-</b>	<b>-</b>	<b>-</b>

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

Particulars	(Presented in INR)			
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years
Borrowings (current)	552,11,500	-	-	-
Trade payables	13,05,385	-	-	-
Other financial liabilities	17,53,958	-	-	-
<b>Total</b>	<b>582,70,843</b>	<b>-</b>	<b>-</b>	<b>-</b>

#### (iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates.

#### Foreign currency risk

The Company operates internationally and a major portion of the business is transacted in Malaysian Ringgits and consequently, the Company is exposed to foreign exchange risk through operating and borrowing activities in foreign currency.

#### 18 Explanation of transition to Ind AS

As stated in Note 2.1, these are the Company's first financial statements prepared in accordance with Ind AS. For the year ended 31 March 2016, the Company has prepared its financial statements in accordance with Companies (Accounting Standards) Rules, 2006 notified under section 133 of the Act and other relevant provision of the Act (previous GAAP). For the purpose of transition from previous GAAP to Ind AS, the Company has followed the guidance prescribed under Ind AS 101- First time adoption of Indian Accounting Standards ("Ind AS- 101"), with effect from 1 April 2015 ('transition date').

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

In preparing its Ind AS balance sheet as at 1 April 2015 and in presenting the comparative information for the year ended 31 March 2016, there are no adjustment on account of Ind AS in the financial statement.

**Mandatory exceptions**

**Classification and measurement of financial assets**

Ind AS 101 requires an entity to assess classification of financial assets on the basis of facts and circumstances existing as on the date of transition. Further, the standard permits measurement of financial assets accounted at amortised cost based on facts and circumstances existing at the date of transition if retrospective application is impracticable.

Accordingly, the Company has determined the classification of financial assets based on facts and circumstances that exist on the date of transition. Measurement of the financial assets accounted at amortised cost has been done retrospectively except where the same is impracticable.

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

For Sandeep K Nayak  
*Chartered Accountants*

for and on behalf of the Board of Directors of  
Narayana Hrudayalaya Hospitals Malaysia Sdn.Bhd

Sandeep K Nayak  
*Proprietor*  
Membership No.237506  
Place: Bengaluru  
Date: 29 May 2017

Dr. Ashutosh Raghuvanshi  
Director

Viren Prasad Shetty  
Director