

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors of Health City Cayman Islands Limited

Report on the Audit of the Special Purpose financial statements

Opinion

We have audited the accompanying Special Purpose financial statements of **Health City Cayman Islands Limited ("the Company")**, which comprise the Balance Sheet as at March 31 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the special purpose financial statements") for the limited purpose of submission to the Holding Company, Narayana Cayman Holdings Limited, for the preparation of the consolidated special purpose financial statements of the Holding Company and Narayana Hrudayalaya Limited, the Ultimate Holding Company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view of the state of affairs of the Company as at March 31 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose financial statements in accordance with the Standards on Auditing ("SAs"/ "Standards") issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the special purpose financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

Management's Responsibility for the Special purpose financial statements

The Company's Board of Directors is responsible for the preparation of these special purpose 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 Indian Accounting Standards (Ind AS) and the accounting policies of the Ultimate Holding Company.

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 special purpose financial statement that give a true and fair view and are free from material misstatement,

whether due to fraud or error.

In preparing the special purpose 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 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 Board of Directors are also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibility for the Audit of the Special purpose financial statements

Our objectives are to obtain reasonable assurance about whether the special purpose 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 SAs 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 special purpose financial statements.

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

- Identify and assess the risks of material misstatement of the special purpose 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 financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management of the Parent.
- 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 special purpose 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.

- Evaluate the overall presentation, structure and content of the special purpose financial statements, including the disclosures, and whether the special purpose 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 special purpose financial statements.

Materiality is the magnitude of misstatements in the special purpose financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the special purpose 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.

Restriction on Distribution or Use

The special purpose financial statements of the Company have been prepared for the purposes of providing information to the Holding Company and Ultimate Holding Company to enable them to prepare consolidated special purpose financial statements in accordance with the Indian Accounting Standards. Our report is intended solely for submission to the Holding Company and the Ultimate Holding Company and should not be used by any other person or for any other purpose. We do not accept or assume any liability or any duty of care for any other purpose or to any other person to whom it is shown or into whose hands it may come without our prior consent in writing.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)

BENGALURU, May 24, 2019

VB/MP/NM/2019

V. Balaji

Partner

(Membership No. 203685)

Health City Cayman Islands Ltd
Balance sheet as at 31 March 2019

		(Amount in USD)	
	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	60,497,065	59,085,357
Capital work-in-progress	4	-	597,918
Intangible Assets	4	77,879	172,199
Financial Assets			
Loans	5	-	1,957,139
Other non-current Assets	6	586,286	102,293
Total Non-Current Assets		61,161,230	61,914,906
Current Assets			
Inventories	7	3,885,258	3,811,475
Financial Assets			
Trade Receivables	8	8,485,832	9,319,647
Cash and Cash Equivalents	9	4,967,758	1,256,126
Other financial assets	10	1,557,138	1,362,553
Other Current Assets	11	2,235,128	3,225,618
Total current Assets		21,131,114	18,975,419
TOTAL ASSETS		82,292,344	80,890,325
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	484	484
Other Equity	13	45,414,025	41,990,015
Total Equity		45,414,509	41,990,499
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
Borrowings	14	28,200,000	31,100,000
Other Financial Liabilities	15	560,507	78,564
Total Non-Current Liabilities		28,760,507	31,178,564
Current Liabilities			
Financial Liabilities			
Trade Payables			
Total outstanding dues of micro enterprises and small enterprises			
Total outstanding dues of creditors other than micro enterprises and small enterprises	16	4,223,096	5,949,173
Other Financial Liabilities	17	2,900,000	1,348,206
Other current liabilities	18	733,660	191,879
Provisions	19	260,571	232,004
Total Current Liabilities		8,117,327	7,721,262
TOTAL EQUITY AND LIABILITIES		82,292,344	80,890,325

Significant accounting Policies 3
The accompanying notes are an integral part of these financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Health City Cayman Islands Ltd

V.Balaji
Partner

Dr. Devi Prasad Shetty
Director

Mr. Viren Shetty
Director

Place: Bengaluru
Date: 24 May 2019

Place: Bengaluru
Date: 24 May 2019

Place: Bengaluru
Date: 24 May 2019

Health City Cayman Islands Ltd
Statement of profit and loss for the year ended 31 March 2019

		(Amount in USD)	
	Note	For the year ended 31 March 2019	For the year ended 31 March 2018
INCOME			
Revenue from Operations	20	54,524,877	44,595,561
Other income	21	15,365	20,222
Total Income (A)		54,540,242	44,615,783
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		10,816,768	8,776,325
	22	(73,783)	(392,671)
Changes in inventories of medical consumables, drugs and surgical instruments-(Increase)/ Decrease			
Employee benefit expenses	23	21,387,607	18,717,687
Professional fees to doctors		147,687	221,892
Other expenses	24	12,764,882	12,141,356
Expense before finance cost, depreciation and amortization and exceptional items (B)		45,043,161	39,464,589
Earning before finance cost, depreciation and amortization and exceptional items (A-B)		9,497,081	5,151,194
Finance costs (C)	25	1,559,722	1,553,067
Depreciation and amortisation expense (D)	26	3,202,380	3,096,615
Total expenses (E) = (B+C+D)		49,805,263	44,114,271
Profit/(loss) before tax (F) = (A-E)		4,734,979	501,512
Tax expenses:			
Current Tax		-	-
Deferred tax (credit)/ charge		-	-
Total tax expense (I)		-	-
Profit for the year (J) = (H-I)		4,734,979	501,512
Other Comprehensive income (OCI)		-	-
Items that will not be reclassified subsequently to statement of profit or loss			
Effective portion of (losses) / gains on hedging instruments in cash flow hedges (K)		481,943	78,564
Other comprehensive income for the year		481,943	78,564
Total Comprehensive income / (loss) for the year (L) = (J-K)		4,253,036	422,948
Earningd / (loss) per share			
	28		
Basic (USD)		97.78	6.89
Diluted (USD)		97.78	6.89

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

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Chartered Accountants

for and on behalf of the Board of Directors of
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V.Balaji
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Mr. Viren Shetty
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Place: Bengaluru
Date: 24 May 2019

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Date: 24 May 2019

Health City Cayman Islands Ltd
Statement of Cash Flows

	(Amount in USD)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Cash flow from operating activities		
Profit before tax	4,734,979	501,513
Adjustments:		
Depreciation and amortisation expense	3,202,380	3,096,615
Provision for doubtful debts	(502,656)	490,103
Bad debts written off	223,554	432,114
Provision of inventories for write-down to net realisable value	(686,875)	-
Provision for Security Deposits	62,622	-
Finance costs	1,559,722	1,553,067
Share based payment expenses/(reversed)	6,322	-
Profit on sale of fixed asset(net)	(1,634)	(956)
Operating cash flow before working capital changes	8,598,414	6,072,456
Changes in trade receivables	1,112,917	(2,891,738)
Changes in inventories	613,092	(390,807)
Changes in loans and advances	(483,993)	(253,020)
Changes in other current assets	2,690,422	(1,586,253)
Changes in trade payables	(1,726,077)	909,361
Changes in liabilities	2,093,575	856,733
Changes in provisions	28,567	232,004
Net cash generated from operating activities (A)	12,926,917	2,948,736
Cash flow from investing activities		
Payment for purchase of property plant and equipment	(3,931,801)	(1,485,724)
Sale of property plant and equipment	11,585	17,440
Net cash (used in) investing activities (B)	(3,920,216)	(1,468,284)
Cash flow from financing activities		
Buy back of Shares	-	(32,259,036)
Repayment of borrowings	(2,900,000)	(25,111,000)
Proceeds from borrowings	-	32,000,000
Interest and other borrowings expenses	(1,559,722)	(1,553,067)
Dividend Paid	(835,347)	-
Proceeds from issue of shares (including Share application money)	-	25,260,000
Net cash used in financing activities (C)	(5,295,069)	(1,663,103)
Net (decrease) / increase in cash and cash equivalents (A+B+C)	3,711,632	(182,651)
Cash and cash equivalent at the beginning of the year	1,256,126	1,438,777
Cash and cash equivalent at the end of the year (refer note 9)	4,967,758	1,256,126

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

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Health City Cayman Islands Ltd

V.Balaji
Partner

Dr. Devi Prasad Shetty
Director

Mr. Viren Shetty
Director

Place: Bengaluru
Date: 24 May 2019

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Date: 24 May 2019

Health City Cayman Islands Ltd
Statement of changes in equity for the year ended 31 March 2019

(a) Equity share capital			(Amount in USD)	
Particulars	No. of Shares	Amount		
Class X equity shares of USD 0.01 each issued, subscribed and fully paid up				
Balance as at 1 April 2017	57,120	571		
Changes in equity share capital during 2017-18 (refer note 12)	(57,120)	(571)		
Balance as at 31 March 2018	-	-		
Changes in equity share capital during 2018-19 (refer note 12)	-	-		
Balance as at 31 March 2019	-	-		

(a) Equity share capital			(Amount in USD)	
Particulars	No. of Shares	Amount		
Class Y equity shares of USD 0.01 each issued, subscribed and fully paid up				
Balance as at 1 April 2017	22,880	229		
Changes in equity share capital during 2017-18 (refer note 11)	25,546	255		
Balance as at 31 March 2018	48,426	484		
Changes in equity share capital during 2018-19 (refer note 12)	-	-		
Balance as at 31 March 2019	48,426	484		

(b) Other Equity							(Amount in USD)	
Particulars	Share application money pending allotment	Reserves and Surplus			Items of OCI		Total other equity	
		Securities premium	Deemed Capital Contribution	Retained earnings	Cash Flow Hedging Reserve			
Balance as at 1 April 2017	1,000,000	79,999,200		(32,433,412)	-		48,565,788	
Profit / (loss) for the year	-	-	-	501,512	-		501,512	
Other comprehensive income (net of tax)	-	-	-	-	(78,564)		(78,564)	
Total comprehensive income for the year	-	-	-	501,512	(78,564)		422,948	
Transaction recorded directly in equity								
Buy back of equity shares	-	(32,258,458)	-	-	-		(32,258,458)	
Premium on issue of equity shares	-	26,259,737	-	-	-		26,259,737	
Shares allotted during the year	(1,000,000)	-	-	-	-		(1,000,000)	
Balance as at 31 March 2018	-	74,000,479	-	(31,931,900)	(78,564)		41,990,015	
Profit / (loss) for the year	-	-	-	4,734,979	-		4,734,979	
Other comprehensive income (net of tax)	-	-	-	-	(481,943)		(481,943)	
Total comprehensive income for the year	-	-	-	4,734,979	(481,943)		4,253,036	
Transaction recorded directly in equity								
Dividend Paid	-	(835,348)	-	-	-		(835,348)	
Employee stock option expense during the year	-	-	6,322	-	-		6,322	
Balance as at 31 March 2019	-	73,165,131	6,322	(27,196,921)	(560,507)		45,414,025	

The accompanying notes are an integral part of these financial statements

As per our report of even date attached

for **Deloitte Haskins & Sells LLP**
Chartered Accountants

for and on behalf of the Board of Directors of
Health City Cayman Islands Ltd

V.Balaji
Partner

Dr. Devi Prasad Shetty
Director

Mr. Viren Shetty
Director

Place: Bengaluru
Date: 24 May 2019

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Place: Bengaluru
Date: 24 May 2019

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

1. Company overview

Health City Cayman Islands 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 is 100 % Subsidiary of Narayana Cayman Holdings Ltd and is primarily engaged in the business of providing economical healthcare services in Cayman Islands.

2. Basis of preparation of the Special purpose financial statements

2.1. Statement of compliance

The special purpose financial statements which comprise the Balance Sheet as at 31 March 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose special purpose financial statements ") have been prepared in accordance with Indian Accounting Standards (Ind AS) and the accounting policies of the Holding Company.

The special purpose financial statements of the Company have been prepared for the purposes of providing information to the Holding Company and Ultimate Holding Company to enable them to prepare consolidated financial statements in accordance with the Indian Accounting Standards

Details of the accounting policies are included in Note 3.

2.2. Functional and presentation currency

These special purpose financial statements are presented in United States Dollars ("USD"), which is also the Company's functional currency. All amounts are presented in USD, except share data and per share data, unless otherwise stated.

2.3. Basis of measurement

The special purpose 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

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

2.4. Use of estimates and judgments

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

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

Judgments

Information about judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the special purpose financial statements is included in the following notes:

Note 27 – Assessment of contingent liabilities and commitments

Note 31 - Financial instruments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

Note 27- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

Note 4 - useful life of property, plant and equipment and intangible assets

Note 5, 8, 11 and 31 - recognition of impairment of financial assets

2.5. Measurement of fair values

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

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

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

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

The Company recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred. Further information about the assumptions made in measuring fair values is included in note 31 – financial instruments.

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

3. Significant accounting policies

3.1. Financial instruments

a. *Recognition and initial measurement*

Trade receivables 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.

- 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.

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.

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

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).

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

Derivative financial instruments

Hedge accounting

The Group uses derivative financial instruments to manage risks associated with interest rate fluctuations relating to foreign currency loan taken by the group.

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of profit and loss

Cash flow hedge:

The Group has designated derivative financial instruments taken for interest rate as 'cash flow' hedges relating to foreign currency loan taken by the group.

The use of derivative financial instruments is governed by the Group's policies approved by the Board of Directors, which provide written principles on the use of such instruments consistent with the Group's risk management strategy.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in statement of profit or loss.

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the statement of profit and loss.

Others:

Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and the ineffective portion of cash flow hedges are recognized in the statement of profit and loss and reported within foreign exchange gains/ (losses).

c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

d. Offsetting

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

3.2. Inventories

The inventories of medical consumables, drugs and surgical instruments are valued at lower of cost or net realisable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realisable value is the selling price. The comparison of cost and net realisable is made on an item by item basis. Cost of these inventories comprises of all costs of purchase and other costs incurred in bringing the inventories to their present location after adjusting for taxes wherever applicable, applying the first in first out method.

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

3.3. Cash and cash equivalents

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

3.4. Cash flow statement

Cash flows are reported using the indirect method, whereby net 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.

3.5. Revenue recognition

Revenue from operations

The Group recognizes revenue from medical and healthcare services to patients, on sale of medical consumables and drugs within the hospital premises and on providing services towards patient amenities.

Revenue is measured at the fair value of the consideration received or receivable. Revenue is recognized upon transfer of control of promised products or services to customers/patients in an amount that reflects the consideration we expect to receive in exchange for those products or services.

'Unbilled revenue' represents value to the extent of medical and healthcare services rendered to the patients who are undergoing treatment/ observation on the balance sheet date and is not billed as at the balance sheet date. 'Unearned revenue' comprises billings in the excess of earnings.

Interest

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

3.6. Property, Plant and Equipment

Recognition and measurement

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

Depreciation and amortisation

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold

Health City Cayman Islands Ltd

Notes to financial statements for the year ended 31 March 2019

improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

Block of assets	Useful life
Building	40 years
Electrical installation	15 years
Medical equipment	10 years
Non - Medical equipment	10 years
Other equipment including air conditioners	15 years
Furniture and fixtures	10 years
Computers	3 years
Vehicles	5 years

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

The Company believes that the useful life as given above best represent the useful life of the assets based on the internal technical assessment of the estimated useful life of fixed assets.

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

3.7. Intangible assets

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

Amortisation

The estimated useful life of an identifiable intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors (such as the stability of the industry and known technological advances) and the level of maintenance expenditures required to obtain the expected future cash flows from the asset.

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	5 years

Amortisation method

Useful life and residual values are reviewed at the end of each financial year.

3.8. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Compensated absences

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

3.9. Borrowing cost

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred.

3.10. Leases

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

3.11. Earnings per share

The basic earnings per share is computed by dividing the net profit attributable to equity shareholders for the period 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.

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Notes to financial statements for the year ended 31 March 2019

3.12. Income tax

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 special purpose financial statements .

3.13. Foreign exchange transactions and translations

Transactions in foreign currencies are recorded at prevailing rate at the dates of the transactions.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary items that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Foreign currency differences are generally recognised in the statement of profit or loss.

3.14. Impairment

a. Impairment of financial instruments

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

At each reporting date, the Company assesses whether financial assets carried at amortised cost and debt securities at fair value through other comprehensive income (FVOCI) are credit- impaired. A financial asset is 'credit- impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

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

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

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

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

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

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

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

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Notes to financial statements for the year ended 31 March 2019

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

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

Measurement of expected credit losses

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

Presentation of allowance for expected credit losses in the balance sheet

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

Write-off

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Company determines that the trade receivable does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

b. Impairment of non-financial assets

The Company's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

The Company's corporate assets do not generate independent cash inflows. To determine impairment of a corporate asset, recoverable amount is determined for the CGUs to which the corporate asset belongs.

An impairment loss is recognised if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognised in the statement of profit and loss.

3.15. 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.

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Notes to financial statements for the year ended 31 March 2019

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.

3.16. 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.

3.17. New Standards and interpretation not yet adopted

Ind AS 116 Leases: -

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 116, Leases. Ind AS 116 will replace the existing leases Standard, Ind AS 17 Leases, and related interpretations. The Standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. Currently, operating lease expenses are charged to the statement of profit & loss. The Standard also contains enhanced disclosure requirements for lessees. Ind AS 116 substantially carries forward the lessor accounting requirements in Ind AS 17.

The effective date for adoption of Ind AS 116 is annual periods beginning on or after April 1, 2019. The standard permits two possible methods of transition:

- Full retrospective – Retrospectively to each prior period presented applying Ind AS 8 Accounting Policies, Changes in Accounting Estimates and Errors
- Modified retrospective – Retrospectively, with the cumulative effect of initially applying the Standard recognized at the date of initial application either by:

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Notes to financial statements for the year ended 31 March 2019

Under modified retrospective approach, the lessee records the lease liability as the present value of the remaining lease payments, discounted at the incremental borrowing rate and the right of use asset either as:

- Its carrying amount as if the standard had been applied since the commencement date, but discounted at lessee's incremental borrowing rate at the date of initial application or
- An amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments related to that lease recognized under Ind AS 17 immediately before the date of initial application.

Certain practical expedients are available under both the methods.

The Company is currently assessing the impact on adoption of this standard on the Company's financial statements.

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Notes to the financial statements for the year ended 31 March 2019

4 Property, Plant and Equipment

(Amount in USD)

Particulars	Gross block				Accumulated depreciation/amortisation				Net block	
	As at 01 April 2018	Additions/ adjustments	Deletions	As at 31 March 2019	As at 01 April 2018	Depreciation/ Amortisation	Deletions	As at 31 March 2019	As at 31 March 2019	As at 01 April 2018
Tangible assets (Owned)										
Land and related infrastructure cost	11,268,323	1,957,139	-	13,225,462	-	-	-	-	13,225,462	11,268,323
Building	34,544,020	1,136,977	-	35,680,997	3,440,850	875,200	-	4,316,050	31,364,947	31,103,170
Medical equipment	10,156,826	602,963	-	10,759,789	3,358,153	1,049,882	-	4,408,035	6,351,754	6,798,673
Electrical installations	4,140,603	163,243	-	4,303,846	1,092,536	279,024	-	1,371,560	2,932,286	3,048,067
Other equipments including air conditioners	5,448,147	227,846	-	5,675,993	1,450,554	367,959	-	1,818,513	3,857,480	3,997,593
Office equipments	1,570,329	205,576	-	1,775,905	590,517	166,859	-	757,376	1,018,529	979,802
Furniture and fixtures	2,779,407	174,466	-	2,953,873	1,014,853	283,473	-	1,298,326	1,655,547	1,764,554
Computers	567,680	13,392	-	581,072	517,192	31,624	-	548,816	32,256	50,488
Vehicles	165,137	27,307	34,027	158,417	90,450	33,239	24,076	99,613	58,804	74,687
Total tangible (A)	70,640,472	4,508,909	34,027	75,115,354	11,555,105	3,087,260	24,076	14,618,289	60,497,065	59,085,357
Intangible assets										
Computer software	561,230	20,810	-	582,040	389,031	115,130	-	504,161	77,879	172,199
Total intangible assets (B)	561,230	20,810	-	582,040	389,031	115,130	-	504,161	77,879	172,199
Grand Total (A+B)	71,201,702	4,529,719	34,027	75,697,394	11,944,136	3,202,390	24,076	15,122,450	60,574,944	59,257,556

Particulars	Gross block				Accumulated depreciation/amortisation				Net block	
	As at 01 April 2017	Additions / adjustment	Deletions	As at 31 March 2018	As at 01 April 2017	Depreciation/ Amortisation	Deletions	As at 31 March 2018	As at 31 March 2018	As at 31 March 2017
Tangible assets (Owned)										
Land and related infrastructure cost	11,268,323	-	-	11,268,323	-	-	-	-	11,268,323	11,268,323
Building	34,492,548	51,472	-	34,544,020	2,576,960	863,890	-	3,440,850	31,103,170	31,915,588
Medical equipment	9,370,507	786,319	-	10,156,826	2,378,493	979,660	-	3,358,153	6,798,673	6,992,014
Electrical installations	4,140,603	-	-	4,140,603	816,826	275,710	-	1,092,536	3,048,067	3,323,777
Other equipments including air conditioners	5,448,147	-	-	5,448,147	1,087,888	362,666	-	1,450,554	3,997,593	4,360,259
Office equipments	1,530,259	40,070	-	1,570,329	443,527	146,990	-	590,517	979,812	1,086,732
Furniture and fixtures	2,733,202	46,205	-	2,779,407	735,735	279,118	-	1,014,853	1,764,554	1,997,467
Computers	545,141	23,776	1,237	567,680	475,314	42,944	1,066	517,192	50,488	69,827
Vehicles	173,677	13,293	21,833	165,137	61,442	34,528	5,520	90,450	74,687	112,235
Total (A)	69,702,407	961,135	23,070	70,640,472	8,576,185	2,985,506	6,586	11,555,105	59,085,367	61,126,222
Intangible assets										
Computer software	550,255	10,975	-	561,230	277,922	111,109	-	389,031	172,199	272,333
Total (B)	550,255	10,975	-	561,230	277,922	111,109	-	389,031	172,199	272,333
Grand Total (A+B)	70,252,662	972,110	23,070	71,201,702	8,854,107	3,096,615	6,586	11,944,136	59,257,566	61,398,555

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

5 Loans

(Unsecured, considered good unless otherwise stated)

(Amount in USD)

Particulars	As at 31 March 2019	As at 31 March 2018
(a) Non-current		
To related parties		
Related parties - Unsecured loan	-	1,957,139
	-	1,957,139

6 Other non-current assets

Particulars	As at 31 March 2019	As at 31 March 2018
To parties other than related parties		
Capital advances	2,117	102,293
Prepaid expenses	445,066	-
Security deposits	139,103	-
	586,286	102,293

7 Inventories

(Valued at lower of cost and net realisable value)

Particulars	As at 31 March 2019	As at 31 March 2018
Medical consumables, drugs and surgical instruments	4,281,742	3,436,325
Goods In Transit	290,391	375,150
Less: Provision for write-down to net realisable value	(686,875)	-
	3,885,258	3,811,475

8 Trade receivables

Particulars	As at 31 March 2019	As at 31 March 2018
Unsecured, considered good	8,485,832	9,319,647
Unsecured, considered doubtful	856,645	1,359,301
	9,342,477	10,678,948
Loss allowance		
Unsecured, considered doubtful	(856,645)	(1,359,301)
	8,485,832	9,319,647

Of the above, trade receivable from related party are as below:

Trade receivable (refer note 29)	-	565,957
Expected Credit Loss allowance	-	(16,938)
Net trade receivable from related parties	-	549,019

The Company uses a provision matrix to determine expected credit loss on portfolio of its trade receivable. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward-looking estimates. At each reporting period, the historically observed default rates are updated and changes in forward-looking estimates are analysed. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows.

Category	Ageing		
	Within Due Date	Due date to 1 Year	More than 1 year from Due date
Government insurance	2.10%	3.2%	3.2%
Others	3.47%	5.12%	17.35%

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 31

The trade receivables are hypothecated as security as part of working capital facility.

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)
9 Cash and cash equivalents
(Amount in USD)

Particulars	As at 31 March 2019	As at 31 March 2018
<i>Cash and cash equivalents</i>		
Cash on hand	16,126	8,305
Cheque in Hand	859,712	9,877
Balance with banks		
-In current accounts	4,091,920	1,237,944
	4,967,758	1,256,126
Bank Balances Other than above		
-In deposit accounts (due to mature within 12 months of the reporting date)	-	-
Cash and cash equivalents in the statement of the cashflows	4,967,758	1,256,126

10 Other financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Unbilled revenue	1,557,138	1,362,553
	1,557,138	1,362,553

11 Other current assets

Particulars	As at 31 March 2019	As at 31 March 2018
Security deposits	64,931	119,592
Less: Provision for Security Deposits	(62,622)	-
Security Deposits (Net)	2,309	119,592
Advance to employees	38,825	48,266
Receivable from suppliers and customers for expenses	-	129,460
Prepaid expenses	1,830,439	2,496,446
Advance to vendors	264,018	414,715
Capital Advances	21,499	-
<i>To related parties</i>		
Loans and advances / other receivables from related parties	78,038	17,139
	2,235,128	3,225,618

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)
12 Equity share capital
(Amount in USD)

Particulars	As at	As at
	31 March 2019	31 March 2018
Authorised		
5,000,000 equity shares (31 March 2018: 5,000,000 equity shares) of USD 0.01 each	50,000	50,000
Issued, subscribed and paid up		
Nil (31 March 2018: NIL) class X equity shares of USD 0.01 each, fully paid-up	-	-
48,426 (31 March 2018: 48,426) class Y equity shares of USD 0.01 each, fully paid-up	484	484
	484	484

Reconciliation of number of equity shares outstanding at the beginning and at the end of the year

	31 March 2019		31 March 2018	
	Number of shares	Amount	Number of shares	Amount
Class X equity shares				
At the beginning of the year	-	-	57,120	571
Issued during the year	-	-	714	7
Buy back during the year	-	-	(57,834)	(578)
At the end of the year	-	-	-	-
	31 March 2019		31 March 2018	
Class Y equity shares				
At the beginning of the year	48,426	484	22,880	229
Issued during the year	-	-	25,546	255
At the end of the year	48,426	484	48,426	484

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

	31 March 2019		31 March 2018	
	Number of shares	% holding	Number of shares	% holding
Ascension Health Ventures, LLC (Class X equity shares)	-	-	-	-
Narayana Cayman Holdings Ltd (Class Y equity shares)	48,426	100%	48,426	100%
	48,426	100%	48,426	100%

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

i) As at 31 March 2019, the Company has only one class of equity shares issued, referred to as class Y equity shares, having a par value of USD 0.01 each. All the 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 declared dividend during the current year through security premium and but no dividend declared in 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.

Number of shares held by holding company:

48,426 class Y equity shares (31 March 2018: 48,426) of USD 0.01 each are held by Narayana Cayman Holdings Ltd, the Holding Company as at 31 March 2019.

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

There has been no 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, except that the Company has issued 3000 class Y equity shares to Narayana Cayman Holdings Ltd for considerations other than cash towards capital contribution as per Joint Venture Agreement dated 25 July 2012.

Buy back of equity shares:

No Buyback of shares was done during the current financial year.

During the year ended March 31, 2018, the Company has concluded the buyback of 57,834 class X equity shares aggregating 71.4% of the paid-up equity shares capital of the Company at a price of USD 557.79 each as approved by the Board of Directors on January 12, 2018. This has resulted in a total cash outflow of USD 32.259 million.

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

(Amount in USD)		
	As at 31 March 2019	As at 31 March 2018
13 Other Equity		
Reserves and surplus		
Securities premium		
At the commencement of the year	74,000,479	79,999,200
Add: Additions during the year	-	26,259,737
Less: Buy back of Shares	-	32,258,458
Less: Dividend Declared	(835,348)	-
At the end of the year	73,165,131	74,000,479
Share application money pending allotment		
At the commencement of the year	-	1,000,000
Add: Additions during the year	-	-
Add: Shares allotted during the year	-	(1,000,000)
At the end of the year	-	-
Deemed Capital Contribution		
At the commencement of the year	-	-
Add: Additions during the year	6,322	-
	6,322	-
Surplus (profit and loss balance)		
At the commencement of the year	(31,931,900)	(32,433,412)
Add: Net profit after tax transferred from statement of profit and loss	4,734,979	501,512
At the end of the year	(27,196,921)	(31,931,900)
Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	(78,564)	-
Add: Additions during the year	(481,943)	(78,564)
At the end of the year	(560,507)	(78,564)
	45,414,025	41,990,015

Securities Premium

Securities premium is used to record the premium received on issue of shares.

Deemed Capital Contribution

Deemed capital contribution by Ultimate Holding Company on account of employee stock options issued to employees.

Financial Liabilities (Non-current)

14 Borrowings

(Amount in USD)		
Particulars	As at 31 March 2019	As at 31 March 2018
Non-current		
Secured		
Term loans		
From banks	28,200,000	31,100,000
	28,200,000	31,100,000

The Company has outstanding term loan from First Carribean International Bank (Cayman) Limited amounting to USD 31,100,000 (including current portion of borrowings) against sanction limit of USD 32,000,000 repayable in 26 quarterly installments as per loan agreement from 27 November 2017. Interest is payable on a monthly basis at the rate of monthly LIBOR *plus* 1.75% per annum. The loan is secured by bank guarantee from the Ultimate Holding Company.

15 Other Financial Liabilities

Non-current

Particulars	As at 31 March 2019	As at 31 March 2018
Derivative financial instruments	560,507	78,564
	560,507	78,564

Health City Cayman Islands Ltd**Notes to the financial statements for the year ended 31 March 2019 (continued)****16 Trade payables**

Particulars	As at	As at
	31 March 2019	31 March 2018
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	4,223,096	5,949,173
	4,223,096	5,949,173

*Payable to Related Party [refer note 29 (C)]

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

17 Other financial liabilities (current)

Particulars	As at 31 March 2019	As at 31 March 2018
Current maturities of long-term borrowings (refer note 14)	2,900,000	900,000
To related parties		
Loan Taken	-	448,206
	2,900,000	1,348,206

18 Other current liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
To parties other than related parties		
Advance received	60,975	-
Creditors for capital goods	123,863	-
Advance from patients	452,714	107,763
Statutory liabilities	96,108	84,116
	733,660	191,879

19 Provisions

Particulars	As at 31 March 2019	As at 31 March 2018
Compensated absences	260,571	232,004
	260,571	232,004

Health City Cayman Islands Ltd**Notes to the financial statements for the year ended 31 March 2019 (continued)****20 Revenue from operations**

(Amount in USD)		
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Income from medical and healthcare services	53,666,972	43,822,938
Sale of medical consumables and drugs	857,905	772,623
	54,524,877	44,595,561

21 Other income

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salary Processing fee income	13,685	19,266
Profit on sale of fixed asset	1,634	956
Miscellaneous income	46	-
	15,365	20,222

22 Changes in inventories of medical consumables, drugs and surgical instruments - increase/(decrease)

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Inventory at the beginning of the year	3,811,475	3,418,804
Inventory at the end of the year	3,885,258	3,811,475
	(73,783)	(392,671)

23 Employee benefit expenses

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Salaries, wages and bonus	20,778,388	18,133,153
Contribution to pension and other funds	536,639	486,053
Expense on employee stock option scheme	6,322	-
Staff welfare expenses	66,258	98,481
	21,387,607	18,717,687

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

24 Other expenses

	(Amount in USD)	
Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
<i>Hospital operating expenses</i>		
Variable cost of utilities	1,761,539	1,521,157
Hospital general expenses	1,225,438	1,015,733
House keeping expenses	188,853	141,601
Patient welfare expenses	866,878	705,278
Rent	19,666	27,732
Medical gas charges	64,300	26,587
Repairs and maintenance		
- Hospital equipments	1,007,659	899,985
- Buildings	518,666	576,969
- Others	555,660	445,877
Software Maintenance Fees	120,000	120,000
	6,328,659	5,480,919
<i>Administrative expenses</i>		
Travelling and conveyance	77,836	65,253
Printing and stationery	193,541	125,110
Advertisement and publicity	2,885,214	2,175,600
Legal and professional fees*	1,714,507	1,461,166
Landscaping expenses	60,707	14,836
Telephone and communication	240,529	339,414
Bank charges	160,561	167,666
Insurance	1,116,510	1,103,352
Rates and taxes	148,635	225,764
Cafeteria expenses	5,239	9,152
Cable charges	16,599	16,597
Recruitment expenses	585	3,001
Books and periodicals	6,956	13,362
Provision for doubtful debts	(502,656)	490,103
Provision for security deposit	62,622	-
Bad Receivables written off	223,554	432,114
Foreign exchange loss, (net)	(110)	1,111
Miscellaneous expenses	25,394	16,836
	6,436,223	6,660,437
	12,764,882	12,141,356

* Includes Payments to auditors of USD 10,000 for Current year.

25 Finance costs

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Interest expense on financial liabilities measured at amortized cost		
- term loans from banks	1,427,920	1,003,564
- others	131,802	70,169
Other borrowing costs	-	479,334
	1,559,722	1,553,067

26 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2019	For the year ended 31 March 2018
Depreciation of property, plant and equipment (refer note 4)	3,087,250	2,985,506
Amortisation of intangible assets (refer note 4)	115,130	111,109
	3,202,380	3,096,615

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

27 Contingent liabilities and commitments

(i) Contingent Liabilities

The Company does not have any contingent liability as on 31st March, 2019 (previous year - NIL).

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) as at 31 March 2019 amount to USD 267,730 (31 March 2018: USD 598,400).

28 Earnings / (loss) per share

Basic earnings per share

The calculation of basic earnings per share for the year ended on 31 March 2019 was based on earnings attributable to equity shareholders of USD 4,734,977 (previous year: USD 501,513) and weighted average number of equity shares outstanding 48,426 (31 March 2018: 72,818).

Diluted earnings per share

The Company has not issued any potential dilutive equity shares.

Weighted average number of equity shares (basic)

Shares	For the year ended 31 March 2019	For the year ended 31 March 2018
Opening balance	48,426	80,000
Effect of buy back of shares	-	(13,771)
Effect of fresh issue of shares for cash	-	6,590
Weighted average number of equity shares for the year	48,426	72,818

The following table sets forth the computation of profit per share:

Particulars	(Amount in USD except no. of shares)	
	For the year ended 31 March 2019	For the year ended 31 March 2018
Profit after tax for the year, attributable to equity shareholders	4,734,979	501,512
Weighted average number of equity shares of USD 0.01 each used for calculation of loss per share	48,426	72,818
Basic earnings per share (°)	97.78	6.89
Diluted earnings per share(°)	97.78	6.89

Healthcity Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

29 Related party disclosures(continued)

(a) Details of related parties

Nature of relationship	Name of Related Parties
Ultimate Holding Company	Narayana Hrudayalaya Limited (with effect from 02nd January 2018) Ascension Health Alliance (upto 02 January 2018)
Holding Company	Narayana Cayman Holdings Ltd Ascension Health Ventures, LLC (Till 02 January 2018)
Key Managerial Personnel ('KMP'):	Aldin Eugene Thompson (Till 12 February 2019) Dr. Devi Prasad Shetty Dr. Ashutosh Raghuvanshi (Till 02 February 2019) Dr. Varun Shetty Mr. Viren Shetty
Key Management Personnel (KMP) of the Ultimate Holding Company	Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (till 10 February 2019) Dr. Emmanuel Rupert - Managing Director of the Holding Company (with effect from 11 February 2019) Kesavan Venugopalan- Chief Financial Officer of the Holding Company Sridhar S- Company Secretary of the Holding Company
Enterprises under control or joint control of KMP and their relatives	Consulting Services Ltd (Till 12th February 2019) Have A Heart Foundation (Till 12th February 2019) Healthcity Development Limited (Till 12th February 2019) Office Supply Ltd (Till 12th February 2019) Wyndham Reef Resort Grand Cayman (Till 12th Feb 2019) High Rock Property Maintenance (Till 12th February 2019) Heron Landing Ltd (Till 12th February 2019) Amaryllis Healthcare Pvt Limited
Fellow Subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Surgical Hospital Private Limited (NSHPL) Narayana Hospitals Private Limited (NHPL) Narayana Health Institutions Private Limited (NHIPL) Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHHM) (till 24 April 2018) Meridian Medical Research & Hospital Limited (MMRHL) Narayana Holdings Private Limited (NHDPL)(Subsidiary of Narayana Cayman Holdings Ltd with effect from 6 June 2018) TriMedx Cayman Ltd. (Till 02 January 2018) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) NH Health Bangladesh private Limited (Subsidiary of NHDPL with effect from 22 July 2018)

(b) Transactions with related party during the year ended 31 March 2019

(Amount in USD)

Transactions	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
Allotment of equity shares (including security premium):					
Ascension Health Ventures, LLC (Till 2nd January 2018)	- (714,000)	- (-)	- (-)	- (-)	- (714,000)
Narayana Cayman Holdings Ltd	- (25,546,000)	- (-)	- (-)	- (-)	- (25,546,000)
TOTAL	- (26,260,000)	- (-)	- (-)	- (-)	- (26,260,000)
Share application money received:					
Ascension Health Ventures, LLC (Till 2nd January 2018)	- (714,000)	- (-)	- (-)	- (-)	- (714,000)
Narayana Cayman Holdings Ltd	- (25,785,971)	- (-)	- (-)	- (-)	- (25,785,971)
TOTAL	- (26,499,971)	- (-)	- (-)	- (-)	- (26,499,971)
Loan Given					
Narayana Cayman Holdings Ltd	- (-)	820,000 (-)	- (-)	- (-)	820,000 (-)
Repayment of unsecured loan					
Narayana Cayman Holdings Ltd	- (-)	820,000 (-)	- (-)	- (-)	820,000 (-)

Figures in brackets are for the previous year.

Healthcity Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)
(b) Transactions with related party during the year ended 31 March 2019
(Amount in USD)

Transactions	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
Unsecured loan Taken					
Narayana Cayman Holdings Ltd	- (-)	- (715,000)	- (-)	- (-)	- (715,000)
Ascension Health Ventures, LLC (Till 02nd January 2018)	- (-)	- (1,785,000)	- (-)	- (-)	- (1,785,000)
TOTAL	- (-)	- (2,500,000)	- (-)	- (-)	- (2,500,000)
Repayment of unsecured loan					
Narayana Cayman Holdings Ltd	- (-)	- (715,000)	- (-)	- (-)	- (715,000)
Ascension Health Ventures, LLC (Till 02nd January 2018)	- (-)	- (1,785,000)	- (-)	- (-)	- (1,785,000)
TOTAL	- (-)	- (2,500,000)	- (-)	- (-)	- (2,500,000)
Buy Back of Shares					
Ascension Health Ventures, LLC (Till 02nd January 2018)	- (32,259,036)	- (-)	- (-)	- (-)	- (32,259,036)
Purchase of medical consumables and drugs and Services					
Narayana Hrudayalaya Ltd	2,364,720 (902,583)	- (-)	- (-)	- (-)	2,364,720 (902,583)
Purchase of Fixed Assets					
Narayana Hrudayalaya Ltd	28,197 (66,343)	- (-)	- (-)	- (-)	28,197 (66,343)
Office Supply Ltd (Till 12th February 2019)	- (-)	- (-)	22,074 (2,328)	- (-)	22,074 (2,328)
Consulting Services Ltd (Till 12th February 2019)	- (-)	- (-)	1,349,435 (513,615)	- (-)	1,349,435 (513,615)
Healthcity Development Ltd (Till 12th February 2019)	- (-)	- (-)	1,957,139 (-)	- (-)	1,957,139 (-)
TOTAL	28,197 (66,343)	- (-)	3,328,648 (515,943)	- (-)	3,356,845 (582,286)
Sale of Fixed Assets					
Consulting Services Ltd (Till 12th February 2019)	- (-)	- (-)	- (11,923)	- (-)	- (11,923)
Revenue from healthcare services					
Consulting Services Ltd (Till 12th February 2019)	- (-)	- (-)	4,911 (27,313)	- (-)	4,911 (27,313)
Have a Heart Foundation (Till 12th February 2019)	- (-)	- (-)	- (1,147,896)	- (-)	- (1,147,896)
Ascension Health Alliance (Till 02nd January 2018)	- (-)	- (177,300)	- (-)	- (-)	- (177,300)
TOTAL	- (-)	- (177,300)	4,911 (1,175,209)	- (-)	4,911 (1,352,509)
Gurantee commission:					
Ascension Health Alliance (Till 02nd January 2018)	- (342,896)	- (-)	- (-)	- (-)	- (342,896)
Narayana Hrudayalaya Limited	- (136,438)	- (-)	- (-)	- (-)	- (136,438)
TOTAL	- (479,334)	- (-)	- (-)	- (-)	- (479,334)
Interest expense on unsecured loan taken					
Ascension Health Alliance (Till 02nd January 2018)	- (-)	- (17,099)	- (-)	- (-)	- (17,099)
Narayana Cayman Holdings Ltd	- (-)	- (6,906)	- (-)	- (-)	- (6,906)
TOTAL	- (-)	- (24,005)	- (-)	- (-)	- (24,005)

Figures in brackets are for the previous year.

Healthcity Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

(b) Transactions with related party during the year ended 31 March 2019

(Amount in USD)

Transactions	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
Other Expenses					
Narayana Hrudayalaya Ltd	120,000 (123,406)	- (-)	- (-)	- (-)	120,000 (123,406)
Narayana Cayman Holdings Ltd	- (-)	- (6,849)	- (-)	- (-)	- (6,849)
Ascension Health Alliance (Till 02nd January 2018)	- (17,695)	- (-)	- (-)	- (-)	- (17,695)
TriMedx Cayman Ltd. (Till 02nd January 2018)	- (-)	- (-)	- (-)	- (623,733)	- (623,733)
Consulting Services Ltd (Till 12th February 2019)	- (-)	- (-)	1,295,697 (865,730)	- (-)	1,295,697 (865,730)
Office Supply Ltd (Till 12th February 2019)	- (-)	- (-)	88,261 (53,005)	- (-)	88,261 (53,005)
Wyndham Reef Resort (Till 12th February 2019)	- (-)	- (-)	(5,064) (63,419)	- (-)	(5,064) (63,419)
Heron Landing Ltd (Till 12th February 2019)	- (-)	- (-)	55,405 (-)	- (-)	55,405 (-)
Healthcity Development Ltd (Till 12th February 2019)	- (-)	- (-)	932,341 (39,700)	- (-)	932,341 (39,700)
High Rock Property Maintenance (Till 12 th February 2019)	- (-)	- (-)	391,307 (58,077)	- (-)	391,307 (58,077)
TOTAL	120,000 (141,101)	- (6,849)	2,757,947 (1,079,931)	- (623,733)	2,877,947 (1,851,614)
Advance to Suppliers					
Consulting Services Ltd (Till 12th February 2019)	- (-)	- (-)	- (10,437)	- (-)	- (10,437)
Healthcity Development Limited (Till 12th February 2019)	- (-)	- (-)	- (53,300)	- (-)	- (53,300)
Narayana Hrudayalaya Ltd	62,540 (-)	- (-)	- (-)	- (-)	62,540 (-)
TOTAL	62,540 (-)	- (-)	- (63,737)	- (-)	62,540 (63,737)
Other Income					
TriMedx Cayman Ltd. (Till 02nd January 2018)	- (-)	- (-)	- (-)	- (14,035)	- (14,035)
Payment of expenses on behalf of the Company:					
Narayana Hrudayalaya Ltd	244,061 (167,370)	- (-)	- (-)	- (-)	244,061 (167,370)
Narayana Cayman Holdings Ltd	- (-)	- (495,000)	- (-)	- (-)	- (495,000)
TOTAL	244,061 (167,370)	- (495,000)	- (-)	- (-)	244,061 (662,370)
Payment of expenses by the Company on behalf of:					
Narayana Cayman Holdings Ltd	- (-)	3,562 (136,907)	- (-)	- (-)	3,562 (136,907)
Consulting Services Ltd	- (-)	- (-)	7,112 (22,032)	- (-)	7,112 (22,032)
Ascension Health Alliance (Till 02nd January 2018)	- (954)	- (-)	- (-)	- (-)	- (954)
Narayana Hrudayalaya Limited	- (6,035)	- (-)	- (-)	- (-)	- (6,035)
TriMedx Cayman Ltd. (Till 02nd January 2018)	- (-)	- (-)	- (-)	- (280,230)	- (280,230)
Have a Heart Foundation (Till 12th February 2019)	- (-)	- (-)	- (151,494)	- (-)	- (151,494)
TOTAL	- (6,989)	3,562 (136,907)	7,112 (173,526)	- (280,230)	10,674 (597,652)
Dividend Paid					
Narayana Cayman Holdings Ltd	- (-)	835,349 (-)	- (-)	- (-)	835,349 (-)
Security Deposit Paid					
High Rock Property Maintenance (Till 12 th February 2019)	- (-)	- (-)	46,700 (53,300)	- (-)	46,700 (53,300)

Figures in brackets are for the previous year.

Note:

- (a) No amount in respect of related parties have been written off/back or provided for during the year.
(b) Related party relationships have been identified by the Management and relied upon by the auditors.
(c) The terms and conditions of the transactions with related parties were no more favourable than those available, or those which might reasonably be expected to be available, in respect of similar transactions with other than related entities on an arm's length basis.

Healthcity Cayman Islands Ltd

Notes to the financial statements for the year ended 31 March 2019 (continued)

29 Related party disclosures(continued)
c) The balances receivable from and payable to related parties

(' in USD)

Balances	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
Trade payables					
Narayana Hrudayalaya Ltd	574,555 (1,665,223)	- (-)	- (-)	- (-)	574,555 (1,665,223)
Consulting Services Ltd (Till 12 Feb 2019)	- (-)	- (-)	- (39,191)	- (-)	- (39,191)
Office Supply Ltd (Till 12 Feb 2019)	- (-)	- (-)	- (9,545)	- (-)	- (9,545)
Wyndham Reef Resort Grand Cayman (Till 12th Feb 2019)	- (-)	- (-)	- (24,425)	- (-)	- (24,425)
Health City Development Ltd (Till 12th Feb 2019)	- (-)	- (-)	- (-)	- (-)	- (-)
Heron Landing Ltd (12th Feb 2019)	- (-)	- (-)	- (-)	- (-)	- (-)
High Rock Property Maintenance (12th Feb 2019)	- (-)	- (-)	- (58,078)	- (-)	- (58,078)
TriMedx Cayman Ltd. (Till 02 January 2018)	- (-)	- (-)	- (-)	- (-)	- (-)
TOTAL	574,555 (1,665,223)	- (-)	- (131,239)	- (-)	574,555 (1,796,462)
Trade receivables					
Consulting Services Ltd (12th Feb 2019)	- (-)	- (-)	- (1,355)	- (-)	- (1,355)
Have a Heart Foundation (12th Feb 2019)	- (-)	- (-)	- (564,602)	- (-)	- (564,602)
TOTAL	- (-)	- (-)	- (565,957)	- (-)	- (565,957)
Loans and advances / other receivables:					
Narayana Hrudayalaya Limited	77,781 (15,242)	- (-)	- (-)	- (-)	77,781 (15,242)
Narayana Cayman Holdings Ltd	- (-)	257 (448,206)	- (-)	- (-)	257 (448,206)
Have a Heart Foundation (12th Feb 2019)	- (-)	- (-)	- (455)	- (-)	- (455)
Health City Development Ltd (12th Feb 2019)	- (-)	- (-)	- (1,957,139)	- (-)	- (1,957,139)
TOTAL	77,781 (15,242)	257 (448,206)	- (1,957,594)	- (-)	78,038 (2,421,042)

30 Loans

(a) The Company has given unsecured loan to the following related party during the year ended 31 March 2019:

(Amount in USD)

Entity	As at 31 March 2018	Movement	As at 31 March 2019	Purpose of loans and advances
Health City Development Ltd	1,957,139	(1,957,139)	-	Other receivables
	1,957,139	(1,957,139)	-	

(b) The Company has given unsecured loan to the following related party during the year ended 31 March 2018:

(Amount in USD)

Entity	As at 31 March 2017	Movement	As at 31 March 2018	Purpose of loans and advances
Health City Development Ltd	1,957,139	-	1,957,139	Other receivables
	1,957,139	-	1,957,139	

31 Financial instruments: Fair value and risk managements

Fair Value

The fair value of cash and cash equivalents, trade receivables, unbilled revenues, borrowings, trade payables, other current financial assets and liabilities approximate their carrying amount largely due to the short-term nature of these instruments. The Company's long-term debt has been contracted at market rates of interest. Accordingly, the carrying value of such long-term debt approximates fair value.

The fair value of derivative financial instruments is determined based on observable market inputs including currency spot and forward rates, yield curves, currency volatility etc.

Fair value hierarchy

Level 1 - Includes financial instruments measured using quoted prices. This includes listed equity instruments, traded bonds and mutual funds that have quoted prices. The fair value of all equity instruments (including bonds) which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2 - The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity specific estimates. If all significant inputs to fair value an instrument are observable, the instrument is included in level 2.

Level 3 - If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

A. Accounting classification and fair values

As at 31 March 2019	Carrying amount			Fair value hierarchy			
	Amortised cost	Fair value Hedging instruments	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Loans (non-current)	-	-	-	-	-	-	-
Trade receivables	8,485,832	-	8,485,832	-	-	-	-
Cash and cash equivalents	4,967,758	-	4,967,758	-	-	-	-
	13,453,590	-	13,453,590	-	-	-	-
Financial liabilities							
Borrowings	28,200,000	-	28,200,000	-	-	-	-
Trade payables	4,223,096	-	4,223,096	-	-	-	-
Other financial liabilities	2,900,000	-	2,900,000	-	-	-	-
Derivative Liability	-	560,507	560,507	-	560,507	-	560,507
	35,323,096	560,507	35,883,603	-	560,507	-	560,507
As at 31 March 2018	Carrying amount			Fair value hierarchy			
	Amortised cost	Fair value Hedging instruments	Total	Level 1	Level 2	Level 3	Total
Financial assets							
Loans (non-current)	1,957,139	-	1,957,139	-	-	-	-
Trade receivables	9,319,647	-	9,319,647	-	-	-	-
Cash and cash equivalents	1,256,126	-	1,256,126	-	-	-	-
	12,532,912	-	12,532,912	-	-	-	-
Financial liabilities							
Borrowings	31,100,000	-	31,100,000	-	-	-	-
Trade payables	5,949,173	-	5,949,173	-	-	-	-
Other financial liabilities	1,348,206	-	1,348,206	-	-	-	-
Derivative Liability	-	78,564	78,564	-	78,564	-	78,564
	38,397,379	78,564	38,475,943	-	78,564	-	78,564

Derivative instruments (assets and liabilities)

The Company has entered into derivative financial instruments with a counter-party (bank) with investment grade credit ratings. Derivatives valued using valuation techniques with market observable inputs are mainly interest rate swaps. The most frequently applied valuation techniques include swap models using present value calculations. The models incorporate various inputs including the credit quality of counterparties, interest rate curves and forward rate curves of the underlying. As at March 31, 2019, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Health City Cayman Islands Ltd
Notes to the financial statements for the year ended 31 March 2019 (continued)

Measurement of fair values

The carrying value of all financial assets approximates the fair value

Derivatives assets and liabilities:

The Company is exposed to interest rate fluctuations on its borrowings. The Company follows established risk management policies, including the use of derivatives to hedge such risks. The counter party in these derivative instruments is a bank and the Company considers the risks of non-performance by the counterparty as not material.

The following table presents the aggregate contracted principal amounts of the Company's derivative contracts outstanding:

	As at	
	31 March 2019	31 March 2018
Designated derivative instruments		
Interest rate swaps	USD 31,100,000	USD 32,000,000

The following table summarizes activity in the cash flow hedging reserve within equity related to all derivative instruments classified as cash flow hedges:

	As at	
	31 March 2019	31 March 2018
Balance as at the beginning of the year	(78,564)	-
Effective portion of (losses) / gains on hedging instruments in cash flow hedges	(481,943)	(78,564)
Gain / (loss) on cash flow hedging derivatives, net	(481,943)	(78,564)
Balance as at the end of the year	(560,507)	(78,564)

As at March 31, 2019 and March 31, 2018, there were no significant gains or losses on derivative transactions or portions thereof that have become ineffective as hedges, or associated with an underlying exposure that did not occur.

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 of the Holding Company. The Holding Companies 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) Foreign currency risk

The Company is exposed to currency risk on account of cash balances. The functional currency of the Company is USD. The summary quantitative data about the companies exposure to currency risk from non derivative financial instruments is as follows:

	As at March 31, 2019	
	Caymanian Dollar (KYD)	Total
Cash and cash equivalents	527,633	527,633
Net assets	527,633	527,633

	As at March 31, 2018	
	Caymanian Dollar (KYD)	Total
Cash and cash equivalents	277,887	277,887
Net assets	277,887	277,887

(iii) Interest rate risk

Interest rate risk primarily arises from floating rate borrowing. The Company manages its net exposure to interest rate risk relating to borrowings by entering into interest rate swap agreements, which allows it to exchange periodic payments based on a notional amount and agreed upon fixed and floating interest rates. Certain borrowings are also transacted at fixed interest rates. If interest rates were to increase by 100 bps from March 31, 2019, additional net annual interest expense on floating rate borrowing would amount to approximately Nil.

(iv) Credit risk

Credit risk is the risk that the counterparty will not meet its obligation under a financial instrument or customer contract, leading to financial loss. The credit risk arises principally from its operating activities (primarily trade receivables) and from its investing activities, including deposits with banks and financial institutions and other financial instruments.

Credit risk is controlled by analysing credit limits and creditworthiness of the counterparty on a continuous basis to whom the loans has been granted after obtaining necessary approvals for credit.

The Company establishes an allowance for impairment that represents its estimate of expected losses in respect of trade and other receivables based on the past and the recent collection trend. The maximum exposure to credit risk as at reporting date is primarily from trade receivables amounting to USD 856,645 (31 March 2018: USD 1,359,301). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(Amount in USD)	
	As at 31 March 2019	As at 31 March 2018
Allowance for Impairment		
Opening balance	1,359,301	869,198
Impairment loss recognised	(493,836)	490,103
Closing balance	865,465	1,359,301

No single customer accounted for more than 10% of the revenue as of 31 March 2019 and 31 March 2018. There is no significant concentration of credit risk.

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

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Notes to the financial statements for the year ended 31 March 2019 (continued)

(v) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 12.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2019:

Particulars	(Amount in USD)				
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	3,300,000	11,300,000	13,600,000	28,200,000
Trade payables	-	-	-	-	-
Other financial liabilities*	2,900,000	-	-	-	2,900,000
Total	2,900,000	3,300,000	11,300,000	13,600,000	31,100,000

* excluding Current maturities of long-term borrowings

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

Particulars	(Amount in USD)				
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Borrowings (non-current)	-	2,900,000	10,600,000	17,600,000	31,100,000
Trade payables	-	-	-	-	-
Other financial liabilities*	900,000	-	-	-	900,000
Total	900,000	2,900,000	10,600,000	17,600,000	32,000,000

* excluding Current maturities of long-term borrowings

(vi) 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.

(vii) Sensitivity

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the Company to cash flow interest rate risk.

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2019	As at 31 March 2018	As at 31 March 2019	As at 31 March 2018
Sensitivity				
1% increase in interest rate	(311,000)	(320,000)	(311,000)	(320,000)
1% decrease in interest rate	311,000	320,000	311,000	320,000

The interest rate sensitivity is based on the closing balance of secured term loans from banks.

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Notes to the financial statements for the year ended 31 March 2019 (continued)

32 Employee benefits:
Defined contribution plan

The Company makes contributions towards pension fund to a defined contribution retirement benefit plan for qualifying employees. Under the plan, the Company is required to contribute a specified percentage of payroll cost to the retirement benefit plan to fund the benefits.

The amount recognized as an expense towards contribution to social security funds for the period aggregated to USD 536,639 (31 March 2018: USD 486,053).

Compensated Absences

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

Particulars	As at 31 March 2019	As at 31 March 2018
Liability for Compensated absences	260,571	232,004
Total employee benefit liability	260,571	232,004

A. Total Expense Recognised in the Statement of Profit & Loss Account

Particulars	For the year ended March 31,2019	For the year ended March 31,2018
Service Cost		
a. Current Service cost	114,915	221,792
b. Past service cost	-	-
c. (Gain) / loss on settlements	-	-
d. Total service cost	114,915	221,792
Net interest cost		
a. Interest expense on DBO	4,734	-
b. Interest (income) on plan assets	-	-
c. Interest expense on effect of (asset ceiling)	-	-
d. Total net interest cost	4,734	-
Immediate Recognition of (Gains)/ Losses - Other	-	-
Long Term Benefits	23,721	-
Defined Benefit Cost included in P&L	95,928	221,792

B. Net Defined Benefit Asset / (Liability)

Particulars	As at 31 March 2019	As at 31 March 2018
Defined Benefit Obligation	260,571	232,004
Fair value of Plan Assets	-	-
(Surplus) / Deficit	260,571	232,004
Effect of Asset Ceiling	-	-
Net Defined Benefit Liability / (Asset)	260,571	232,004

C. Financial Assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Discount Rate	3.50%	3.50%
Salary Increase Rate	3.00%	3.00%

D. Demographic Assumptions

Particulars	As at 31 March 2019	As at 31 March 2018
Mortality Rate	IALM (2006-08) Ultimate	IALM (2006-08) Ultimate
Withdrawal Rate	1.85%	1.85%
Retirement age	65 years	65 years
In Service Encashment (%)	0.00%	2.00%

33 Lease

The Company has taken premises under cancellable operating leases, which are renewable at the option of the lessee. Total rental expense under cancellable operating leases amount to USD 19,666 (31 March 2018: USD 27,732).

34 Capital Management

The Group's policy is to maintain a stable capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. Management monitors capital on the basis of return on capital employed as well as the debt to total equity ratio.

For the purpose of debt to total equity ratio, debt considered is long-term and short-term borrowings. Total equity comprise of issued share capital and all other equity reserves.

The capital structure as of 31 March 2019 and 31 March 2018 was as follows:

(Amount in USD)		
Particulars	As at	As at
	31 March 2019	31 March 2018
Total equity	45,414,509	41,990,499
As a percentage of total capital	59%	57%
Long-term borrowings including current maturities	31,100,000	32,000,000
Total borrowings	31,100,000	32,000,000
As a percentage of total capital	41%	43%
Total capital (Equity and Borrowings)	76,514,509	73,990,499

35 Dividend Paid

Particulars	As at	As at
	31 March 2019	31 March 2018
No of Equity Share Outstanding	48,426.00	48,426.00
Dividend Paid per Share	17.25	-
As a percentage of total capital	835,349	-

Board has decided to declare and pay dividend at \$ 17.25 per share for total number of outstanding shares as on 16th January 2019.

The proceeds will be used to pay loan in Narayana Cayman Holdings Ltd.

36 Reclassification and comparative figures

Certain reclassifications have been made to the prior year's financial statements to enhance comparability with the current year's financial statements.

- 37 These special purpose financial statements have been prepared by the Company specifically to provide information to Narayana Cayman Holdings Ltd. and Narayana Hrudayalaya Limited for the purposes of preparation of consolidated financial statements for the year ended on 31 March 2019 and may not be suitable for other purposes.

for and on behalf of the Board of Directors of
Health City Cayman Islands Ltd

Dr. Devi Prasad Shetty
Director

Place: Bengaluru
Date: 24 May 2019

Mr. Viren Shetty
Director

Place: Bengaluru
Date: 24 May 2019