

INDEPENDENT AUDITOR'S REPORT

**To The Board of Directors of Narayana Cayman Holdings Limited
Report on the Audit of the Special Purpose Standalone Financial Statements**

Opinion

We have audited the accompanying Special Purpose Standalone Financial Statements of **Narayana Cayman Holdings Limited** ("the Company"), which comprise the Balance Sheet as at March 31 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows, 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 Standalone Financial Statements") for the preparation of the consolidated financial statements of the Holding Company Narayana Hrudayalaya Limited.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose standalone financial statements give a true and fair view of the state of affairs of the Company as at March 31 2020, 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 standalone 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 standalone 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 standalone 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 standalone financial statements.

Management's Responsibility for the Special Purpose Standalone Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Standalone 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 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 standalone 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 standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the special purpose standalone 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 Standalone Financial Statements.

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

- Identify and assess the risks of material misstatement of the special purpose Standalone 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 standalone 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 standalone financial statements, including the disclosures, and whether the special



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purpose standalone 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 standalone financial statements.

Materiality is the magnitude of misstatements in the special purpose standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the 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 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 standalone financial statements of the Company have been prepared for the purposes of providing information to the Holding Company to enable them to prepare consolidated financial statements in accordance with the Indian Accounting Standards. Our report is intended solely for submission to the 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)



Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABI1080

Place : Bengaluru
Date : June 15, 2020
MP/EKP/2020

Narayana Cayman Holdings Ltd
Balance Sheet

(Amount in USD)

| | Note | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------------------------------------------------------------|------|------------------------|------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Financial Assets | | | |
| Investments | 4 | 5,19,09,364 | 5,19,34,806 |
| Total Non-Current Assets | | 5,19,09,364 | 5,19,34,806 |
| Current Assets | | | |
| Financial Assets | | | |
| Cash and cash Equivalents | 5 | 1,51,956 | 9,250 |
| Total current assets | | 1,51,956 | 9,250 |
| TOTAL ASSETS | | 5,20,61,320 | 5,19,44,056 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 6 | 510 | 510 |
| Other equity | 7 | 5,20,57,719 | 5,19,40,676 |
| Total Equity | | 5,20,58,229 | 5,19,41,186 |
| Liabilities | | | |
| Current liabilities | | | |
| Financial liabilities | | | |
| Trade Payables | | | |
| Total outstanding dues of micro enterprises and small enterprises | 8 | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 8 | 3,000 | - |
| Other Financial Liabilities | 9 | 91 | 91 |
| Other Current Liabilities | 10 | - | 2,779 |
| Total Current Liabilities | | 3,091 | 2,870 |
| TOTAL EQUITY AND LIABILITIES | | 5,20,61,320 | 5,19,44,056 |

The accompanying notes are an integral part of special purpose standalone financial statements

As per our report of even date attached

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



Monisha Parikh
Partner

Place: Bengaluru
Date: June 15, 2020



for and on behalf of the Board of Directors of
Narayana Cayman Holdings Ltd



Dr. Devi Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020



Mr. Viren Shetty
Director

Place: Bengaluru
Date: June 15, 2020



Narayana Cayman Holdings Ltd
Statement of profit and loss

(Amount in USD)

| | Note | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
|---------------------------------------------------------------------------------|------|-------------------------------------|-------------------------------------|
| INCOME | | | |
| Other Income | 11 | 1,24,799 | 1,11,252 |
| Total Income (A) | | 1,24,799 | 1,11,252 |
| EXPENSES | | | |
| Other Expenses | 12 | 7,756 | 33,813 |
| Expense before finance cost, depreciation and amortization. (B) | | 7,756 | 33,813 |
| Earning/(Loss) before finance cost, depreciation and amortization. (A-B) | | 1,17,043 | 77,439 |
| Finance Costs(C) | 13 | - | 18,519 |
| Total expenses (D) = (B+C) | | 7,756 | 52,332 |
| Profit before tax (E) = (A-D) | | 1,17,043 | 58,920 |
| Tax Expenses: | | | |
| Current Tax (F) | | - | - |
| Deferred Tax (credit)/ Charge (G) | | - | - |
| Total Tax Expense (H) = F+G | | - | - |
| Profit for the year (I) = (E-H) | | 1,17,043 | 58,920 |
| Other comprehensive income (OCI) | | - | - |
| Toatal comprehensive income for the year (J) | | 1,17,043 | 58,920 |
| Earning per Share | | | |
| Basic(USD) | 15 | 2.30 | 1.16 |
| Diluted(USD) | | 2.30 | 1.17 |

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As per our report of even date attached

for Deloitte Haskins & Sells LLP
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Place: Bengaluru
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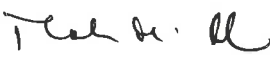
Narayana Cayman Holdings Ltd
Statement of Cash Flows

| | | (Amount in USD) |
|----------------------------------------------------------------------------------|-------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Cash flow from operating activities | | |
| Profit after tax | 1,17,043 | 58,920 |
| Adjustments: | | |
| Interest Income | (1,24,799) | (1,11,252) |
| Operating cash flow before working capital changes | <u>(7,756)</u> | <u>(52,332)</u> |
| Changes in other current liabilities | (2,779) | 2,779 |
| Changes in trade payables | 3,000 | - |
| Change in Other Current Assets | - | 4,48,206 |
| Cash generated from operating activities (A) | <u><u>(7,535)</u></u> | <u><u>3,98,653</u></u> |
| Cash flow from investing activities | | |
| Investment in subsidiary | (1,50,000) | (9,30,900) |
| Investment in promissory note in associate | - | (15,00,000) |
| Dividend Income received | 3,00,241 | 8,35,349 |
| Net cash (used in) investing activities (B) | <u><u>1,50,241</u></u> | <u><u>(15,95,552)</u></u> |
| Cash flow from financing activities | | |
| Proceeds from issue of equity shares, including share application money received | - | 10,00,000 |
| Net cash generated by financing activities (C) | <u><u>-</u></u> | <u><u>10,00,000</u></u> |
| Net increase in cash and cash equivalents (A+B+C) | 1,42,706 | (1,96,898) |
| Cash and cash equivalent at the beginning of the year (refer note 5) | 9,250 | 2,06,148 |
| Cash and cash equivalent at the end of the year (refer note 5) | <u><u>1,51,956</u></u> | <u><u>9,250</u></u> |

The accompanying notes are an integral part of special purpose standalone financial statements

As per our report of even date attached

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


Monisha Parikh
Partner

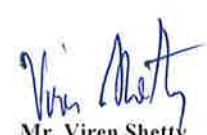
Place: Bengaluru
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for and on behalf of the Board of Directors of
Narayana Cayman Holdings Ltd


Dr. Dev Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020


Mr. Viren Shetty
Director

Place: Bengaluru
Date: June 15, 2020



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Narayana Cayman Holdings Ltd
Statement of changes in equity

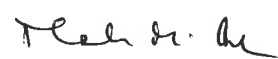
| (a) Equity share capital | | (Amount in USD) |
|-----------------------------------------------------------------|---------------|-----------------|
| Particulars | No. of Shares | Amount |
| Equity shares of 0.01 each issued, subscribed and fully paid up | | |
| Balance as at 1 April 2018 | 49,496 | 495 |
| Changes in equity share capital during 2018-19 (refer note 6) | 1,500 | 15 |
| Balance as at 31 March 2019 | 50,996 | 510 |
| Changes in equity share capital during 2019-20 (refer note 6) | - | - |
| Balance as at 31 March 2020 | 50,996 | 510 |

| (b) Other Equity | | (Amount in USD) | |
|-----------------------------------------|----------------------------|-------------------|--------------------|
| Particulars | Reserve & Surplus | | Total other equity |
| | Securities Premium Reserve | Retained earnings | |
| Balance as at 31 March 2018 | 4,94,94,589 | 8,87,182 | 5,03,81,771 |
| Profit for the year | - | 58,920 | 58,920 |
| Other comprehensive income (net of tax) | - | - | - |
| Total comprehensive income for the year | - | 58,920 | 58,920 |
| Transaction recorded directly in equity | | | |
| Premium on issue of equity shares | 14,99,985 | - | 14,99,985 |
| Balance as at 31 March 2019 | 5,09,94,574 | 9,46,102 | 5,19,40,676 |
| Profit for the year | - | 1,17,043 | 1,17,043 |
| Other comprehensive income (net of tax) | - | - | - |
| Total comprehensive income for the year | - | 1,17,043 | 1,17,043 |
| Balance as at 31 March 2020 | 5,09,94,574 | 10,63,145 | 5,20,57,719 |

The accompanying notes are an integral part of special purpose standalone financial statements

As per our report of even date attached

for Deloitte Haskins & Sells LLP
Chartered Accountants



Monisha Parikh
Partner

for and on behalf of the Board of Directors of
Narayana Cayman Holdings Ltd



Dr. Devi Prasad Shetty
Director



Mr. Viren Shetty
Director

Place: Bengaluru
Date: June 15, 2020

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Date: June 15, 2020



Narayana Cayman Holdings Ltd
Notes to financial statements for the year ended 31 March 2020

1. Company Overview

Narayana Cayman Holdings Ltd ('the Company') was incorporated on 7 May 2010 as a Company limited by shares under the laws of the Cayman Islands. The registered office of the Company is located at, 89 Nexus Way, Camana Bay, Grand Cayman, KY1 - 9007, Cayman Islands. The Company's holding company is Narayana Hrudayalaya Limited, incorporated in India and has a network of multispecialty and superspeciality hospitals spread across multiple locations and is primarily engaged in the business of providing economical healthcare services in Cayman Islands.

2. Basis of preparation of Special Purpose Special purpose standalone financial statements

2.1 Statement of compliance

The special purpose standalone financial statements which comprise the Standalone Balance Sheet as at 31 March 2020, and the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Statement of Cash Flows and the Standalone 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 standalone financial statements") have been prepared in accordance with Indian Accounting Standards (Ind AS) and the accounting policies of the Holding Company.

These special purpose standalone financial statements have been prepared for the purpose of providing information to Narayana Hrudayalaya Limited (the 'holding company') to enable them to prepare their consolidated special purpose consolidated special purpose standalone financial statements in accordance with the Ind AS.

Details of the accounting policies are included in Note 3.

2.2 Functional and presentation currency

These special purpose standalone 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 standalone financial statements have been prepared on the historical cost basis except for the following item:

| Items | Measurement basis |
|------------------------------------------|--------------------------|
| Certain financial assets and liabilities | Fair value |



Narayana Cayman Holdings Ltd
Notes to financial statements for the year ended 31 March 2020

2.4 Use of estimates and judgments

In preparing these special purpose standalone 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 standalone financial statements is included in the following notes:

Note 14 - Provisions and contingent liabilities

Note 17 - 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 2020 is included in the following notes:

Note 17- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

Note 4, 5, and 17 - 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 17 – financial instruments.



Narayana Cayman Holdings Ltd
Notes to financial statements for the year ended 31 March 2020

3. Significant accounting policies

3.1 Financial instruments

a. Recognition and initial measurement

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

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

- 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



Narayana Cayman Holdings Ltd

Notes to financial statements for the year ended 31 March 2020

associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

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

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

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.

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.

3.1 Financial instruments (contd)

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.



Narayana Cayman Holdings Ltd

Notes to financial statements for the year ended 31 March 2020

Financial liabilities

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

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

d. Offsetting

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

3.2. Cash and cash equivalents

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

3.3. Statement of Cash Flow

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.

3.4. Revenue recognition

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 finance income in the statement of profit and loss.

Dividend

Dividend Income is recognised in the Statement of Profit and Loss when the Company's right to receive dividend payment is established.



3.5. Employee benefits expenses

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 provident fund and employee state insurance to Government administered provident fund scheme and ESI scheme which is a defined contribution plan. The Company's contributions are recognized as an expense in the statement of profit and loss during the period in which the employee renders the related service.

Defined benefit plans

The Company's gratuity benefit scheme is a defined benefit plan. The Company's net obligation in respect of a defined benefit plan is calculated by estimating the amount of future benefit that employees have earned and returned for services in the current and prior periods; that benefit is discounted to determine its present value. The calculation of Company's obligation under the plan is performed periodically by a qualified actuary using the projected unit credit method.

The gratuity scheme is administered by third party. Re-measurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised immediately in other comprehensive income (OCI). The Company determines the net interest expense (income) on the net defined liability (assets) for the period by applying the discount rate used to measure the net defined obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes as a result of contribution and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in the statement of profit and loss. The Company recognizes gains and losses in the curtailment or settlement of a defined benefit plan when the curtailment or settlement occurs.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service or the gain or loss on curtailment is recognised immediately in the statement of profit and loss.

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 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.



Narayana Cayman Holdings Ltd

Notes to financial statements for the year ended 31 March 2020

3.6. 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.

3.7. 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.

3.8. 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 standalone financial statements.

3.9. 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.



Narayana Cayman Holdings Ltd

Notes to financial statements for the year ended 31 March 2020

3.10. 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).

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.



Narayana Cayman Holdings Ltd

Notes to financial statements for the year ended 31 March 2020

3.10. Impairment (contd)

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 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.

3.11. 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.



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

| 4 Investments | | (Amount in USD) | |
|------------------------------------------------------------------------------------------------------------------------------|------------------------|------------------------|--|
| Particulars | As at 31 March 2020 | As at 31 March 2019 | |
| Unquoted Equity Instruments | | | |
| Investment in equity shares | | | |
| <u>In subsidiary company:</u> | | | |
| Health City Cayman Islands Ltd | | | |
| [48,426 equity shares (31 March 2019: 48,426) of \$ 0.01 each fully paid up along with share premium of \$ 999.99 per share] | 4,75,90,651 | 4,84,26,000 | |
| Less: Dividend Received | 3,00,241 | 8,35,349 | |
| | 4,72,90,410 | 4,75,90,651 | |
| Narayana Holdings Private Limited | | | |
| 100,000 equity shares (31 March 2019: 100,000) of \$ 10 each fully paid | 9,30,900 | | |
| Add: Investment during the year (15,000 equity shares (31 March 2019: 100,000) of \$ 10 each fully paid up | 1,50,000 | 9,30,900 | |
| Investment at the end of the Year | 10,80,900 | 9,30,900 | |
| <u>In associate company:</u> | | | |
| Cura Technology Inc | 1,36,833 | 1,36,833 | |
| [39,000,000 equity shares (31 March 2019: 39,000,000) of \$ 0.01 each fully paid | | | |
| Unquoted debt instruments | | | |
| Investment in promissory note of Cura Technology Inc- amortised Cost | 31,11,441 | 16,11,441 | |
| Investment during the year | - | 15,00,000 | |
| Investment in promissory note of Cura Technology Inc- amortised Cost | 31,11,441 | 31,11,441 | |
| Accrued interest on the promissory note | 2,89,780 | 1,64,981 | |
| | 34,01,221 | 32,76,422 | |
| | 5,19,09,364 | 5,19,34,806 | |

| 5 Cash and bank balances | | | |
|--------------------------------------------------------------------|------------------------|------------------------|--|
| Particulars | As at 31 March 2020 | As at 31 March 2019 | |
| Balance with banks | | | |
| -In current accounts | 1,51,956 | 9,250 | |
| Cash and cash equivalents in the statement of the cashflows | 1,51,956 | 9,250 | |

| 6 Equity share capital | | | |
|--------------------------------------------------------------------------------------------|------------------------|------------------------|--|
| Particulars | As at 31 March 2020 | As at 31 March 2019 | |
| Authorised capital | | | |
| 5,000,000 equity shares (31 March 2019: 5,000,000 equity shares) of USD 0.01 each | 50,000 | 50,000 | |
| Issued, subscribed and paid-up capital | | | |
| 50,996 equity shares (31 March 2019: 50,996 equity shares) of USD 0.01 each, fully paid-up | 510 | 510 | |
| | 510 | 510 | |

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

| Particulars | 31 March 2020 | | 31 March 2019 | |
|--------------------------------------------------|------------------|------------|------------------|------------|
| | Number of shares | Amount | Number of shares | Amount |
| Share outstanding at the beginning of the year | 50,996 | 510 | 49,496 | 495 |
| Shares issued during the year | - | - | 1,500 | 15 |
| Shares outstanding at the end of the year | 50,996 | 510 | 50,996 | 510 |

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

The Company has single class of equity shares referred to as equity shares having a nominal value of USD 0.01 each. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. The equity shares are entitled to receive dividend as declared from time to time. Dividends will be payable as and when the Board propose and the share holders approves the same. The Company has not declared any dividend during the current year and previous year.



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

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

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

| Particulars | Amount in USD, except no of shares | | | |
|------------------------------|------------------------------------|-----------|------------------|-----------|
| | 31 March 2020 | | 31 March 2019 | |
| | Number of shares | % holding | Number of shares | % holding |
| Narayana Hrudayalaya Limited | 50,996 | 100.00% | 50,996 | 100.00% |
| | 50,996 | 100.00% | 50,996 | 100.00% |

Shares held by holding company:

50,996 equity shares (31 March 2019: 50,996) of USD 0.01 each are held by Narayana Hrudayalaya Limited, the holding company as at 31 March 2020

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

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

7 Other Equity

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-------------------------------------------------------------------------|------------------------|------------------------|
| Surplus | | |
| Securities premium | | |
| At the commencement of the year | 5,09,94,574 | 4,94,94,589 |
| Add: Additions during the year | - | 14,99,985 |
| At the end of the year | 5,09,94,574 | 5,09,94,574 |
| Retained Earnings | | |
| At the commencement of the year | 9,46,102 | 8,87,182 |
| Add: Net profit after tax transferred from statement of profit and loss | 1,17,043 | 58,920 |
| At the end of the year | 10,63,145 | 9,46,102 |
| Other equity | 5,20,57,719 | 5,19,40,676 |

Securities Premium

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

Retained Earnings

Retained earnings comprise the Company's prior years' undistributed earnings after accumulating current year earnings

Proposed Dividend

The Board of Directors have also recommended a final dividend of USD 118 for each fully paid up shares of the company for the financial year ended 31st March 2020 out of the Security Premium account.

8 Trade payables

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|----------------------------------------------------------------------------------------|------------------------|------------------------|
| To parties other than related parties | | |
| Total outstanding dues of micro enterprises and small enterprises | - | - |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 3,000 | - |
| | 3,000 | - |

9 Other financial liabilities (Current)

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|-----------------------------------------------------------------------------|------------------------|------------------------|
| To related parties | | |
| Application money received for allotment of securities (Refer Note 18 (d)) | 91 | 91 |
| | 91 | 91 |

10 Other current liabilities

| Particulars | As at 31 March 2020 | As at 31 March 2019 |
|--------------------------------------|------------------------|------------------------|
| To related parties | | |
| Other payables (Refer Note 18 (d)) | - | 257 |
| To Other than related parties | | |
| Other payables | - | 2,522 |
| | - | 2,779 |



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

11 Other income (Amount in USD)

| Particulars | For Year ended 31 March 2020 | For Year ended 31 March 2019 |
|---------------------------------------|---------------------------------|---------------------------------|
| Interest income on Promissory note | 1,24,799 | 1,11,252 |
| | 1,24,799 | 1,11,252 |

12 Other expenses

| Particulars | For Year ended 31 March 2020 | For Year ended 31 March 2019 |
|------------------------------|---------------------------------|---------------------------------|
| Legal and professional fees* | 7,537 | 27,440 |
| Bank charges | 219 | 6,373 |
| | 7,756 | 33,813 |

* Includes Payments to auditors of USD 3,000 for Current year (PY USD 3000)

13 Finance costs

| Particulars | For Year ended 31 March 2020 | For Year ended 31 March 2019 |
|------------------|---------------------------------|---------------------------------|
| Interest Expense | - | 18,519 |
| | - | 18,519 |



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

14 Contingent liabilities and commitments

(i) Contingent Liabilities

The Company does not have any contingent liability as on 31st March, 2020 (previous year - NIL.).

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) as at 31 March 2020 amount to USD NIL. (31 March 2019: USD NIL.).

15 Earnings per share

Basic earnings per share

The calculation of basic earnings per share for the year ended on 31 March 2020 was based on profit attributable to equity shareholders of USD 117,042 (previous year: USD 58,920) and weighted average number of equity shares outstanding 50,996 (previous year: 50,310).

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 2020 | For the year ended 31 March 2019 |
|--------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Opening balance | 50,996 | 49,496 |
| Effect of fresh issue of shares for cash | - | 814 |
| Weighted average number of equity shares for the year | 50,996 | 50,310 |

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

| Particulars | (Amount in USD, except no of shares) | |
|------------------------------------------------------------------------------------------------------|--------------------------------------|-------------------------------------|
| | For the year ended 31 March 2020 | For the year ended 31 March 2019 |
| Profit after tax for the period, attributable to equity shareholders | 1,17,043 | 58,920 |
| Weighted average number of equity shares of USD 0.01 each used for calculation of earnings per share | 50,996 | 50,310 |
| Basic earnings per share (USD) | 2.30 | 1.16 |
| Diluted earnings per share(USD) | 2.30 | 1.17 |



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

16 Investments and loans

(a) The Company has made investment in the following Companies during the year ended 31 March 2020:

| (Amount in USD) | | | | | |
|-----------------------------------------|------------------------|------------------------------------------|-------------------------|-----------------------------|------------------------|
| Entity | As at 31 March 2019 | Allotment / Purchases during the year | Sold during the year | Provision for diminution | As at 31 March 2020 |
| Investment in equity instruments | | | | | |
| Health City Cayman Islands | 4,84,26,000 | - | - | - | 4,84,26,000 |
| Cura Technology Inc | 1,36,833 | - | - | - | 1,36,833 |
| Narayana Holdings Private Limited | 9,30,000 | 1,50,000 | - | - | 10,80,000 |
| | 4,94,92,833 | 1,50,000 | - | - | 4,96,42,833 |

(b) The Company has given unsecured loan (convertible loan) to the following associate 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 |
| Cura Technology Inc | 16,11,441 | 15,00,000 | 31,11,441 | Financial assistance |
| | 16,11,441 | 15,00,000 | 31,11,441 | |

(c) The Company has given unsecured loan (convertible loan) to the following associate during the year ended 31 March 2020:

| (Amount in USD) | | | | |
|---------------------|------------------------|----------|------------------------|----------------------|
| Entity | As at 31 March 2019 | Movement | As at 31 March 2020 | Purpose of loans |
| Cura Technology Inc | 31,11,441 | - | 31,11,441 | Financial assistance |
| | 31,11,441 | - | 31,11,441 | |



17 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values

| As at 31 March 2020 | | (Amount in USD) | |
|------------------------------|-------|-----------------|-------------|
| | FVTPL | Amortised cost | Total |
| Financial assets | | | |
| Investments | - | 5,19,09,364 | 5,19,09,364 |
| Cash and cash equivalents | - | 1,51,956 | 1,51,956 |
| Financial liabilities | | | |
| Other financial liabilities | - | 5,20,61,320 | 5,20,61,320 |
| | | 91 | 91 |
| | | 91 | 91 |
| As at 31 March 2019 | | | |
| Financial assets | FVTPL | Amortised cost | Total |
| Investments | - | 5,19,34,806 | 5,19,34,806 |
| Cash and cash equivalents | - | 9,250 | 9,250 |
| Financial liabilities | | | |
| Other financial liabilities | - | 5,19,44,056 | 5,19,44,056 |
| | | 91 | 91 |
| | | 91 | 91 |

Measurement of fair values

The carrying value of all financial assets approximates the fair value.

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) 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 investing activities, including deposits with banks and financial institutions.

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.

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 credit rating agencies.

(iii) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2020:

| | | (Amount in USD) | | | |
|-----------------------------|------------------|-----------------|-----------|-------------------|-------|
| Particulars | Less than 1 year | 1 - 2 years | 3-5 years | more than 5 years | Total |
| Other financial liabilities | - | 91 | - | - | 91 |
| Total | - | 91 | - | - | 91 |

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

| | | (Amount in USD) | | | |
|-----------------------------|------------------|-----------------|-----------|-------------------|-------|
| Particulars | Less than 1 year | 1 - 2 years | 3-5 years | more than 5 years | Total |
| Other financial liabilities | 91 | - | - | - | 91 |
| Total | 91 | - | - | - | 91 |

(iv) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices, such as foreign exchange rates and interest rates. The Company does not have any exposure to Market risk.

Cash flow and fair value interest rate risk

The Company does not have any borrowings and does not have any exposure to cash flow interest rate risk.



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

18 Related party transactions

| Nature of relationship | Name of related parties |
|-------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holding Company | Narayana Hrudayalaya Limited |
| Key Managerial Personnel ('KMP'): | Aldin Eugene Thompson Director (Till 14 August 2018) Dr. Devi Prasad Shetty Chairman & Director Dr. Ashutosh Raghuvanshi Director (Till 02 Feb 2019) Dr. Aneshi Shetty (Director) Mr. Viren Shetty Director |
| Key Management Personnel (KMP) of the Holding Company | Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (till 10 February 2019) Dr. Emmanuel Rupert - Managing Director of the Holding Company Kesavan Venugopalan- Chief Financial Officer of the Holding Company Sridhar S- Company Secretary of the Holding Company |
| Fellow Subsidiaries | Narayana Institute for Advanced Research Private Limited (NIARPL) Healthcity Cayman Islands Ltd (HCCI)* Narayana Surgical Hospital Private Limited (NSHPL) Narayana Hospitals Private Limited (NHPL) Narayana Health Institutions Private Limited (NHIPL) Meridian Medical Research & Hospital Limited (MMRHL) Narayana Holdings Private Limited (NHDPL)(Subsidiary of Narayana Cayman Holdings Ltd with effect from 6 June 2018) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) Narayana Health North America LLC (09th April 2019) NH Health Bangladesh private Limited (Subsidiary of NHDPL with effect from 22 July 2018) |
| Associate | Cura Technologies Inc. |

(b) Transactions with related party during the year ended 31 March 2020

| Transactions | Holding Company | Subsidiary | Associate | Total |
|-----------------------------------------|-----------------|---------------|-----------|-------------|
| (' in USD) | | | | |
| Unsecured loan Taken | | | | |
| Healthcity Cayman Islands Ltd | - | - | - | - |
| | (-) | (8,20,000) | (-) | (8,20,000) |
| TOTAL | - | - | - | - |
| | (-) | (8,20,000) | (-) | (8,20,000) |
| Repayment of unsecured loan | | | | |
| Healthcity Cayman Islands Ltd | - | - | - | - |
| | (-) | (8,20,000.00) | (-) | (8,20,000) |
| TOTAL | - | - | - | - |
| | (-) | (8,20,000) | (-) | (8,20,000) |
| Share Application money received | | | | |
| Narayana Hrudayalya Ltd | - | - | - | - |
| | (10,00,000) | (-) | (-) | (10,00,000) |
| TOTAL | - | - | - | - |
| | (10,00,000) | (-) | (-) | (10,00,000) |
| Share Issued during the year | | | | |
| Narayana Hrudayalya Ltd | - | - | - | - |
| | (15,00,000) | (-) | (-) | (15,00,000) |
| TOTAL | - | - | - | - |
| | (15,00,000) | (-) | (-) | (15,00,000) |
| Investment in Equity Shares | | | | |
| Narayana Holdings Private Limited | - | 1,50,000.00 | - | 1,50,000 |
| | (-) | (9,30,900.00) | (-) | (9,30,900) |
| TOTAL | - | 1,50,000.00 | - | 1,50,000 |
| | (-) | (9,30,900.00) | (-) | (9,30,900) |

Figures in brackets are for the previous year.



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

| Transactions | Holding Company | Subsidiary | Associate | Total |
|-----------------------------------------------------------------------|-----------------|------------|-------------|-------------|
| (' in USD) | | | | |
| Convertible Promissory note to associate | | | | |
| Cura Technologies Inc. | - | - | - | - |
| | (-) | (-) | (15,00,000) | (15,00,000) |
| TOTAL | - | - | - | - |
| | (-) | (-) | (15,00,000) | (15,00,000) |
| Interest income on Convertible Promissory note/ unsecured loan | | | | |
| Cura Technologies Inc. | - | - | 1,24,799 | 1,24,798.62 |
| | (-) | (-) | (1,11,252) | (1,11,252) |
| TOTAL | - | - | 1,24,799 | 1,24,799 |
| | (-) | (-) | (1,11,252) | (1,11,252) |
| Payment of expenses on behalf of the Company: | | | | |
| Heathcity Cayman Islands Ltd | - | 7,537 | - | 7,537 |
| | (-) | (3,562) | (-) | (3,562) |
| TOTAL | - | 7,537 | - | 7,537 |
| | (-) | (3,562) | (-) | (3,562) |
| Dividend Received | | | | |
| Heathcity Cayman Islands Ltd | - | 3,00,241 | - | 3,00,241 |
| | (-) | (8,53,349) | (-) | (8,53,349) |
| TOTAL | - | 3,00,241 | - | 3,00,241 |
| | (-) | (8,53,349) | (-) | (8,53,349) |



Narayana Cayman Holdings Ltd
Notes to the financial statements (continued)

19 Capital Management

The Company'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 2020 and 31 March 2019 was as follows:

| Particulars | (Amount in USD) | |
|----------------------------------------------|------------------------|------------------------|
| | As at 31 March 2020 | As at 31 March 2019 |
| Total equity | 5,20,58,229 | 5,19,41,186 |
| As a percentage of total capital | 100% | 100% |
| Borrowings | - | - |
| As a percentage of total capital | 0% | 0% |
| Total capital (Equity and Borrowings) | 5,20,58,229 | 5,19,41,186 |

- 20 On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and suggested guidelines for containment and mitigation worldwide. As at March 31, 2020, the Management has used internal and external sources of information upto the date of approval of these financial statements/ results in determining the impact of the COVID-19 pandemic on various elements of the financial statements/results. The Management has used the principles of prudence in developing estimates, assumptions, exercising judgements and performing sensitivity analysis. Based on the current estimates, the Company expects to fully recover the carrying amount of its assets as at 31 March 2020. The eventual outcome of the impact of the pandemic may be different from those estimated as on the date of approval of these financial statements.
- 21 These special purpose standalone financial statements have been prepared by the Company specifically to provide information to Narayana Hrudayalaya Limited for the purposes of preparation of consolidated financial statements for the year ended on 31 March 2020 and may not be suitable for other purposes.

for and on behalf of the Board of Directors of
Narayana Cayman Holdings Ltd


Dr. Devi Prasad Shetty
 Director

Place: Bengaluru
 Date: June 15, 2020


Mr. Viren Shetty
 Director

Place: Bengaluru
 Date: June 15, 2020



INDEPENDENT AUDITOR'S REPORT

**To The Board of Directors of Narayana Cayman Holdings Limited
Report on the Audit of the Special Purpose Consolidated Financial Statements**

Opinion

We have audited the accompanying Special Purpose Consolidated Financial Statements of **Narayana Cayman Holdings Limited** ("the Parent") and its subsidiaries (the Parent and its subsidiaries together referred to as "the Group"), which includes Group's share of loss in its associates, which comprise the Consolidated Balance Sheet as at March 31, 2020, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Cash Flows, the Consolidated 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 Consolidated Financial Statements") for the preparation of the consolidated financial statements of the Holding Company Narayana Hrudayalaya Limited.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose consolidated financial statements give a true and fair view of the state of affairs of the Group as at March 31 2020, their consolidated profit, their consolidated total comprehensive income, their consolidated cash flows and their consolidated changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the special purpose consolidated 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 consolidated 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 consolidated 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 consolidated financial statements.

Management's Responsibility for the Special Purpose Consolidated Financial Statements

The Company's Board of Directors is responsible for the preparation of these Special Purpose Consolidated Financial Statements that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with Indian Accounting Standards (Ind AS) and the accounting policies of the Holding Company.

✓ The respective Board of Directors of the companies included in the Group are responsible for

maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the special purpose consolidated financial statements by the Directors of the Parent, as aforesaid.

In preparing the special purpose consolidated financial statements, the respective Board of Directors of the companies included in the Group are 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 the respective Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group and of its associates are also responsible for overseeing the financial reporting process of the Group.

Auditor's Responsibility for the Audit of the Special Purpose Consolidated Financial Statements

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

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

- Identify and assess the risks of material misstatement of the special purpose Consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the special purpose consolidated 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 within the Group to express an opinion on the special purpose consolidated financial statements. We are responsible for the direction, supervision and performance of the audit of the financial statements of such entities included in the special purpose consolidated financial statements of which we are the independent auditors. For the other entities included in the special purpose consolidated financial statements, which have been audited by the other auditors, such other auditors remain responsible for the direction, supervision and performance of the audits carried out by them. We remain solely responsible for our audit opinion.

Materiality is the magnitude of misstatements in the special purpose consolidated financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the special purpose consolidated 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 consolidated financial statements.

We communicate with those charged with governance of the Parent 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.

Other Matters

We did not audit the financial information of 2 subsidiaries whose financial statements reflect total assets of USD 722,639 as at 31 March, 2020, total revenues of USD 87,307 and net cash outflows amounting to USD 30,412 for the year ended on that date, as considered in the special purpose consolidated financial statements. The special purpose consolidated financial

statements also include Group's share of net loss of USD 483,942 for the year ended March 31, 2020, as considered in the consolidated financial statements, in respect of two associates, whose financial statements have not been audited by us.

These financial statements have been audited by other auditors whose reports have been furnished to us by the Parent's Management and our opinion on the Special Purpose Consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in so far as it relates to the aforesaid subsidiaries is based solely on the reports of the other auditors.

Restriction on Distribution or Use

The special purpose consolidated financial statements of the Group have been prepared for the purposes of providing information to the Holding Company to enable them to prepare consolidated financial statements in accordance with the Indian Accounting Standards. Our report is intended solely for submission to the 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)



Monisha Parikh
Partner
(Membership No.47840)
UDIN : 20047840AAAABG4737

Place : Bengaluru
Date : June 15, 2020
MP/EKP/2020

Narayana Cayman Holdings Limited
Consolidated balance sheet

Amount in USD

| Particulars | Note | As at March 31, 2020 | As at March 31, 2019 |
|--------------------------------------------------------------------------------------------|-------|-------------------------|-------------------------|
| ASSETS | | | |
| Non-Current Assets | | | |
| Property, plant and equipment | 4 | 5,47,91,206 | 5,66,90,803 |
| Right of use assets | 5 | 46,75,334 | - |
| Capital work-in-progress | 4 | 1,48,610 | - |
| Goodwill | 4 | 56,828 | 56,828 |
| Intangible assets | 4 | 18,44,271 | 25,38,306 |
| Investment in associates | 6 | 3,48,685 | 4,24,790 |
| Financial assets | | | |
| Investments | 7 (a) | 17,72,263 | 20,93,476 |
| Other non-current assets | 8 | 5,90,732 | 5,86,285 |
| Total non-current assets | | 6,42,27,929 | 6,23,90,488 |
| Current Assets | | | |
| Inventories | 9 | 28,59,901 | 38,85,258 |
| Financial assets | | | |
| (i) Trade receivables | 10 | 89,47,237 | 84,85,832 |
| (ii) Cash and cash equivalents | 11 | 68,98,515 | 52,77,863 |
| (iii) Investments | 7 (b) | 91,70,609 | - |
| (iv) Other financial assets | 12 | 16,66,571 | 15,57,138 |
| Other current assets | 13 | 17,46,183 | 22,34,873 |
| Total current assets | | 3,12,89,016 | 2,14,40,964 |
| TOTAL ASSETS | | 9,55,16,945 | 8,38,31,452 |
| EQUITY AND LIABILITIES | | | |
| Equity | | | |
| Equity share capital | 14(a) | 510 | 510 |
| Other Equity | 14(b) | 5,33,25,381 | 4,69,18,755 |
| Total Equity | | 5,33,25,891 | 4,69,19,265 |
| Non Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Borrowings | 15 | 2,49,00,000 | 2,82,00,000 |
| (ii) Lease liabilities | 16(a) | 38,28,014 | - |
| (iii) Other financial liabilities | 17(a) | 18,87,602 | 5,60,598 |
| Total Non Current Liabilities | | 3,06,15,616 | 2,87,60,598 |
| Current Liabilities | | | |
| Financial Liabilities | | | |
| (i) Lease liabilities | 16(b) | 15,82,241 | - |
| (ii) Trade payables | 18 | - | - |
| (A) Total outstanding dues of micro enterprises and small enterprises | | 52,78,304 | 42,50,938 |
| (B) Total outstanding dues of creditors other than micro enterprises and small enterprises | | 33,83,553 | 29,00,000 |
| (iii) Other financial liabilities | 17(b) | 9,88,060 | 7,40,080 |
| Other current liabilities | 19 | 3,43,280 | 2,60,571 |
| Provisions | 20 | 1,15,75,438 | 81,51,589 |
| Total Current Liabilities | | 1,15,75,438 | 81,51,589 |
| TOTAL EQUITY AND LIABILITIES | | 9,55,16,945 | 8,38,31,452 |

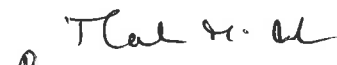
Significant accounting policies

3

The accompanying notes are an integral part of these special purpose consolidated financial statements

As per our report of even date attached


For Deloitte Haskins & Sells LLP
Chartered Accountants


Monisha Parikh
Partner

Place: Bengaluru
Date: June 15, 2020



For and on behalf of the Board of Directors of
Narayana Cayman Holdings Limited


Dr. Devi Prasad Shetty
Director


Viren Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020

Place: Bengaluru
Date: June 15, 2020



Narayana Cayman Holdings Limited
Consolidated statement of profit and loss

| Particulars | Note | Amount in USD | |
|-------------------------------------------------------------------------------------------------------|------|--------------------------------------|--------------------------------------|
| | | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| INCOME | | | |
| Revenue from operations | 21 | 6,12,13,498 | 5,45,24,877 |
| Other income | 22 | 2,05,871 | 1,25,054 |
| Total income (A) | | 6,14,19,369 | 5,46,49,931 |
| EXPENSES | | | |
| Purchase of medical consumables, drugs and surgical instruments | | 1,10,51,682 | 1,08,16,768 |
| Changes in inventories of medical consumables, drugs and surgical instruments - (increase) / decrease | 23 | 10,25,357 | (73,782) |
| Employee benefit expenses | 24 | 2,05,55,914 | 2,13,87,607 |
| Professional fees to doctors | | 2,57,975 | 1,47,687 |
| Other expenses | 25 | 1,36,94,101 | 1,29,43,594 |
| Expenses before finance costs, depreciation and amortisation and exceptional items (B) | | 4,65,85,029 | 4,52,21,874 |
| Earnings before finance cost, depreciation and amortisation, exceptional items and tax (A-B) | | 1,48,34,340 | 94,28,057 |
| Finance costs (C) | 26 | 16,77,243 | 15,78,241 |
| Depreciation and amortisation expense (D) | 27 | 45,75,244 | 29,52,223 |
| Total expense (E) = (B+C+D) | | 5,28,37,516 | 4,97,52,338 |
| Profit before exceptional items and tax (F) = (A-E) | | 85,81,853 | 48,97,593 |
| Exceptional items (G) | | - | - |
| Profit before share of (loss) of equity accounted investees and income tax (H) = (F+G) | | 85,81,853 | 48,97,593 |
| Share of (loss) of equity accounted investees (I) | | (4,83,942) | (3,25,929) |
| Profit before tax (J) = (H+I) | | 80,97,911 | 45,71,664 |
| Tax expenses: | | | |
| Current Tax | | - | - |
| Deferred tax (credit)/ charge | | - | - |
| Tax expenses (K) | | - | - |
| Profit for the year (L) = (J-K) | | 80,97,911 | 45,71,664 |
| Other comprehensive income (OCI) | | | |
| Items that will be reclassified subsequently to profit or loss | | | |
| Effective portion of cash flow hedge reserve | | (13,27,004) | (4,81,943) |
| Exchange differences in translating the financial statement of foreign operations | | (2,938) | (894) |
| Other comprehensive income for the year, net of tax (M) | | (13,29,942) | (4,82,837) |
| Total comprehensive income for the year (N) = (L+M) | | 67,67,969 | 40,88,827 |
| Earnings per share | 34 | | |
| Basic | | 158.80 | 90.89 |
| Diluted | | 158.80 | 90.89 |
| Significant accounting policies | 3 | | |

The accompanying notes are an integral part of these special purpose consolidated financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Monisha Parikh
Partner



For and on behalf of the Board of Directors of
Narayana Cayman Holdings Limited

Dr. Devi Prasad Shetty
Director

Viren Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020

Place: Bengaluru
Date: June 15, 2020



Narayana Cayman Holdings Limited
Statement of changes in equity for the year ended March 31, 2020

| (a) Equity share capital | | | (Amount in USD except share data) |
|-------------------------------------------------------------------|---------------|--------|-----------------------------------|
| Particulars | No. of Shares | Amount | |
| Equity shares of 0.01 each issued, subscribed and fully paid up | | | |
| Balance as at April 1, 2018 | 49,496 | 495 | |
| Changes in equity share capital during 2018-19 (refer note 14(a)) | 1,500 | 15 | |
| Balance as at March 31, 2019 | 50,996 | 510 | |
| Changes in equity share capital during 2019-20 (refer note 14(a)) | | | |
| Balance as at March 31, 2020 | 50,996 | 510 | |

| (b) Other Equity | | | | | | | Amount in USD |
|-----------------------------------------------------|----------------------|----------------------------|-----------------------------|-------------------|----------------------------------------------|--------------------------------------|--------------------|
| | Reserves and Surplus | | | | Other comprehensive income | | Total other equity |
| | Capital Reserve | Securities Premium Reserve | Deemed Capital Contribution | Retained earnings | Effective portion of cash flow hedge reserve | Foreign currency translation reserve | |
| Balance as at April 1, 2018 | 21,88,942 | 4,94,94,589 | - | (83,24,206) | (78,564) | - | 4,32,80,761 |
| Profit for the year | - | - | - | 45,71,664 | - | - | 45,71,664 |
| Other comprehensive income (net of tax) | - | - | - | - | (4,81,943) | (894) | (4,82,837) |
| Total comprehensive income for the year | - | - | - | 45,71,664 | (4,81,943) | (894) | 40,88,827 |
| Transaction recorded directly in equity | | | | | | | |
| Premium on issue of equity shares | - | 14,99,985 | - | - | - | - | 14,99,985 |
| Adjustment during the year | (19,57,140) | - | - | - | - | - | (19,57,140) |
| Employee stock compensation expense during the year | - | - | 6,322 | - | - | - | 6,322 |
| Balance as at March 31, 2019 | 2,31,802 | 5,09,94,574 | 6,322 | (37,52,542) | (5,60,507) | (894) | 4,69,18,755 |
| Profit for the year | - | - | - | 80,97,911 | - | - | 80,97,911 |
| Other comprehensive income (net of tax) | - | - | - | - | (13,27,004) | (2,938) | (13,29,942) |
| Total comprehensive income for the year | - | - | - | 80,97,911 | (13,27,004) | (2,938) | 67,67,969 |
| Transaction recorded directly in equity | | | | | | | |
| Premium on issue of equity shares | - | - | - | - | - | - | - |
| Impact on account of adoption of Ind AS 116 | - | - | - | (3,61,676) | - | - | (3,61,676) |
| Employee stock compensation expense during the year | - | - | 313 | - | - | - | 313 |
| Balance as at March 31, 2020 | 2,31,802 | 5,09,94,574 | 6,655 | 39,83,693 | (18,87,511) | (3,832) | 5,33,25,381 |

The accompanying notes are an integral part of these special purpose consolidated financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

R

Monisha Parikh
Partner

Place: Bengaluru
Date: June 15, 2020

For and on behalf of the Board of Directors of
Narayana Cayman Holdings Limited

Dr. Deep Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020

Viren Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020



R W


Narayana Cayman Holdings Limited
Consolidated Statement of Cash flows

| | Amount in USD | |
|-----------------------------------------------------------------------------------|--------------------------------------|--------------------------------------|
| | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
| Cash flow from operating activities | | |
| Profit after tax | 80,97,911 | 45,71,664 |
| Adjustments: | | |
| Depreciation and amortisation expense | 45,75,244 | 29,52,223 |
| Provision for loss allowance | 7,04,313 | (5,02,656) |
| Bad receivables written off | - | 2,23,554 |
| Interest income | (1,24,885) | (1,11,369) |
| Interest income from financial asset at amortised cost | (64,062) | - |
| Finance costs | 16,77,243 | 15,78,241 |
| Loss on sale / disposal of Property, plant and equipment | - | 587 |
| Provision for diminution in the value of investments | 45,568 | 1,08,207 |
| Provision for security deposit | - | 62,622 |
| Share based payment to employees | 333 | 6,322 |
| Share of loss of equity accounted investees | 4,83,942 | 3,25,929 |
| Operating cash flow before working capital changes | 1,53,95,607 | 92,15,324 |
| Changes in trade receivables | (11,65,718) | 5,71,124 |
| Changes in inventories | 10,25,357 | (73,782) |
| Changes in loans, other financial assets and other assets | 4,77,467 | 6,97,753 |
| Changes in trade payables, other financial liabilities and other liabilities | 14,08,570 | (15,57,338) |
| Changes in provision | 82,709 | 28,567 |
| Net cash generated from operating activities (A) | 1,72,23,992 | 88,81,648 |
| Cash flow from investing activities | | |
| Acquisition of property, plant and equipment (including capital work-in-progress) | (7,82,861) | (20,31,490) |
| Investment in equity of associate | - | (5,68,029) |
| Investment in promissory note of associate | - | (15,00,000) |
| Purchase of investments | (91,78,002) | - |
| Proceeds from sale of assets | - | 11,585 |
| Interest income | 86 | 116 |
| Net cash (used in) investing activities (B) | (99,60,777) | (40,87,818) |
| Cash flow from financing activities | | |
| Repayment of borrowings | (29,00,000) | (9,00,000) |
| Proceeds from issue of shares (including share application money) | - | 15,00,000 |
| Interest and other borrowing expenses | (14,82,563) | (15,78,241) |
| Payment of lease liabilities under Ind AS 116 | (12,60,000) | - |
| Net cash (used in) / generated from financing activities (C) | (56,42,563) | (9,78,241) |
| Net (decrease) / increase in cash and cash equivalents (A+B+C) | 16,20,652 | 38,15,589 |
| Cash and cash equivalent at the beginning of the year (refer note 11) | 52,77,863 | 14,62,274 |
| Cash and cash equivalent at the end of the year (refer note 11) | 68,98,515 | 52,77,863 |

The accompanying notes are an integral part of these special purpose consolidated financial statements

As per our report of even date attached

For Deloitte Haskins & Sells LLP
Chartered Accountants


Monisha Parikh
Partner

Place: Bengaluru
Date: June 15, 2020

For and on behalf of the Board of Directors of
Narayana Cayman Holdings Limited


Dr. Devi Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020


Viren Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020



Narayana Cayman Holdings Ltd

Notes to special purpose consolidated financial statements for the year ended March 31, 2020

1. Group overview

Narayana Cayman Holdings Ltd ('the Company') was incorporated on 7 May 2010 as a Company limited by shares under the laws of the Cayman Islands. The registered office of the Company is located at, 89 Nexus Way, Camana Bay, Grand Cayman, KY1 - 9007, Cayman Islands. The Group's ultimate holding company is Narayana Hrudayalaya Limited, incorporated in India and has a network of multispecialty and super-speciality hospitals spread across multiple locations. The Company along with its subsidiary and associate together referred to as "the Group".

2. Basis of preparation of the consolidated financial statements

2.1. Statement of compliance

The special purpose consolidated financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015, prescribed under section 133 of the Companies Act, 2013 (the 'Act') and other relevant provisions and amendment rules issued thereafter. These special purpose consolidated financial statements have been prepared to provide information to Narayana Hrudayalaya Limited (the 'holding company') for the purposes of Consolidated financial statements and financial reporting for the year ended March 31, 2020 and may not be suitable for other purposes. Details of the accounting policies are included in Note 3.

2.2. Functional and presentation currency

These 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 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 |



Narayana Cayman Holdings Ltd

Notes to special purpose consolidated financial statements for the year ended March 31, 2020

2.4. Use of estimates and judgments

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

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

Judgments

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

Note 32 - Provisions and contingent liabilities

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 March 31, 2020 is included in the following notes:

Note 32- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources

Note 5 ,6, and 31 - recognition of impairment of financial assets

2.5. Measurement of fair values

A number of the Group'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 Group 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 Group 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.



Narayana Cayman Holdings Ltd

Notes to special purpose consolidated financial statements for the year ended March 31, 2020

3. Significant accounting policies

3.1. Financial instruments

a. Recognition and initial measurement

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

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Company changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as at FVTPL:

- the asset is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial assets: Business model assessment

The Company makes an assessment of the objective of the business model in which a financial asset is held at a portfolio level because this best reflects the way the business is managed and information is provided to management. The information considered includes:

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Company's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;



3.1. Financial instruments (contd)

- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

Transfers of financial assets to third parties in transactions that do not qualify for derecognition are not considered sales for this purpose, consistent with the Company's continuing recognition of the assets.

Financial assets that are held for trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL.

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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



3.1. Financial instruments (contd)

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c. Derecognition

Financial assets

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

The Group 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 equipments 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.



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Notes to special purpose consolidated financial statements for the year ended March 31, 2020

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

Revenue from medical and healthcare services to patients is recognised as revenue when the related services are rendered unless significant future uncertainties exist. Revenue is also recognised in relation to the services rendered to the patients who are undergoing treatment/ observation on the balance sheet date to the extent of services rendered.

Revenue is recognised net of discounts given to the patients.

Revenue from sale of medical consumables and drugs within the hospital premises is recognised when property in the goods or all significant risks and rewards of their ownership are transferred to the customer and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of the goods and regarding its collection.

'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 finance 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 Group 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 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 | 40-60 years |
| Electrical installation | 15 years |
| Medical equipment | 10 years |
| Non - Medical equipment | 10 years |
| Air conditioning plant and 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 Group 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 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. Business combination, goodwill and other intangible assets

Business combination

Business combinations are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair value on the date of acquisition.



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Transaction costs incurred in connection with a business combination are expensed as incurred.

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.

The estimated useful lives of intangibles are as follows:

| Block of assets | Useful life |
|------------------------------------------------------|-------------|
| Computer software | 3 years |
| Third party contracts and Electronic medical records | 5 years |
| Customer relationship | 10 years |

Amortisation method

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.

Goodwill

Goodwill is measured as the excess of the sum of the consideration transferred, over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve

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.

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

The Group's lease asset classes primarily consist of leases for land & buildings and equipment. The Group, at the inception of a contract, assesses whether the contract is a lease or not lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a time in exchange for a consideration. This policy has been applied to contracts existing and entered into on or after April 1, 2019.

The Group recognizes a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, or if the Group changes its assessment of whether it will exercise a purchase, extension or termination option. When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognize right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets. The Group recognizes the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at fair value of the asset or present value of the minimum lease payments at the inception of the lease, whichever is lower. Assets held under leases that do not transfer substantially all the risks and reward of ownership are not recognized in the balance sheet.



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Lease payments under operating lease are generally recognized 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.

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

At each reporting date, the Group 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.



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The Group 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).

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



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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.

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. Segment Reporting

Operating results are regularly reviewed by the Chief Operating Decision Maker ('CODM') who makes decisions about resources to be allocated to the segment and assess its performance. Segment results that are reported to the CODM include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

3.17. Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.



4. (i) Property, plant and equipment, capital work-in-progress and Intangible assets

| Particulars | Gross Block | | | Accumulated Depreciation / Amortisation | | | Net Block | |
|--------------------------------------------|---------------------|-------------------------|---------------|-----------------------------------------|-----------------------------|---------------|----------------------|----------------------|
| | As on April 1, 2019 | Additions / Adjustments | Deletions | As on April 1, 2019 | Depreciation / Amortisation | Deletions | As on March 31, 2020 | As on March 31, 2019 |
| Tangible assets (A) | | | | | | | | |
| (Owned) | | | | | | | | |
| Land and related infrastructure cost | 84,51,242 | - | - | - | - | - | 84,51,242 | 84,51,242 |
| Building | 3,31,27,529 | 7,073 | - | 10,10,756 | 8,30,511 | - | 3,12,93,335 | 3,21,16,773 |
| Other equipment including air conditioners | 25,93,629 | 666 | - | 2,01,790 | 1,73,390 | - | 22,19,115 | 23,91,839 |
| Electrical Installation | 19,61,243 | - | - | 2,29,636 | 1,96,662 | - | 15,34,945 | 17,31,607 |
| Furniture and fixtures | 13,84,639 | 57,004 | - | 1,58,192 | 1,41,778 | - | 11,41,673 | 12,26,447 |
| Medical Equipment | 1,07,56,440 | 2,62,009 | 51,318 | 10,01,482 | 8,40,626 | 28,936 | 91,53,959 | 97,54,958 |
| Computers | 2,59,646 | 1,57,438 | 859 | 1,04,390 | 1,24,560 | 859 | 1,88,134 | 1,55,256 |
| Vehicle | 93,557 | - | - | 22,041 | 18,051 | - | 53,465 | 71,516 |
| Non Medical Equipments | 8,85,986 | 55,739 | - | 94,821 | 91,566 | - | 7,55,338 | 7,91,165 |
| Total (A) | 5,95,13,911 | 5,39,929 | 52,177 | 28,23,108 | 24,17,144 | 29,795 | 5,47,91,206 | 5,66,90,803 |
| Capital work-in-progress (B) | | | | | | | | |
| Goodwill (C) | | | | | | | | |
| | - | 1,48,610 | - | - | - | - | 1,48,610 | - |
| | 56,828 | - | - | - | - | - | 56,828 | 56,828 |
| Intangible assets (D) | | | | | | | | |
| Computer software | 2,11,152 | 25,500 | - | 84,346 | 74,824 | - | 77,482 | 1,26,806 |
| Third Party Contracts | 28,84,746 | - | - | 7,20,791 | 5,78,530 | - | 15,85,425 | 21,63,955 |
| Electronic Medical Records | 3,30,000 | - | - | 82,455 | 66,181 | - | 1,81,364 | 2,47,545 |
| Total (D) | 34,25,898 | 25,500 | - | 8,87,592 | 7,19,535 | - | 18,44,271 | 25,38,306 |
| Grand Total (A+B+C+D) | 6,29,96,637 | 7,14,039 | 52,177 | 37,10,700 | 31,36,679 | 29,795 | 5,68,40,915 | 5,92,85,937 |



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Notes to the consolidated financial statements for the year ended March 31, 2020 (continued)

4. (ii) Property, plant and equipment, capital work-in-progress and Intangible assets

| Particulars | Gross Block | | | | Accumulated Depreciation /Amortisation | | | | Net Block | |
|--------------------------------------------|---------------------|-------------------------|------------------|----------------------|----------------------------------------|----------------------------|--------------|----------------------|----------------------|----------------------|
| | As on April 1, 2018 | Additions / Adjustments | Deletions | As on March 31, 2019 | As on April 1, 2018 | Depreciation/ Amortisation | Deletions | As on March 31, 2019 | As on March 31, 2019 | As on March 31, 2018 |
| Tangible assets (A) | | | | | | | | | | |
| Land and related infrastructure cost | 84,51,242 | 19,57,139 | 19,57,139 | 84,51,242 | | | | | | |
| Building | 3,19,90,552 | 11,36,977 | - | 3,31,27,529 | 1,99,393 | 8,11,363 | - | 10,10,756 | 84,51,242 | 84,51,242 |
| Other equipment including air conditioners | 23,65,783 | 2,27,846 | - | 25,93,629 | 39,322 | 1,62,468 | - | 2,01,790 | 3,21,16,773 | 3,17,91,159 |
| Electrical Installation | 17,98,000 | 1,63,243 | - | 19,61,243 | 29,722 | 1,99,914 | - | 2,29,636 | 23,91,839 | 23,26,461 |
| Furniture and fixtures | 12,10,174 | 1,74,465 | - | 13,84,639 | 29,440 | 1,28,752 | - | 1,58,192 | 17,31,607 | 17,68,278 |
| Medical Equipment | 1,01,53,476 | 6,02,964 | - | 1,07,56,440 | 2,52,160 | 7,49,322 | - | 10,01,482 | 12,26,447 | 11,80,734 |
| Computers | 2,46,254 | 13,392 | - | 2,59,646 | 20,429 | 83,961 | - | 1,04,390 | 97,54,958 | 99,01,316 |
| Vehicle | 81,026 | 27,307 | 14,776 | 93,557 | 3,863 | 20,782 | 2,604 | 22,041 | 1,55,256 | 2,25,825 |
| Non Medical Equipments | 6,80,410 | 2,05,576 | - | 8,85,986 | 16,964 | 77,857 | - | 94,821 | 71,516 | 77,163 |
| Total (A) | 5,69,76,917 | 45,08,909 | 19,71,915 | 5,95,13,911 | 5,91,293 | 22,34,419 | 2,604 | 28,23,108 | 5,66,90,803 | 5,63,85,624 |
| Capital work-in-progress (B) | | | | | | | | | | |
| | 5,97,918 | - | 5,97,918 | - | - | - | - | - | - | 5,97,918 |
| Goodwill (C) | | | | | | | | | | |
| | - | 56,828 | - | 56,828 | - | - | - | - | 56,828 | - |
| Intangible assets (D) | | | | | | | | | | |
| Computer software | 1,90,342 | 20,810 | - | 2,11,152 | 9,491 | 74,855 | - | 84,346 | 1,26,806 | 1,80,851 |
| Third Party Contracts | 28,84,746 | - | - | 28,84,746 | 1,43,842 | 5,76,949 | - | 7,20,791 | 21,63,955 | 27,40,904 |
| Electronic Medical Records | 3,30,000 | - | - | 3,30,000 | 16,455 | 66,000 | - | 82,455 | 2,47,545 | 3,13,545 |
| Total (D) | 34,05,088 | 20,810 | - | 34,25,898 | 1,69,788 | 7,17,804 | - | 8,87,592 | 25,38,306 | 32,35,300 |
| Grand Total (A+B+C+D) | 6,09,79,923 | 45,86,547 | 25,69,833 | 6,29,96,637 | 7,61,081 | 29,52,223 | 2,604 | 37,10,700 | 5,92,85,937 | 6,02,18,842 |



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Notes to the consolidated financial statements for the year ended March 31, 2020 (continued)

5 Right of use assets

| Category of ROU asset | Gross block | | | Accumulated Depreciation | | | Amount in USD | |
|-----------------------|----------------------|-----------|-----------|--------------------------|---------------------|---------------------------|---------------|--------------------------------|
| | As at April 1, 2019* | Additions | Deletions | As at March 31, 2020 | As at April 1, 2019 | Depreciation/Amortisation | Deletions | Net Block As at March 31, 2020 |
| Tangible assets | | | | | | | | |
| Building | 61,13,899 | - | - | 61,13,899 | - | 14,38,565 | - | 46,75,334 |
| Grand total | 61,13,899 | - | - | 61,13,899 | - | 14,38,565 | - | 46,75,334 |

*Reclassified on account of adoption of Ind AS 116.



6 Investment in associates

| Particulars | Amount in USD | |
|----------------------------------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| <i>Unquoted Equity Instruments</i> | | |
| ISO Healthcare [1,287 equity shares (previous year: nil) of \$ 1 each fully paid up along with a share premium of \$ 999 per share] | 6,62,000 | 6,62,000 |
| Less: Provision for other than temporary diminution in long-term investments | (1,46,382) | (1,08,207) |
| | 5,15,618 | 5,53,793 |
| Less: Share of (loss) of equity accounted investees | (1,66,933) | (1,29,003) |
| | 3,48,685 | 4,24,790 |
| Cura Technology Inc [39,000,000 equity shares (previous year: 39,000,000 equity shares) of \$ 0.01 each fully paid up] | 1,36,833 | 1,36,833 |
| Less: Share of (loss) of equity accounted investees | (1,36,833) | (1,36,833) |
| | - | - |
| | 3,48,685 | 4,24,790 |

7 (a) Investments - Non-current

| Particulars | Amount in USD | |
|----------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| <i>Unquoted debt instruments</i> | | |
| Investment in promissory note of Cura Technology Inc- amortised Cost | 31,11,441 | 16,11,441 |
| Add :Investment during the year | - | 15,00,000 |
| Gross investment | 31,11,441 | 31,11,441 |
| Less: Share of (loss) of equity accounted investees | (16,28,958) | (11,82,946) |
| | 14,82,483 | 19,28,495 |
| Accrued interest on the promissory note | 2,89,780 | 1,64,981 |
| | 17,72,263 | 20,93,476 |

7 (b) Investments - Current

| Particulars | Qty | Market Rate | Amount in USD | |
|-------------------------------------------------------------------------------|-----------|-------------|-------------------------|-------------------------|
| | | | As at March 31, 2020 | As at March 31, 2019 |
| <i>Short term investment</i> | | | | |
| - In US Treasury Bills (Previous Year : Nil) | 10,12,000 | 0.9999 | 10,11,909 | - |
| - In US Treasury Bills (Previous Year : Nil) | 1,78,000 | 0.9999 | 1,77,984 | - |
| - In US Treasury Bills (Previous Year : Nil) | 60,01,000 | 0.99997 | 60,00,820 | - |
| - In Mutual Funds | | | | |
| -LORD ABBETT ULTRA SHORT BOND FUND (CLASS Z (USD)(acc)) (Previous Year : Nil) | 1,91,110 | 10.36 | 19,79,896 | - |
| | | | 91,70,609 | - |

Out of the above mentioned total investment USD 1,189,893 is invested to maintain the DSRA deposit against Loan with FCIB Bank

8 Other non-current assets

(Unsecured and considered good, unless stated otherwise)

| Particulars | Amount in USD | |
|----------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| <i>To parties other than related parties</i> | | |
| Capital advances | - | 2,116 |
| Prepaid expenses | 4,48,544 | 4,45,066 |
| Security deposits | 1,42,188 | 1,39,103 |
| | 5,90,732 | 5,86,285 |

9 Inventories

(Valued at lower of cost and net realisable value)

| Particulars | Amount in USD | |
|--------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Medical consumables, drugs and surgical instruments | 37,71,691 | 45,72,133 |
| Goods In Transit | 2,89,949 | - |
| Less: Provision for write down to net realisable value | (12,01,739) | (6,86,875) |
| | 28,59,901 | 38,85,258 |



10 Trade receivables

| Particulars | Amount in USD | |
|--------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Unsecured, considered good | 89,47,237 | 84,85,832 |
| Unsecured, considered doubtful | 15,60,958 | 8,56,645 |
| Loss allowance | 1,05,08,195 | 93,42,477 |
| Unsecured, considered doubtful | (15,60,958) | (8,56,645) |
| | 89,47,237 | 84,85,832 |

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:

Cayman Islands

| Category | Within Due Date | Due date to 1 Year | 1 to 3 years from Due date | More than 3 years from Due date |
|-------------------------|-----------------|-----------------------|-------------------------------|------------------------------------|
| Government organisation | 1% | 1% | 1% | 1% |
| Others | 3.78% | 10.65% | 43.53% | 11.57% |

11 Cash and bank balances

| Particulars | Amount in USD | |
|----------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Cash on hand | 32,574 | 16,126 |
| Cheque in Hand | 2,118 | 8,59,712 |
| Balance with banks | | |
| -On current accounts | 68,63,823 | 44,02,025 |
| | 68,98,515 | 52,77,863 |

For the purpose of the Statement of cash flow, cash and cash equivalents comprise the following:

| Particulars | Amount in USD | |
|---------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Cash on hand | 32,574 | 16,126 |
| Cheque in Hand | 2,118 | 8,59,712 |
| Balance with banks | | |
| -On current accounts | 68,63,823 | 44,02,025 |
| Cash and cash equivalents in the statement of cash flow | 68,98,515 | 52,77,863 |

12 Other financial assets

| Particulars | Amount in USD | |
|-------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Interest Accrued on Short Term Investment | 13,062 | - |
| Unbilled revenue | 16,53,509 | 15,57,138 |
| | 16,66,571 | 15,57,138 |

13 Other current assets

| Particulars | Amount in USD | |
|----------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Advance to employees | 30,362 | 38,825 |
| Security deposits | 4,878 | 64,931 |
| Less: Provision | - | (62,622) |
| Net Security Deposit | 4,878 | 2,309 |
| Prepaid expenses | 11,20,460 | 18,30,439 |
| Advance to vendors | 5,49,772 | 3,63,300 |
| Capital Advances | 40,711 | - |
| | 17,46,183 | 22,34,873 |



14 (a) Equity share capital

Authorised capital

| Particulars | Amount in USD | |
|--------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Issued, subscribed and paid-up capital | | |
| 50,996 equity shares (Previous year: 50,996 equity shares) of USD 0.01 each, fully paid-up | 510 | 510 |
| | 510 | 510 |

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

| Particulars | Amount in USD, except no of shares | | | |
|--------------------------------------------|------------------------------------|------------|----------------------|------------|
| | As at March 31, 2020 | | As at March 31, 2019 | |
| | Number of shares | Amount | Number of shares | Amount |
| Equity shares at the beginning of the year | 50,996 | 510 | 49,496 | 495 |
| Equity shares issued during the year | - | - | 1,500 | 15 |
| Equity shares at the end of the year | 50,996 | 510 | 50,996 | 510 |

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

The Company has only one class of equity shares referred to as equity shares having a nominal value of USD 0.01 each. Accordingly, all equity shares rank equally with regard to dividend and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. Dividends will be payable as and when the Board propose and the share holders approves the same. The Company has not declared any dividend during the current year and previous year. The equity shares are entitled to receive dividend as declared from time to time.

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.

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

| Particulars | Amount in USD, except no of shares | | | |
|------------------------------|------------------------------------|-------------|----------------------|-------------|
| | As at March 31, 2020 | | As at March 31, 2019 | |
| | Number of shares | % holding | Number of shares | % holding |
| Narayana Hrudayalaya Limited | 50,996 | 100% | 50,996 | 100% |
| | 50,996 | 100% | 50,996 | 100% |

Shares held by holding company:

50,996 equity shares (Previous year: 50,996) of USD 0.01 each are held by Narayana Hrudayalaya Limited, the holding company as at March 31, 2020

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

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

14 (b) Other Equity

| Particulars | Amount in USD | |
|-------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Reserves and surplus | | |
| Securities premium reserve | | |
| At the commencement of the year | 5,09,94,574 | 4,94,94,589 |
| Add: Securities premium on issue of equity shares during the year | - | 14,99,985 |
| At the end of the year | 5,09,94,574 | 5,09,94,574 |
| Capital Reserve | | |
| At the commencement of the year | 2,31,802 | 21,88,942 |
| Add: Movement during the year | - | (19,57,110) |
| At the end of the year | 2,31,802 | 2,31,802 |
| Retained earning | | |
| At the commencement of the year | (37,52,542) | (83,24,206) |
| Add: Net profit transferred from statement of profit and loss | 80,97,911 | 45,71,664 |
| Add: Impact on account of adoption of Ind AS 116 | (3,61,676) | - |
| At the end of the year | 39,83,693 | (37,52,542) |
| Deemed Capital Contribution | | |
| At the commencement of the year | 6,322 | - |
| Add: Addition during the year | 333 | 6,322 |
| At the end of the year | 6,655 | 6,322 |
| Other Comprehensive Income | | |
| Effective portion of cash flow hedge reserve | | |
| At the commencement of the year | (5,60,507) | (78,564) |
| Add: Net profit transferred from statement of profit and loss | (13,27,004) | (4,81,943) |
| At the end of the year | (18,87,511) | (5,60,507) |
| Foreign currency translation reserve | | |
| At the commencement of the year | (894) | - |
| Add: Addition during the year | (2,938) | (894) |
| At the end of the year | (3,832) | (894) |
| | 5,33,25,381 | 4,69,18,755 |



Capital reserve

Capital reserve was created at the time of acquisition of the subsidiary Health City Cayman Islands Ltd.

Securities premium reserve

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

Foreign currency translation reserve

The foreign currency translation reserve has arisen on account of translation of financial statements / information of foreign subsidiaries and associates in accordance with Ind AS- 21 The Effects of changes in Foreign Exchange Rates.

Deemed Capital Contribution

Deemed Capital Contribution by Holding Company on account of employee stock options issued to employees

Cash flow hedge reserve

The Group has entered into a interest rate swap agreement. This cash flow hedge reserve reflects the fluctuations of the fair value of such swap.

15 Borrowings (Non-current)

| Particulars | Amount in USD | |
|----------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| <i>Secured</i> | | |
| Term loans | | |
| From banks | 2,49,00,000 | 2,82,00,000 |
| | 2,49,00,000 | 2,82,00,000 |

The Company has outstanding term loan from First Caribbean International Bank (Cayman) Limited amounting to USD 28,200,000 (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.

16 Lease liabilities

| Particulars | Amount in USD | |
|----------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| (a) Non-current | | |
| Lease liability as on April 1, 2019 | 64,75,575 | - |
| Additions during the period | - | - |
| Finance cost accrued during the period | 1,94,680 | - |
| Lease payment | (12,60,000) | - |
| Lease liability as on March 31, 2020 | 54,10,255 | - |
| Less: Current lease liability | (15,82,241) | - |
| | 38,28,014 | - |
| (b) Current | | |
| Lease liability as on March 31, 2020 | 15,82,241 | - |
| | 15,82,241 | - |

17 Other financial liabilities

| Particulars | Amount in USD | |
|-----------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| (a) Non-Current | | |
| Derivatives designated and effective as hedging instruments carried at fair value | | |
| Interest rate swap | 18,87,511 | 5,60,507 |
| <i>To related parties</i> | | |
| Application money received for allotment of securities | 91 | 91 |
| | 18,87,602 | 5,60,598 |
| (b) Current | | |
| <i>To parties other than related parties</i> | | |
| Current maturities of long-term borrowings with banks | 33,00,000 | 29,00,000 |
| <i>To related parties</i> | | |
| Related parties - Due to reimbursement of expenses | 83,553 | - |
| | 33,83,553 | 29,00,000 |

18 Trade payables

| Particulars | Amount in USD | |
|------------------------------------------------------------------------------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Total outstanding dues of creditors other than micro enterprises and small enterprises | 36,83,710 | 42,50,938 |
| <i>To related parties</i> | | |
| Total outstanding dues of creditors other than micro enterprises and small enterprises (refer note 28 (c)) | 15,94,594 | - |
| | 52,78,304 | 42,50,938 |



19 Other current liabilities

Amount in USD

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------------------------------|-------------------------|-------------------------|
| <i>To parties other than related parties</i> | | |
| Contract liabilities | 7,59,086 | 4,52,714 |
| Creditors for capital goods | 71,254 | 1,23,863 |
| Advance received | 61,698 | 60,975 |
| Statutory liabilities | 90,130 | 96,108 |
| Other liabilities | 4,892 | 6,420 |
| <i>To related parties</i> | | |
| Other payables | 1,000 | - |
| | 9,88,060 | 7,40,080 |

20 Provisions

Amount in USD

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Current | | |
| Compensated absences | 3,43,280 | 2,60,571 |
| | 3,43,280 | 2,60,571 |



| 21 Revenue from operations | Amount in USD | |
|---------------------------------------------|-------------------------------------|-------------------------------------|
| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
| Income from medical and healthcare services | 5,99,84,217 | 5,36,66,972 |
| Sale of medical consumables and drugs | 12,29,281 | 8,57,905 |
| | 6,12,13,498 | 5,45,24,877 |

Refer notes below

| (i) Category of Customer | For the year ended March 31 2020 | For the year ended March 31 2019 |
|--------------------------|-------------------------------------|-------------------------------------|
| Cash | 57,89,871 | 68,48,305 |
| Credit | 5,54,23,627 | 4,76,76,572 |
| | 6,12,13,498 | 5,45,24,877 |

| (ii) Nature of treatment | For the year ended March 31 2020 | For the year ended March 31 2019 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| In-patient | 4,08,92,853 | 3,74,40,988 |
| Out-patient | 1,90,04,057 | 1,62,25,984 |
| Sale of medical consumables and drugs | 12,29,281 | 8,57,905 |
| Others | 87,307 | - |
| | 6,12,13,498 | 5,45,24,877 |

(iii) The revenue from rendering Healthcare services and Pharmaceutical products satisfies 'at a point in time' recognition criteria as prescribed by Ind AS 115

(iv) Transaction price allocated to the remaining performance obligations

| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
|----------------------|-------------------------------------|-------------------------------------|
| Contract liabilities | 7,59,086 | 4,52,714 |
| | 7,59,086 | 4,52,714 |

(v) Use of Practical expedients

Transaction price allocated to the remaining performance obligations

The Company has applied the practical expedient with respect to non disclosure of information in respect of remaining performance obligations considering the fact that the company's performance obligations, i.e. the treatment in case of healthcare segment has an original expected duration of one year or less.

22 Other income

| | | |
|--------------------------------------------------------|-----------------|-----------------|
| Interest income on | | |
| - Promissory note | 1,24,799 | 1,11,252 |
| - Others | 86 | 117 |
| Interest income from financial asset at amortised cost | 64,062 | - |
| Salary Processing fee income | 16,924 | 13,685 |
| | 2,05,871 | 1,25,054 |

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

| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
|----------------------------------------|-------------------------------------|-------------------------------------|
| Inventory at the beginning of the year | 38,85,258 | 38,11,476 |
| Inventory at the end of the year | 28,59,901 | 38,85,258 |
| | 10,25,357 | (73,782) |

24 Employee benefit expenses

| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
|-------------------------------------------|-------------------------------------|-------------------------------------|
| Salaries, wages and bonus | 1,99,10,572 | 2,07,78,388 |
| Contribution to provident and other funds | 5,43,002 | 5,36,639 |
| Share based payment to employees | 333 | 6,322 |
| Staff welfare expenses | 1,02,007 | 66,258 |
| | 2,05,55,914 | 2,13,87,607 |



25 Other expenses

Amount in USD

| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
|----------------------------------------------------------|-------------------------------------|-------------------------------------|
| Hospital operating expenses | | |
| Variable cost of Utilities | 19,14,123 | 17,61,539 |
| Hospital general expenses | 13,20,793 | 12,25,438 |
| House keeping expenses | 1,72,422 | 1,88,853 |
| Patient welfare expenses | 10,77,916 | 8,66,878 |
| Loss on Disposal of Property, plant and equipment | 22,382 | - |
| Rent | 1,07,633 | 19,666 |
| Medical gas charges | 63,588 | 64,300 |
| Repairs and maintenance | | |
| - Hospital equipments | 11,14,348 | 10,07,659 |
| - Buildings | 3,87,642 | 5,79,373 |
| - Others | 6,09,677 | 5,55,660 |
| - Software | 1,44,000 | 1,20,000 |
| Total (A) | 69,34,524 | 63,89,366 |
| Administrative expenses | | |
| Traveling and conveyance | 1,10,697 | 88,070 |
| Printing and stationery | 1,93,304 | 1,93,565 |
| Rent (A) | 2,18,222 | - |
| Advertisement and publicity | 22,90,206 | 28,87,709 |
| Legal and professional fees * | 17,43,140 | 17,63,405 |
| Foreign exchange loss, (net) | 4,570 | 801 |
| Telephone and communication | 2,15,975 | 2,40,594 |
| Bank charges | 1,47,208 | 1,67,709 |
| Insurance | 9,03,537 | 11,16,510 |
| Rates and taxes | 1,35,890 | 1,48,778 |
| Cable charges | 22,883 | 16,599 |
| Provision for security deposit | 62,622 | - |
| Less: Security Deposit written off | (62,622) | 62,622 |
| Provision carried (Net) | - | 62,622 |
| Provision for loss allowance | 7,04,313 | (5,02,656) |
| Bad receivables written off | - | 2,23,554 |
| Loss on sale / disposal of Property, plant and equipment | - | 587 |
| Miscellaneous expenses | 24,064 | 38,174 |
| Provision for diminution in the value of investments | 45,568 | 1,08,207 |
| Total (B) | 67,59,577 | 65,54,228 |
| Total (A+B) | 1,36,94,101 | 1,29,43,594 |

* Legal and professional fees includes payment to auditor's USD 10,000 for the year ended March 31, 2020 (previous year: USD 10,000)

26 Finance costs

Amount in USD

| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
|---------------------------------------|-------------------------------------|-------------------------------------|
| Interest expense on | | |
| Interest - term loans from banks | 13,48,125 | 14,27,920 |
| Interest - others | 1,34,438 | 1,50,321 |
| Interest expense on lease liabilities | 1,94,680 | - |
| | 16,77,243 | 15,78,241 |

27 Depreciation and amortisation expense

Amount in USD

| Particulars | For the year ended March 31 2020 | For the year ended March 31 2019 |
|--------------------------------------------------------------|-------------------------------------|-------------------------------------|
| Depreciation of property, plant and equipment (refer note 4) | 24,17,145 | 22,34,419 |
| Amortisation of intangible assets (refer note 4) | 7,19,534 | 7,17,804 |
| Depreciation-Right to use Asset (refer note 5) | 14,38,565 | - |
| | 45,75,244 | 29,52,223 |



28 Related party transactions

(a) Details of related parties

| Nature of relationship | Name of related parties |
|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Holding Company | Narayana Hrudayalaya Limited (NHL) |
| Key Managerial Personnel (KMP): | Aldin Eugene Thompson Director (uptil August 14, 2018) Dr. Devi Prasad Shetty Chairman & Director Dr. Ashutosh Raghuvanshi Director (uptil Feb 2, 2019) Mr Muthuraman Balasubramanian (w.e.f. April 30, 2019) Dr. Varun Shetty Viren Prasad Shetty Director |
| Key Management Personnel (KMP) of the Holding Company | Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (uptil February 10, 2019) Dr. Emmanuel Rupert - Managing Director of the Holding Company (w.e.f. February 11, 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 (uptil February 12, 2019) Have A Heart Foundation (uptil February 12, 2019) Healthcity Development Limited (uptil February 12, 2019) Office Supply Ltd (uptil February 12, 2019) Wyndham Reef Resort Grand Cayman (uptil February 12, 2019) High Rock Property Maintenance (uptil February 12, 2019) Heron Landing Ltd (uptil February 12, 2019) Amaryllis Healthcare Pvt Limited |
| Subsidiaries | Healthcity Cayman Islands Ltd (HCCI)* Narayana Holdings Private Limited (NHDP)* |
| 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 (NHIPPL) Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHIM) (uptil April 24, 2018) Meridian Medical Research & Hospital Limited (MMRHL) TriMedx Cayman Ltd. (uptil January 2, 2018) Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) NH Health Bangladesh private Limited (Subsidiary of NHDP. w.e.f. July 22, 2018) Narayana Health North America LLC (w.e.f. April 9, 2019) |
| Associate | Cura Technologies Inc ISO Healthcare |

* Associate up to January 1, 2018, wholly owned subsidiary effective January 2, 2018

**Subsidiary of Narayana Cayman Holdings Ltd with effect from June 6, 2018

(b) Transactions with related party during the year ended March 31, 2020

| Transactions | Holding Company | Associate | Entity under control / joint control of KMP and their relatives | Amount in USD Total |
|-----------------------------------------|-----------------|-----------|-----------------------------------------------------------------|------------------------|
| Unsecured loan Taken | | | | |
| Narayana Hrudayalaya Limited | (7,15,000) | (-) | (-) | (7,15,000) |
| TOTAL | (7,15,000) | (-) | (-) | (7,15,000) |
| Repayment of unsecured loan | | | | |
| Narayana Hrudayalaya Limited | (7,15,000) | (-) | (-) | (7,15,000) |
| TOTAL | (7,15,000) | (-) | (-) | (7,15,000) |
| Share Application money received | | | | |
| Narayana Hrudayalaya Limited | (10,00,000) | (-) | (-) | (10,00,000) |
| TOTAL | (10,00,000) | (-) | (-) | (10,00,000) |
| Share issued during the year | | | | |
| Narayana Hrudayalaya Limited | (15,00,000) | (-) | (-) | (15,00,000) |
| TOTAL | (15,00,000) | (-) | (-) | (15,00,000) |

Figures in brackets are for the previous year.



| Transactions | Holding Company | Associate | Entity under control / joint control of KMP and their relatives | Amount in USD Total |
|----------------------------------------------------------------|-----------------|-------------|-----------------------------------------------------------------------|------------------------|
| Convertible Promissory note to associate | | | | |
| Cura Technologies Inc | - | - | - | - |
| | (-) | (15,00,000) | (-) | (15,00,000) |
| TOTAL | - | - | - | - |
| | (-) | (15,00,000) | (-) | (15,00,000) |
| Interest income on Convertible Promissory note/ unsecured loan | | | | |
| Cura Technologies Inc | | 1,24,799 | | 1,24,799 |
| | (-) | (1,11,252) | (-) | (1,11,252) |
| TOTAL | - | 1,24,799 | - | 1,24,799 |
| | (-) | (1,11,252) | (-) | (1,11,252) |
| Purchase of medical consumables and drugs and Services | | | | |
| Narayana Hrudayalaya Limited | 26,55,621 | - | - | 26,55,621 |
| | (24,63,354) | (-) | (-) | (24,63,354) |
| TOTAL | 26,55,621 | - | - | 26,55,621 |
| | (24,63,354) | (-) | (-) | (24,63,354) |
| Purchase of Fixed Assets | | | | |
| Narayana Hrudayalaya Limited | 32,380 | - | - | 32,380 |
| | (28,197) | (-) | (-) | (28,197) |
| Office Supply Ltd | - | - | - | - |
| | (-) | (-) | (22,074) | (22,074) |
| Consulting Services Ltd | - | - | - | - |
| | (-) | (-) | (13,49,435) | (13,49,435) |
| TOTAL | 32,380 | - | - | 32,380 |
| | (28,197) | (-) | (13,71,509) | (13,99,706) |
| Sale of Fixed Assets | | | | |
| Consulting Services Ltd | - | - | - | - |
| | (-) | (-) | (15,000) | (15,000) |
| TOTAL | - | - | - | - |
| | (-) | (-) | (15,000) | (15,000) |
| Revenue from healthcare services | | | | |
| Consulting Services Ltd | - | - | - | - |
| | (-) | (-) | (4,911) | (4,911) |
| TOTAL | - | - | - | - |
| | (-) | (-) | (4,911) | (4,911) |
| Other Expenses | | | | |
| Narayana Hrudayalaya Limited | 1,44,000 | - | - | 1,44,000 |
| | (3,64,061) | (-) | (-) | (3,64,061) |
| Consulting Services Ltd | - | - | - | - |
| | (-) | (-) | (12,95,697) | (12,95,697) |
| Office Supply Ltd | - | - | - | - |
| | (-) | (-) | (88,261) | (88,261) |
| Wyndham Reef Resort | - | - | - | - |
| | (-) | (-) | (5,064) | (5,064) |
| Heron Landing Ltd | - | - | - | - |
| | (-) | (-) | (55,304) | (55,304) |
| Healthcity Development Limited | - | - | - | - |
| | (-) | (-) | (9,32,341) | (9,32,341) |
| High Rock Property Maintenance | - | - | - | - |
| | (-) | (-) | (3,91,307) | (3,91,307) |
| TOTAL | 1,44,000 | - | - | 1,44,000 |
| | (3,64,061) | (-) | (27,57,846) | (31,32,035) |
| Advance to Suppliers | | | | |
| Narayana Hrudayalaya Limited | - | - | - | - |
| | (45,609) | (-) | (-) | (45,609) |
| TOTAL | - | - | - | - |
| | (45,609) | (-) | (-) | (45,609) |
| Payment of expenses on behalf of the Company: | | | | |
| Narayana Hrudayalaya Limited | 3,01,559 | - | - | 3,01,559 |
| | (28,33,341) | (-) | (-) | (28,33,341) |
| TOTAL | 3,01,559 | - | - | 3,01,559 |
| | (28,33,341) | (-) | (-) | (28,33,341) |
| Payment of expenses by the Company on behalf of: | | | | |
| Consulting Services Ltd | - | - | - | - |
| | (-) | (-) | (7,112) | (7,112) |
| TOTAL | - | - | - | - |
| | (-) | (-) | (7,112) | (7,112) |



28 Related party disclosures (continued)

c) The balances receivable from and payable to related parties

| Transactions | Holding Company | Associate | Entity under control / joint control of KMP and their relatives | Amount in USD Total |
|-----------------------------------------------------------------------------------|-------------------------|--------------------------|-----------------------------------------------------------------|--------------------------|
| Share application money received, pending allotment: | | | | |
| Narayana Hrudayalaya Limited | 91 (91) | - (-) | - (-) | 91 (91) |
| TOTAL | 91 (91) | - (-) | - (-) | 91 (91) |
| Investment | | | | |
| - Cura Technologies (Convertible loan to associate), (excluding accrued interest) | - (-) | 31,11,441 (31,11,441) | - (-) | 31,11,441 (31,11,441) |
| TOTAL | - (-) | 31,11,441 (31,11,441) | - (-) | 31,11,441 (31,11,441) |
| Trade payables and Other financial liabilities | | | | |
| Narayana Hrudayalaya Limited | 16,78,143 (4,96,774) | - (-) | - (-) | 16,78,143 (4,96,774) |
| TOTAL | 16,78,143 (4,96,774) | - (-) | - (-) | 16,78,143 (4,96,774) |
| Trade receivables | | | | |
| Consulting Services Ltd | - (-) | - (-) | - (7,209) | - (7,209) |
| Have a Heart Foundation | - (-) | - (-) | - (2,58,102) | - (2,58,102) |
| TOTAL | - (-) | - (-) | - (2,65,311) | - (2,65,311) |
| Loans and advances / other receivables: | | | | |
| Narayana Hrudayalaya Limited | 1,000 (77,781) | - (-) | - (-) | 1,000 (77,781) |
| TOTAL | 1,000 (77,781) | - (-) | - (-) | 1,000 (77,781) |



29. Narayana Holdings Pvt Ltd (NH Mauritius)

During the financial year ended March 31, 2019, 100 % stake has been transferred to Narayana Cayman Holding Limited by Narayana Hrudayalaya Limited, the Holding Company. Further, NH Mauritius has incorporated a Company in Bangladesh - "NH Health Bangladesh Private Limited" on July 22, 2018 by investing an amount of USD 240,750 in 1999900 shares of BDT 10 each fully paid up.

30. Investment in ISO Healthcare (Mauritius) :

Based on net assets of ISO Healthcare (Mauritius) as at March 31, 2020, Narayana Holding Pvt Ltd has recorded a provision for other than temporary diminution of USD 146,382 in the value of investment aggregating to USD 348,685.

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 March 31, 2020 | Carrying amount | | | | Fair value hierarchy | | | | Amount in USD |
|------------------------------|--------------------|--------------------------------|------------------|--------------------|----------------------|------------------|---------|------------------|---------------|
| | Amortised cost | Fair value Hedging instruments | FVTPL | Total | Level 1 | Level 2 | Level 3 | Total | |
| Financial assets | | | | | | | | | |
| Trade receivables | 89,47,237 | - | - | 89,47,237 | - | - | - | - | - |
| Other financial assets | 16,66,571 | - | - | 16,66,571 | - | - | - | - | - |
| Investments | - | - | 91,70,609 | 91,70,609 | - | - | - | - | - |
| Cash and cash equivalents | 68,98,515 | - | - | 68,98,515 | - | - | - | - | - |
| | 1,75,12,323 | - | 91,70,609 | 2,66,82,932 | - | - | - | - | - |
| Financial liabilities | | | | | | | | | |
| Borrowings | 2,82,00,000 | - | - | 2,82,00,000 | - | - | - | - | - |
| Lease liabilities | 54,10,255 | - | - | 54,10,255 | - | - | - | - | - |
| Trade payables | 52,78,304 | - | - | 52,78,304 | - | - | - | - | - |
| Other financial liabilities | 83,644 | 18,87,511 | - | 19,71,155 | - | 18,87,511 | - | 18,87,511 | - |
| | 3,89,72,203 | 18,87,511 | - | 4,08,59,714 | - | 18,87,511 | - | 18,87,511 | - |
| As at March 31, 2019 | | | | | | | | | |
| | | | | | | | | | |
| Financial assets | | | | | | | | | |
| Trade receivables | 84,85,832 | - | - | 84,85,832 | - | - | - | - | - |
| Other financial assets | 15,57,138 | - | - | 15,57,138 | - | - | - | - | - |
| Cash and cash equivalents | 52,77,863 | - | - | 52,77,863 | - | - | - | - | - |
| | 1,53,20,833 | - | - | 1,53,20,833 | - | - | - | - | - |
| Financial liabilities | | | | | | | | | |
| Borrowings | 3,11,00,000 | - | - | 3,11,00,000 | - | - | - | - | - |
| Trade payables | 42,50,938 | - | - | 42,50,938 | - | - | - | - | - |
| Other financial liabilities | 91 | 5,60,507 | - | 5,60,598 | - | 5,60,507 | - | 5,60,507 | - |
| | 3,53,51,029 | 5,60,507 | - | 3,59,11,536 | - | 5,60,507 | - | 5,60,507 | - |

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, 2020, 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.

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:

| | (Amount in USD) | |
|------------------------------------------|-------------------------|----------------|
| | As at March 31, 2020 | March 31, 2019 |
| Designated derivative instruments | | |
| Interest rate swaps | 2,82,00,000 | 3,11,00,000 |

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 | |
|----------------------------------------------------------------------------------|--------------------|-------------------|
| | March 31, 2020 | March 31, 2019 |
| Balance as at the beginning of the year | (5,60,507) | (78,564) |
| Effective portion of (losses) / gains on hedging instruments in cash flow hedges | (13,27,004) | (4,81,943) |
| Gain / (loss) on cash flow hedging derivatives, net | (13,27,004) | (4,81,943) |
| Balance as at the end of the year | (18,87,511) | (5,60,507) |

As at March 31, 2020 and March 31, 2019, 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, 2020 | |
|---------------------------|---------------------------|------------------|
| | Caymanian Dollar (KYD) | Total |
| Cash and cash equivalents | 68,98,515 | 68,98,515 |
| Net assets | 68,98,515 | 68,98,515 |

| | As at March 31, 2019 | |
|---------------------------|---------------------------|------------------|
| | Caymanian Dollar (KYD) | Total |
| Cash and cash equivalents | 52,77,863 | 52,77,863 |
| Net assets | 52,77,863 | 52,77,863 |

(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, 2020, 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 1,05,07,622 (previous year: USD 93,42,477). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

| | (Amount in USD) | |
|-------------------------------------|-------------------------|-------------------------|
| | As at March 31, 2020 | As at March 31, 2019 |
| Allowance for Impairment | | |
| Opening balance | 8,56,645 | 13,59,301 |
| Credit loss recognised / (reversed) | 7,04,313 | (5,02,656) |
| Closing balance | 15,60,958 | 8,56,645 |

No single customer accounted for more than 10% of the revenue as of March 31, 2020 and March 31, 2019. 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.



(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 March 31, 2020:

| Particulars | (Amount in USD) | | | | |
|-----------------------------|--------------------|------------------|--------------------|-------------------|--------------------|
| | Less than 1 year | 1 - 2 years | 3-5 years | more than 5 years | Total |
| Borrowings (non-current) | 33,00,000 | 35,00,000 | 1,18,00,000 | 96,00,000 | 2,82,00,000 |
| Lease Liabilities | 15,82,241 | 16,57,545 | 21,70,469 | - | 54,10,255 |
| Trade payables | 52,78,304 | - | - | - | 52,78,304 |
| Other financial liabilities | 83,553 | 18,87,602 | - | - | 19,71,155 |
| Total | 1,02,44,098 | 70,45,147 | 1,39,70,469 | 96,00,000 | 4,08,59,714 |

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

| Particulars | (Amount in USD) | | | | |
|-----------------------------|------------------|------------------|--------------------|--------------------|--------------------|
| | Less than 1 year | 1 - 2 years | 3-5 years | more than 5 years | Total |
| Borrowings (non-current) | 29,00,000 | 33,00,000 | 1,13,00,000 | 1,36,00,000 | 3,11,00,000 |
| Lease Liabilities | - | - | - | - | - |
| Trade payables | 42,50,938 | - | - | - | 42,50,938 |
| Other financial liabilities | - | 5,60,598 | - | - | 5,60,598 |
| Total | 71,50,938 | 38,60,598 | 1,13,00,000 | 1,36,00,000 | 3,59,11,536 |

(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 March 31, 2020 | As at March 31, 2019 | As at March 31, 2020 | As at March 31, 2019 |
| Sensitivity | | | | |
| 1% increase in interest rate | (3,01,712) | (3,16,606) | (3,01,712) | (3,16,606) |
| 1% decrease in interest rate | 3,01,712 | 3,16,606 | 3,01,712 | 3,16,606 |

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



32 Contingent liabilities and commitments

(i) The Company does not have any contingent liability as at March 31, 2020 (March 31, 2019: Nil)

(ii) Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2020 amount to USD 24,877 (March 31, 2019: USD 267,730).

33 Employee benefits:**Defined contribution plan**

The amount recognized as an expense towards contribution to pension funds for the period aggregated to USD 543,002 (31 March 2019: USD 536,639).

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 March 31, 2020 | As at March 31, 2019 |
|-----------------------------------------|-------------------------|-------------------------|
| Liability for Compensated absences | 3,43,280 | 2,60,571 |
| Total employee benefit liability | 3,43,280 | 2,60,571 |

Financial Assumptions

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|----------------------|-------------------------|-------------------------|
| Discount Rate | 3.50% | 3.50% |
| Salary Increase Rate | 3.00% | 3.00% |

Demographic Assumptions

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-----------------|----------------------------|----------------------------|
| Mortality Rate | IALM (2012-14) Ultimate | IALM (2006-08) Ultimate |
| Withdrawal Rate | 1.85% | 1.85% |
| Retirement age | 65 years | 65 years |

34 Earnings per share**Basic earnings per share**

The calculation of basic earnings per share for the year ended on March 31, 2020 was based on earnings attributable to equity shareholders of USD 8,097,911 (previous year: 4,571,664) and weighted average number of equity shares outstanding 50,996 (previous year: 50,301).

Diluted earnings per share

The Company has not issued any potential dilutive equity shares.

Weighted average number of equity shares (basic)

| No. of Shares | For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance | 50,996 | 49,496 |
| Effect of fresh issue of shares for cash | - | 805 |
| Weighted average number of equity shares for the year | 50,996 | 50,301 |

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

| Particulars | (Amount in USD except no. of shares) For the year ended March 31, 2020 | For the year ended March 31, 2019 |
|--------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------|--------------------------------------|
| Profit after tax for the year, attributable to equity shareholders | 80,97,911 | 45,71,664 |
| Weighted average number of equity shares of USD 0.01 each used for calculation of loss per share | 50,996 | 50,301 |
| Earnings per share - basic | 158.80 | 90.89 |



35 Investments and loans

(a) The Company has given unsecured loan (convertible loan) to the following associate during the year ended March 31, 2020:

(Amount in USD)

| Entity | As at March 31, 2019 | Movement | As at March 31, 2020 | Purpose of loans |
|---------------------|-------------------------|----------|-------------------------|----------------------|
| Cura Technology Inc | 31,11,441 | - | 31,11,441 | Financial assistance |
| | 31,11,441 | - | 31,11,441 | |

(b) The Company has given unsecured loan (convertible loan) to the following associate during the year ended March 31, 2019:

| Entity | As at March 31, 2018 | Movement | As at March 31, 2019 | Purpose of loans |
|---------------------|-------------------------|------------------|-------------------------|----------------------|
| Cura Technology Inc | 16,11,441 | 15,00,000 | 31,11,441 | Financial assistance |
| | 16,11,441 | 15,00,000 | 31,11,441 | |

36 Capital Management

The Company'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 March 31, 2020 and March 31, 2019 was as follows:

(Amount in USD)

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|---------------------------------------------------|-------------------------|-------------------------|
| Total equity | 5,33,25,891 | 4,69,19,265 |
| As a percentage of total capital | 65% | 60% |
| Long-term borrowings including current maturities | 2,82,00,000 | 3,11,00,000 |
| Total borrowings | 2,82,00,000 | 3,11,00,000 |
| As a percentage of total capital | 35% | 40% |
| Total capital (Equity and Borrowings) | 8,15,25,891 | 7,80,19,265 |

37 Ind AS 116 Lease disclosure**Transition**

The Group has adopted Ind AS 116 'Leases', effective annual reporting period beginning April 1, 2019. Ind AS 116 replaces Ind AS 17 - Leases and related interpretation and guidance. The Group has applied the standard to its leases, using the modified retrospective approach, with the cumulative effect of initially applying the Standard, recognized on the date of initial application (April 1, 2019). Comparative information has not been restated.

Accordingly, the Group recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and the right of use asset at its carrying amount as if the standard had been applied since the commencement date of the lease, but discounted at the Group's incremental borrowing rate at the date of initial application.

The following is a summary of practical expedients elected by the Group on initial application:

Applied a single discount rate to a portfolio of leases with reasonably similar characteristics in similar economic environment.
Treated leases with remaining lease term of less than 12 months as if they were "short term leases"
Applied the exemption not to recognize right-of-use assets and liabilities for leases of low value assets
Application of hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Group recognised right-of-use assets amounting to USD 61,13,899 related accumulated depreciation amounting to USD 14,38,565 lease liabilities amounting to USD 54,10,255 and USD 3,61,676 in retained earnings as at April 1, 2019. The Group has discounted lease payments using the applicable incremental borrowing rate as at April 1, 2019, which is 3.25 % for measuring the lease liability.

(i) The following is the break-up of current and non-current lease liabilities as at March 31, 2020

| Particulars | As at March 31, 2020 | As at March 31, 2019 |
|-------------------------------|-------------------------|-------------------------|
| Current lease liabilities | 15,82,241 | - |
| Non-current lease liabilities | 38,28,014 | - |
| | 54,10,255 | - |



Narayana Cayman Holdings Limited

Notes to the consolidated financial statements for the year ended March 31, 2020 (continued)

- (ii) The following is the movement in the lease liabilities during the year ended March 31, 2020

| Particulars | As at March 31, 2020 |
|--------------------------------------|-------------------------|
| Balance as at April 1, 2019 | 64,75,575 |
| Additions | - |
| Finance cost accrued during the year | 1,94,680 |
| Deletions | - |
| Payment of lease liabilities | (12,60,000) |
| | 54,10,255 |

- (iii) The table below provides the impact of adoption of Ind AS 116 on retained earnings

| | As at March 31, 2020 |
|-------------------------------------------------|-------------------------|
| Reversal of deferred rent liability | 3,61,676 |
| Impact of deferred tax | - |
| Impact of retained earnings as at April 1, 2019 | 3,61,676 |

Rental expense recorded for short-term leases was USD 325,855 for the year ended March 31, 2020.

Rental expense recorded for low-value leases was USD NIL for the year ended March 31, 2020.

Rental expense recorded for variable lease agreements was USD NIL for the year ended March 31, 2020.

- (iv) The table below provides details regarding the contractual maturities of rental payments as of March 31, 2020

| Particulars | Less than 1 year | 1 - 2 years | 3-5 years | Total |
|-----------------------------|------------------|------------------|------------------|------------------|
| Contractual rental payments | 16,65,000 | 18,00,000 | 22,50,000 | 57,15,000 |
| Total | 16,65,000 | 18,00,000 | 22,50,000 | 57,15,000 |

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 107,633 (March 31, 2019: USD 19,666).

38 Segment reporting

Operating Segments

Ind AS 108 "Operating Segment" ("Ind AS 108") establishes standards for the way that public business enterprises report information about operating segments and related disclosures about products and services, geographic areas, and major customers. Based on the "management approach" as defined in Ind AS 108, Operating segments are to be reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker (CODM). The CODM evaluates the Company's performance and allocates resources on overall basis. The Company's sole operating segment is therefore 'Medical and Healthcare Services'. Accordingly, there are no additional disclosure to be provided under Ind AS 108, other than those already provided in the financial statements.

Geographical information

Geographical information analyses the Company's revenue and non-current assets by the Company's country of domicile (i.e. Cayman) and other countries. In presenting the geographical information, segment revenue has been based on the geographical location of the customers and segment assets which have been based on the geographical location of the assets. Since, the Company has only one geographical location, i.e. Cayman, with respect to location of assets and location of customers, further details about geographical information is not applicable.

- 39 These special purpose consolidated financial statements have been prepared by the Group specifically to provide information to Narayana Hrudayalaya Limited for the purposes of preparation of consolidated financial statements for the year ended on 31 March 2020 and may not be suitable for other purposes.

- 40 On March 11, 2020, the World Health Organization declared COVID-19 a global pandemic and suggested guidelines for containment and mitigation worldwide. As the operations of the Company have been affected in the short term, the Management expects some slide in revenue due to reduction in patient inflow. As at March 31, 2020, the Management has used internal and external sources of information upto the date of approval of these financial statements/ results in determining the impact of the COVID-19 pandemic on various elements of the financial statements/results. The Management has used the principles of prudence in developing estimates, assumptions, exercising judgements and performing sensitivity analysis. Based on the current estimates, the Company expects to fully recover the carrying amount of its assets as at March 31, 2020. The eventual outcome of the impact of the pandemic may be different from those estimated as on the date of approval of these financial statements.

41 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.



For and on behalf of the Board of Directors of
Narayana Cayman Holdings Limited

[Signature]
Dr. Viren Prasad Shetty
Director

[Signature]
Viren Prasad Shetty
Director

Place: Bengaluru
Date: June 15, 2020

Place: Bengaluru
Date: June 15, 2020



Q M