

**Independent Auditor's Report  
on the Financial Statements  
of  
NH Health Bangladesh Private Limited  
as at 31 March 2019**

**Independent Auditor's Report**

**To the Shareholders of NH Health Bangladesh Private Limited  
Report on the Audit of the Financial Statements**

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**Howladar Yunus & Co.**

House-14 (Level 4 & 5)  
Road-16A, Gulshan-1  
Dhaka-1212  
Bangladesh

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**Opinion**

We have audited the financial statements of NH Health Bangladesh Private Limited (the "Company"), which comprise the financial position as at 31 March 2019, and the statement of profit & loss and comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements give true and fair view, in all material respects, of the financial position of the Company as at 31 March 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs) as explained in note- 2.

**Basis for Opinion**

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

**Responsibilities of Management and Those Charged with Governance for the Financial Statements and Internal Controls**

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs as explained in note- 2, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. The Companies Act, 1994 require the Management to ensure effective internal audit, internal control and risk management functions of the Company.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using



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the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

#### **Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.



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- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the company to express an opinion on the financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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

In accordance with the Companies Act 1994, we also report the following:

- a) we have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit and made do verification thereof;
- b) in our opinion, proper books of accounts as required by law have been kept by the Company so far as it appeared from our examination of these books; and
- c) the statements of financial position and statement of comprehensive income dealt with by the report are in agreement with the books of accounts and returns.

*Howlader Hussain & Co.*  
Chartered Accountants

Dated: Dhaka  
24 May 2019

NH Health Bangladesh Private Limited  
Statement of financial position as at 31 March 2019

		(Amount in BDT)
	Note	31 March 2019
<b>ASSETS</b>		
Non-current assets		-
Current assets		
Cash and cash equivalents	4	1,99,09,993
<b>Total current assets</b>		<b>1,99,09,993</b>
<b>TOTAL ASSETS</b>		<b>1,99,09,993</b>
<b>EQUITY AND LIABILITIES</b>		
Equity		
Share capital	5	2,00,00,000
Retained earnings		(24,10,166)
<b>Total equity</b>		<b>1,75,89,834</b>
Liabilities		
Non-current liabilities		-
Current liabilities		
Provisions for expenses	6	1,95,500
Other financial liabilities	7	21,24,659
<b>Total current liabilities</b>		<b>23,20,159</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>1,99,09,993</b>

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

Dr. Devi Prasad Shetty  
Director

Mr. Viren Shetty  
Director

As per our report of even date attached

Houdar Jinnat & Co.  
Chartered Accountants

Dated: Dhaka  
24 May 2019

**NH Health Bangladesh Private Limited**  
**Statement of profit or loss and other comprehensive income**  
**for the year ended 31 March 2019**

		(Amount in BDT)
	Note	31 March 2019
Revenue		-
Cost of sales		-
<b>Gross Profit</b>		-
Other income		-
Administrative expenses	8	(24,10,166)
<b>Operating Profit/(loss)</b>		<b>(24,10,166)</b>
<b>Profit/(loss) before tax</b>		<b>(24,10,166)</b>
Current tax		-
Deferred tax charge / (credit)		-
<b>Profit/(loss) for the year</b>		<b>(24,10,166)</b>
Other comprehensive income		-
Foreign currency translation reserve		-
<b>Total comprehensive income for the year</b>		<b>(24,10,166)</b>
<b>Earnings per share</b>		
Basic EPS		(1.21)

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

Dr. Devi Prasad Shetty  
Director

Mr. Viren Shetty  
Director

As per our report of even date attached

*Howdakar Jinnab 2 Co.*  
Chartered Accountants

Dated: Dhaka  
24 May 2019

**NH Health Bangladesh Private Limited**  
**Statement of changes in equity for the year ended 31 March 2019**

Particulars	Paid up share capital	Share money deposit	Retained earnings	Total equity
Opening balance	-	-	-	-
Share Capital	2,00,00,000	-	-	2,00,00,000
Profit/(loss) for the year	-	-	(24,10,166)	(24,10,166)
Balance as at 31 March 2019	2,00,00,000	-	(24,10,166)	1,75,89,834

Dr. Devi Prasad Shetty  
Director

Mr. Viren Shetty  
Director



NH Health Bangladesh Private Limited  
Statement of cash flows  
for the year ended 31 March 2019

	31 March 2019
A) Cash flows from operating activities	
Profit/(loss) for the year	(24,10,166)
Add: Items not involving in movement of cash:	
Depreciation	-
Income tax paid	-
Operating (loss)/profit before changes in working capital	<u>(24,10,166)</u>
Changes in working capital:	
Provision for expenses	1,95,500
Other financial liabilities	21,24,659
Net cash provided by/(used in) operating activities	<u>(90,007)</u>
B) Cash flows from investing activities	
Acquisition of furniture, fixtures and fittings	-
Net cash provided by/(used in) investing activities	<u>-</u>
C) Cash flows from financing activities	
Issuance of share capital	2,00,00,000
Net cash provided by/(used in) financing activities	<u>2,00,00,000</u>
D) Net cash flow from total activities (A+B+C)	1,99,09,993
E) Opening cash and cash equivalents	-
F) Closing cash and cash equivalents (D+E)	<u><u>1,99,09,993</u></u>

Dr. Devi Prasad Shetty  
Director

Mr. Viren Shetty  
Director



**NH Health Bangladesh Private Limited**  
**Notes to the financial statements**  
**for the year ended 31 March 2019**

**1 Company overview**

NH Health Bangladesh Private Limited ('the Company') is a private limited Company incorporated under the provisions of the Companies Act, on 22 July 2018. The Company is a fully owned subsidiary of Narayana Holdings Private Limited. The Company is primarily engaged in rendering hospital services.

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

**2.1 Statement of compliance**

The financial statements have been prepared in accordance of International Accounting Standards (IAS) and International Financial Reporting Standards (IFRS), Companies Act 1994(the 'Act').

As these are the first financial statements prepared in accordance with International Financial Reporting Standards(IFRS), IFRS-1, First-time Adoption of International Financial Reporting Standards has been applied.

**2.2 Functional and presentation currency**

These financial statements are presented in BDT, which is also the Company's functional currency. All amounts have been rounded-off to the nearest BDT unless otherwise indicated.

**2.3 Basis of measurement**

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/ liability	Fair value of plan assets less present value of defined benefit obligations

**2.4 Use of estimates and judgments**

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

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

**2.5 Reporting period**

The financial statements for the period from 22 July 2018 to 31 March 2019.

**2.6 Date of Authorization**

The financial statements were authorised for issue by the Company's Board of Directors on 24 May 2019.



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### 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

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.



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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.



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*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 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 and short-term deposits with an original maturity of three months or less which are subject to insignificant risk of changes in value.

**3.3 Cash flow statement**

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



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### 3.4 Profit (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.



### 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.



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(Amount in BDT)

4	Cash and cash equivalents	31 March 2019
	Particulars	
	Balance with banks	
	- On current accounts	1,99,09,993
	Cash and cash equivalents as per statement of cash flows	1,99,09,993

5	Share capital	
	Authorised	
	1,00,00,000 equity shares of TK 10 each	10,00,00,000
	Issued, subscribed and paid up	
	20,00,00 equity shares of TK 10 each, fully paid up	2,00,00,000
		2,00,00,000

Reconciliation of the equity shares outstanding at the beginning and at the end of the year		
As at 31 March 2019		
	Number of shares	Amount
At the beginning of the year	-	-
Issued during the year	20,00,000	2,00,00,000
At the end of the year	20,00,000	2,00,00,000

Rights, preference and restriction attached to equity shares

The Company has one class of equity shares referred to as equity shares having a nominal value of BDT 10 each. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. The equity shares are entitled to receive dividend as declared from time to time. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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

Particulars of shareholders holding more than 5% shares

Particulars	As at 31 March 2019		As at 31 March 2018
	No. of shares	% holding	Number of shares
Narayana Holding Pvt LTD	19,99,900	99.99%	-
	19,99,900	99.99%	-

The Company has not bought back any shares during the period from date of incorporation (i.e 22 July 2018 to 31 March 2019). Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the period from date of incorporation (i.e 22 July 2018 to 31 March 2019).

6	Provisions for expenses	
	Audit Fee	1,95,500
		1,95,500
7	Other financial liabilities	
	Payable to Narayana Hrudayala Limited (reimbursement of expenses)	21,24,659
		21,24,659
8	Administrative expenses	
	Advertisement and publicity	
	Bank charges	2,08,969
	Legal and professional fees (Note- i)	15,910
	Printing and stationery	12,32,480
	Rates and taxes	2,004
	Traveling and conveyance	12,000
	Foreign exchange loss/gain	8,57,105
	Telephone and communication	76,282
		5,416
		24,10,166

(i) Legal and professional fees includes audit fees of Taka 195,500.



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9 **Contingent liabilities and commitments:**

Estimated amounts of contracts remaining to be executed on capital account (net of advances) amounts to BDT Nil (previous year: BDT Nil).

10 **Related party disclosures**

(a) **Details of related parties**

Nature of relationship	Name of related parties
Enterprise having control over the Company	Narayana Holdings Private Limited (Holding company)
Ultimate Holding Company	Narayana Hrudayalaya Limited
Key Management Personnel (KMP)	Dr. Ashutosh Raghuvanshi- Director till 10 February 2019
	Mr. Viren Prasad Shetty - Director
	Mr. Doomraj Sooneelall - Director
	Mr. Baboo Teeruth Rajsing Ramgolan - Director

(b) **Transactions with related party during the period**

(Amount in BDT)

Transactions	Enterprise having control over the company	Total
<b>Allotment of equity shares</b>		
Narayana Holdings Private Limited	20,00,000	20,00,000
<b>Reimbursement of expenses</b>		
Narayana Hrudayalaya Limited		21,24,659

11 **Profit (Loss) per share**

**Basic and diluted loss per share**

The calculation of basic and diluted loss per share for the year ended 31 March 2019 was based on loss attributable to equity shareholders of BDT (24,10,166) (Previous year : BDT Nil) and weighted average number of equity share outstanding 20,00,000 (Previous year: Nil).

Particulars	Units	31-Mar-19
Loss after tax	BDT	(24,10,166)
Weighted average number of equity share outstanding during the year for calculation of basic and diluted loss per share	Numbers	20,00,000
Basic and diluted loss per share	BDT	(1.21)

12 **Financial instruments: Fair value and risk managements**

**Accounting classification and fair values**

**Financial assets**

Cash and cash equivalents

**Financial liabilities**

Provision for Expenses

Amortised cost	Total
1,99,09,993	1,99,09,993
1,99,09,993	1,99,09,993
1,95,500	1,95,500
1,95,500	1,95,500

Dr. Devi Prasad Shetty  
Director

Mr. Viren Shetty  
Director

