

**Narayana Cayman Holdings Limited**

**Special purpose financials and audit report  
for the year ended on 31 March 2016**

# R J M J & Associates

Chartered Accountants

No. 14, 1<sup>st</sup> Floor, 80 Feet Road,  
Koramangala 1<sup>st</sup> Block,  
Bangalore 560 034 India.  
Telephone: +91 80 4132 0909

## Independent Auditor's Report

To the Directors of Narayana Cayman Holdings Ltd

We have audited the accompanying financial statements of Narayana Cayman Holdings Ltd ('the Company') which comprise the balance sheet as at 31 March 2016, the statement of profit and loss and the cash flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information which has been prepared by management in accordance with the basis of accounting described in note 1.1 to the financial statement.

### Management's Responsibility for the Financial Statement

Management is responsible for the preparation of the financial statement in accordance with the basis of accounting described in note 1.1. This responsibility includes the design, implementation and maintenance of internal controls relevant to the preparation of the financial statement that gives a true and fair view and that is free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on the financial statement based on our audit.

We conducted our audit in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's management, as well as evaluating the overall presentation of the financial statement.

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



**R J M J & Associates**

Chartered Accountants

**Independent Auditor's Report (continued)**

**Opinion**

In our opinion and to the best of our information and accordingly to the explanations given to us, the financial statement give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2016 and its loss and its cash flows for the year ended on that date.

**Basis of preparation and restriction on distribution and use**

Without modifying our opinion, we draw attention to note 1.1 to the financial statement which describes the basis of preparation of these financial statement. These financial statements have been prepared to provide information to Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited) (the 'holding company') for its financial reporting purposes. As a result, these financial statement may not be suitable for any other purpose. Our report is intended solely for Narayana Cayman Holdings Ltd and Narayana Hrudayalaya Limited and should not be distributed without our prior consent.

*for R J M J & Associates*

*Chartered Accountants*

Firm's Registration Number: 015106S

*Rahul Jain.*

**Rahul Jain**

*Partner*

Membership number: 065815

Bangalore

Date: 23 May 2016

Narayana Cayman Holdings Ltd  
Balance sheet as at 31 March 2016

	Note	As at 31 March 2016	(Amount in USD) As at 31 March 2015
<b>EQUITY AND LIABILITIES</b>			
Shareholders' funds			
Share capital	2	205	136
Reserves and surplus	3	21,608,327	14,864,671
		<u>21,608,532</u>	<u>14,864,807</u>
Share application money pending allotment	4	287,019	1,684,619
Current liabilities			
Trade payables	5	460,579	468,651
		<u>460,579</u>	<u>468,651</u>
<b>TOTAL</b>		<u>22,356,130</u>	<u>17,018,077</u>
<b>ASSETS</b>			
Non-current assets			
Non-current investments	6	21,450,000	13,323,000
Long-term loans and advances	7	585,920	3,694,286
		<u>22,035,920</u>	<u>17,017,286</u>
Current assets			
Cash and bank balances	8	319,421	791
Other current assets	9	789	-
		<u>320,210</u>	<u>791</u>
<b>TOTAL</b>		<u>22,356,130</u>	<u>17,018,077</u>

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements.


As per our report of even date attached  
for **R J M J & Associates**  
Chartered Accountants  
Firm Registration number: 015106S

for Narayana Cayman Holdings Ltd

Rahul Jain.

Rahul Jain  
Partner  
Membership number: 065815

  
Mr. Gene Thompson  
Director

  
Dr. Devi Prasad Shetty  
Director

Place: Bangalore  
Date: 23 May 2016

Place: Cayman Islands  
Date: 23 May 2016

Place: Bangalore  
Date: 23 May 2016

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Narayana Cayman Holdings Ltd  
Statement of profit and loss for the year ended 31 March 2016

(Amount in USD)

	Note	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>INCOME</b>			
Other income	10	789	-
<b>Total revenue</b>		<u>789</u>	<u>-</u>
<b>EXPENSE</b>			
Employee benefits expense	11	119,749	106,919
Other expenses	12	18,315	16,332
		<u>138,064</u>	<u>123,251</u>
<b>Loss before tax</b>		<u>(137,275)</u>	<u>(123,251)</u>
Tax expenses		-	-
<b>Loss for the year</b>		<u>(137,275)</u>	<u>(123,251)</u>
<b>Loss per share (par value of USD 0.01 each)</b>			
-Basic and diluted		(8.14)	(11.57)

Significant accounting policies

1

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached  
for R J M J & Associates

Chartered Accountants

Firm Registration number: 015106S

*Rahul Jain*

**Rahul Jain**

Partner

Membership number: 065815

Place: Bangalore

Date: 23 May 2016

for Narayana Cayman Holdings Ltd

*Mr. Gene Thompson*

**Mr. Gene Thompson**

Director

Place: Cayman Islands

Date: 23 May 2016

*Dr. Devi Prasad Shetty*

**Dr. Devi Prasad Shetty**

Director

Place: Bangalore

Date: 23 May 2016

Narayana Cayman Holdings Ltd  
Cash flow statement for the year ended on 31 March 2016

	For the year ended 31 March 2016	(Amount in USD) For the year ended 31 March 2015
Cash flow from operating activities		
Loss before tax	(137,275)	(123,251)
Operating cash flow before working capital changes	(137,275)	(123,251)
Changes in trade payables	(8,072)	26,400
Changes in other current assets	(789)	-
Net cash used in operating activities	(146,136)	(96,851)
Cash flow from investing activities		
Payment for long-term investments in associate (including share application money)	(4,718,714)	(6,129,295)
Long-term loans and advances to others	(299,920)	-
Net cash used in investing activities	(5,018,634)	(6,129,295)
Cash flow from financing activities		
Proceeds from issue of shares, including share application money	5,483,400	6,198,722
Net cash provided by financing activities	5,483,400	6,198,722
Net increase in cash and cash equivalents	318,630	(27,424)
Cash and cash equivalent at the beginning of the year	791	28,215
Cash and cash equivalent at the end of the year (refer note 8)	319,421	791

The notes referred to above form an integral part of the financial statements.

As per our report of even date attached  
for R J M J & Associates  
Chartered Accountants  
Firm Registration number: 015106S

*Rahul Jain.*

Rahul Jain  
Partner  
Membership number: 065815

Place: Bangalore  
Date: 23 May 2016

for Narayana Cayman Holdings Ltd

*Gene Thompson*  
Mr. Gene Thompson  
Director

Place: Cayman Islands  
Date: 23 May 2016

*Dr. Devi Prasad Shetty*  
Dr. Devi Prasad Shetty  
Director

Place: Bangalore  
Date: 23 May 2016

**Narayana Cayman Holdings Ltd**  
**Notes to financial statements for the year ended 31 March 2016**

**Background**

Narayana Cayman Holdings Ltd ('the Company') was incorporated on 7 May 2010 as a Company limited by shares under the laws of the Cayman Islands. The registered office of the Company is located at, 89 Nexus Way, Camana Bay, Grand Cayman, KY1 - 9007, Cayman Islands. The Company's holding company is Narayana Hrudayalaya Limited (formerly known as Narayana Hrudayalaya Private Limited), incorporated in India.

**1. Significant accounting policies**

**1.1 Basis of preparation of financial statements**

These financial statements have been prepared and presented under the historical cost convention on the accrual basis of accounting and comply with the Accounting Standards and other pronouncements issued by the Institute of Chartered Accountants of India ("ICAI").

The accounting policies have been consistently applied by the Company. The financial statements are presented in United States Dollars ("USD").

These financial statement are prepared specifically to provide information to Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited) for the purposes of Consolidated financial statements of Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited) for the year ended 31 March 2016 and may not be suitable for another purposes.

**1.2 Use of estimates**

The preparation of financial statements in conformity with generally accepted accounting principles in India requires the management to make judgement estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, income and expenses and the disclosure of contingent liabilities on the date of the financial statements. Actual results could differ from those estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Any revision to accounting estimates is recognised prospectively in the current and future years.

**1.3 Current and non – current classification**

All assets and liabilities are classified into current and non – current.

*Assets*

An asset is classified as current when it satisfies any of the following criteria:

- a) It is expected to be realized in, or is intended for sale or consumption in, the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be realized within 12 months after the reporting date; or
- d) It is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting date.

Current assets include the current portion of non – current financial assets.

All other assets are classified as non – current.





**1. Significant accounting policies (continued)**

**1.3 Current and non – current classification (continued)**

*Liabilities*

A liability is classified as current when it satisfies any of the following criteria:

- a) It is expected to be settled in the Company's normal operating cycle;
- b) It is held primarily for the purpose of being traded;
- c) It is expected to be settled within 12 months after the reporting date; or
- d) The Company does not have an unconditional right to defer settlement of the liability for at least 12 months after the reporting date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Current liabilities include the current portion of non – current financial liabilities.

All other liabilities are classified as non – current.

*Operating cycle*

Operating cycle is the time between the acquisition of assets for processing and their realizations in cash or cash equivalents.

**1.4 Investments**

Long term investments are carried at cost. Provision is made, wherever necessary, for any diminution, other than temporary, in value of investments. Current investments are carried at the lower of cost and fair value. The comparison of cost and fair value is determined separately for each individual investment.

**1.5 Cash and cash equivalents**

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

**1.6 Cash flow statement**

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

**1.7 Earnings per share**

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

Diluted earnings per share is computed by dividing the net profit attributable to equity shareholders for the year relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations.





**Narayana Cayman Holdings Ltd**

**Notes to financial statements for the year ended 31 March 2016**

**1. Significant accounting policies (continued)**

**1.8 Provisions and contingencies**

Provision is recognised if, as a result of obligating events, there is a present obligation that probably requires an outflow of resources and a reliable estimate can be made of the amount of obligation.

The disclosure of contingent liability is made if, as a result of obligating events, there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources.

No provision or disclosure is made if, as a result of obligating events, there is a possible obligation or a present obligation where the likelihood of an outflow of resources is remote.

**1.9 Income taxes**

There are no taxes on income, profits or capital gains in the Cayman Islands. The Company has received an undertaking from the Governor in the Cabinet of the Cayman Islands exempting it from all such taxes for a period of 20 years should such taxes be enacted. Accordingly there are no taxes recorded in the financial statements.



Narayana Cayman Holdings Ltd  
Notes to financial statements for the year ended 31 March 2016

2 Share capital

(Amount in USD)  
As at  
31 March 2016  
As at  
31 March 2015

a) Authorised capital

5,000,000 equity shares (31 March 2015: 5,000,000 equity shares) of USD 0.01 each

50,000	50,000
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b) Issued, subscribed and paid-up capital

20,496 equity shares (31 March 2015: 13,615 equity shares) of USD 0.01 each, fully paid-up

205	136
205	136

(c) Reconciliation of the number of equity shares outstanding at the end of the period:

	31 March 2016		31 March 2015	
	Number of shares	Amount	Number of shares	Amount
Equity shares at the beginning of the year	13,615	136	6,671	67
Equity shares issued during the year	6,881	69	6,944	69
Equity shares at the end of the year	20,496	205	13,615	136

(d) List of persons holding more than 5 percent shares in the Company:

	31 March 2016		31 March 2015	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited)	20,496	100.00%	13,615	100.00%
	20,496	100.00%	13,615	100.00%

(e) Rights, preference and restriction attached to equity shares including distribution of dividends:

i) The Company has only one class of equity shares referred to as equity shares having a par value of USD 0.01 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. Dividends will be payable as and when the Board propose and the share holders approves the same. The Company has not declared any dividend during the current year and previous year.

ii) 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.

(f) Number of shares held by holding company:

20,496 equity shares (31 March 2015: 13,615) of USD 0.01 each are held by Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited), the holding company as at 31 March 2016.

(g) The Company does not have any shares reserved for issue under any other contracts.

h) There has been no buy back of shares, issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash during the current year and the previous years/periods since the date of incorporation i.e. 7 May 2010.

3 Reserves and surplus

(Amount in USD)  
As at  
31 March 2016  
As at  
31 March 2015

Securities premium account

Opening balance

Add: Securities premium on issue of equity shares during the year

At the end of the year

13,613,864	6,669,933
6,880,931	6,943,931
20,494,795	13,613,864

Surplus (Credit balance in the statement of profit and loss):

At the commencement of the year

Add: Net loss for the year

At the end of the year

1,250,807	1,374,058
(137,275)	(123,251)
1,113,532	1,250,807

Total Reserves and Surplus

21,608,327	14,864,671
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4 Share application money pending allotment

(Amount in USD)  
As at  
31 March 2016  
As at  
31 March 2015

287,019	1,684,619
287,019	1,684,619

Details of share application money pending allotment

(a) Number of shares proposed to be issued for share application money pending allotment outstanding as at 31 March 2016 is 287 (31 March 2015: 1,684) representing the shares to be issued to the holding Company. Application money outstanding as at 31 March 2016 and 31 March 2015 represents amount received at the rate of Rs USD 1,000 each towards par value of shares and security premium.

(b) Securities premium on account of shares pending allotment amounts to USD 999.99 per share on 287 shares as at 31 March 2016 (31 March 2015: 1,684 shares at the rate of USD 999.99 per share).

(c) The Company has sufficient authorized equity share capital to cover the share capital on allotment of shares pending allotment as at 31 March 2016 and 31 March 2015.

(d) There are no interest accrued and due on amount due for refund as of 31 March 2016 and 31 March 2015.

(e) No shares are pending for allotment beyond the period for allotment as of 31 March 2016 and 31 March 2015.



Narayana Cayman Holdings Ltd  
Notes to financial statements for the year ended 31 March 2016

	(Amount in USD)	
	As at 31 March 2016	As at 31 March 2015
<b>5 Trade payables</b>		
Trade payables (refer note 16)	460,579	468,651
	<u>460,579</u>	<u>468,651</u>
	(Amount in USD)	
<b>6 Non-current investments</b>	As at	As at
(Unquoted, valued at cost, unless stated otherwise)	31 March 2016	31 March 2015
<b>Trade investments</b>		
<b>Investment in equity instrument</b>		
Health City Cayman Islands Ltd	21,450,000	13,323,000
21,450 (31 March 2015: 13,323) shares of par value of USD 0.01 each	<u>21,450,000</u>	<u>13,323,000</u>
	(Amount in USD)	
<b>7 Long-term loans and advances</b>	As at	As at
(Unsecured, considered good)	31 March 2016	31 March 2015
Loans and advances to others	299,920	-
Share application money paid, pending allotment (refer note 16)	286,000	3,694,286
	<u>585,920</u>	<u>3,694,286</u>
	(Amount in USD)	
<b>8 Cash and bank balances</b>	As at	As at
	31 March 2016	31 March 2015
Cash and cash equivalents	319,421	791
- in current accounts	<u>319,421</u>	<u>791</u>
	(Amount in USD)	
<b>9 Other current assets</b>	As at	As at
	31 March 2016	31 March 2015
Interest receivable	789	-
	<u>789</u>	<u>-</u>





Narayana Cayman Holdings Ltd  
Notes to financial statements for the year ended 31 March 2016

		(Amount in USD)
	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>10 Other income</b>		
Interest Income	789	-
	<u>789</u>	<u>-</u>
		(Amount in USD)
	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>11 Employee benefit expenses</b>		
Salaries and wages	105,600	92,404
Staff welfare expenses	14,149	14,515
	<u>119,749</u>	<u>106,919</u>
		(Amount in USD)
	For the year ended 31 March 2016	For the year ended 31 March 2015
<b>12 Other expenses</b>		
Bank charges	990	670
Legal and professional fees	17,324	13,116
	<u>18,315</u>	<u>16,332</u>



Narayana Cayman Holdings Ltd  
Notes to financial statements for the year ended 31 March 2016

13 Contingent liabilities and commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) as at 31 March 2016 amount to USD Nil (31 March 2015: Nil).

14 Auditors' remuneration excluding service tax

Particulars	(Amount in USD)	
	For the year ended 31 March 2016	For the year ended 31 March 2015
As statutory auditors	Nil	Nil
Total	-	-

15 Earnings per share

The following table sets forth the computation of basic and diluted earnings per share:

Particulars	(Amount in USD)	
	For the year ended 31 March 2016	For the year ended 31 March 2015
Loss after tax for the period, attributable to equity shareholders	(137,275)	(123,251)
Weighted average number of equity shares of USD 0.01 each used for calculation of earnings per share	16,867	10,655
Loss per share - basic	(8.14)	(11.57)

The Company has not issued any potential dilutive equity shares.

16 Related party transactions

(a) Details of related parties

Nature of relationship	Name of related parties
Holding Company	Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited)
Associate	Health City Cayman Islands Ltd

b) Transaction with related parties for the period ended 31 March 2016

Transaction	(Amount in USD)		
	Holding Company	Associate	Total
Share application money	5,483,400	-	5,483,400
Shares issued during the year (including premium)	6,881,000	-	6,881,000
Investment in equity shares of associate (including share application money)	-	4,718,714	4,718,714
Payment of expenses on behalf of the Company	-	137,074	137,074

c) Transaction with related parties for the year ended 31 March 2015

Transaction	(Amount in USD)		
	Holding Company	Associate	Total
Share application money	6,198,722	-	6,198,722
Shares issued during the year (including premium)	6,944,000	-	6,944,000
Investment in equity shares of associate (including share application money)	-	6,129,295	6,129,295
Payment of expenses on behalf of the Company	-	120,161	120,161

(d) The balances receivable from and payable to related parties as at 31 March 2016

Transaction	(Amount in USD)		
	Holding Company	Associate	Total
Trade payables	442,251	18,328	460,579
Long-term loans and advances:	-	286,000	286,000
Share application money paid, pending allotment	-	-	-



Narayana Cayman Holdings Ltd  
Notes to financial statements for the year ended 31 March 2016

Related party transactions (continued)

(e) The balances receivable from and payable to related parties as at 31 March 2015

Transaction	(Amount in USD)		
	Holding Company	Associate	Total
Trade payables	442,251	26,400	468,651
Long-term loans and advances:			
Share application money paid, pending allotment	-	3,694,286	3,694,286

- 17 These financial statements are prepared by the Company specifically to provide information to Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited) for the purposes of Consolidated financial statements of Narayana Hrudayalaya Limited (formerly Narayana Hrudayalaya Private Limited) for the year ended on 31 March 2016.

As per our report of even date attached

for R J M J & Associates  
Chartered Accountants  
Firm Registration number: 015106S

Rahul Jain.


Rahul Jain  
Partner  
Membership number: 065815

Place: Bangalore  
Date: 23 May 2016

for Narayana Cayman Holdings Ltd

  
Mr. Gene Thompson  
Director

Place: Cayman Islands  
Date: 23 May 2016

  
Dr. Devi Prasad Shetty  
Director

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