

**INDEPENDENT AUDITOR'S REPORT**

**To The Board of Directors of Health City Cayman Islands Limited  
Report on the Audit of the Special Purpose financial statements**

**Opinion**

We have audited the accompanying Special Purpose financial statements of **Health City Cayman Islands Limited ("the Company")**, which comprise the Balance Sheet as at March 31 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (herein after referred to as "the special purpose financial statements") for the limited purpose of submission to the Holding Company, Narayana Cayman Holdings Limited, for the preparation of the consolidated special purpose financial statements of the Holding Company and Narayana Hrudayalaya Limited, the Ultimate Holding Company.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid special purpose financial statements give a true and fair view of the state of affairs of the Company as at March 31 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 financial statements in accordance with the Standards on Auditing ("SAs"/ "Standards") issued by the Institute of Chartered Accountants of India ("ICAI"). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Special purpose financial statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the ICAI together with the ethical requirements that are relevant to our audit of the special purpose financial statements, and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the special purpose financial statements.

**Management's Responsibility for the Special purpose financial statements**

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

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the special purpose

financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the special purpose financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

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

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

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

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



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

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

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No.117366W/W-100018)



**Monisha Parikh**  
Partner  
(Membership No.47840)  
UDIN : 20047840AAAABH4178

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

**Health City Cayman Islands Ltd**  
**Balance sheet**

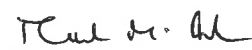
		(Amount in USD)	
	Note	As at 31 March 2020	As at 31 March 2019
<b>ASSETS</b>			
<b>Non-Current Assets</b>			
Property, Plant and Equipment	4	5,77,95,008	6,04,97,065
Capital work-in-progress	4	1,48,610	-
Right of use assets	5	46,75,334	-
Intangible Assets	4	59,222	77,879
Other non-current Assets	6	5,90,732	5,86,286
<b>Total Non-Current Assets</b>		<b>6,32,68,906</b>	<b>6,11,61,230</b>
<b>Current Assets</b>			
Inventories	7	28,21,199	38,85,258
Financial Assets			
Trade Receivables	8	89,45,367	84,85,832
Cash and Cash Equivalents	9	64,15,292	49,67,758
Investments	10	91,70,609	-
Other financial assets	11	16,66,572	15,57,138
Other Current Assets	12	17,46,183	22,35,138
<b>Total current Assets</b>		<b>3,07,65,222</b>	<b>2,11,31,114</b>
<b>TOTAL ASSETS</b>		<b>9,40,34,128</b>	<b>8,22,92,344</b>
<b>EQUITY AND LIABILITIES</b>			
<b>Equity</b>			
Equity Share Capital	13	484	484
Other Equity	14	5,21,37,674	4,54,14,025
<b>Total Equity</b>		<b>5,21,38,158</b>	<b>4,54,14,509</b>
<b>Liabilities</b>			
<b>Non-Current Liabilities</b>			
Financial Liabilities			
Borrowings	15	2,49,00,000	2,82,00,000
Lease liabilities	16	38,28,015	-
Other Financial Liabilities	17	18,87,511	5,60,507
<b>Total Non-Current Liabilities</b>		<b>3,06,15,526</b>	<b>2,87,60,507</b>
<b>Current Liabilities</b>			
Financial Liabilities			
Lease liabilities	16	15,82,241	-
Trade Payables	18	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		50,71,756	42,23,096
Other Financial Liabilities	19	33,00,000	29,00,000
Other current liabilities	20	9,83,168	7,33,660
Provisions	21	3,43,279	2,60,571
<b>Total Current Liabilities</b>		<b>1,12,80,444</b>	<b>81,17,327</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>9,40,34,128</b>	<b>8,22,92,344</b>

**Significant accounting Policies**

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

As per our report of even date attached

for Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Monisha Parikh  
Partner


Place: Bengaluru  
Date: 15 June 2020



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

  
Dr. Deviprasad Shetty  
Director

Place: Bengaluru  
Date: 15 June 2020

  
Mr. Viren Shetty  
Director

Place: Bengaluru  
Date: 15 June 2020



**Health City Cayman Islands Ltd**  
**Statement of Profit and Loss**

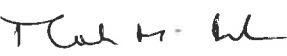
(Amount in USD)

	Note	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>INCOME</b>			
Revenue from Operations	22	6,11,26,191	5,45,24,877
Other income	23	81,003	13,731
<b>Total Income (A)</b>		<b>6,12,07,194</b>	<b>5,45,38,608</b>
<b>EXPENSES</b>			
Purchase of medical consumables, drugs and surgical instruments		1,10,12,980	1,08,16,768
Changes in inventories of medical consumables, drugs and surgical instruments-(Increase)/ Decrease	24	10,64,059	(73,783)
Employee benefit expenses	25	2,02,79,278	2,01,78,344
Professional fees to doctors		2,57,975	1,47,687
Other expenses	26	1,35,03,286	1,39,72,511
<b>Expense before finance cost, depreciation and amortization and exceptional items (B)</b>		<b>4,61,17,578</b>	<b>4,50,41,527</b>
<b>Earning before finance cost, depreciation and amortization and exceptional items (A-B)</b>		<b>1,50,89,616</b>	<b>94,97,081</b>
Finance costs ( C )	27	16,77,243	15,59,722
Depreciation and amortisation expense (D)	28	47,00,136	32,02,380
<b>Total expenses ( E ) = (B+C+D)</b>		<b>5,24,94,957</b>	<b>4,98,03,629</b>
<b>Profit/(loss) before tax ( F ) = (A-E)</b>		<b>87,12,237</b>	<b>47,34,979</b>
<b>Tax expenses:</b>			
Current Tax		-	-
Deferred tax (credit)/ charge		-	-
<b>Total tax expense (G)</b>		<b>-</b>	<b>-</b>
<b>Profit for the year (H) = (F-G)</b>		<b>87,12,237</b>	<b>47,34,979</b>
<b>Other Comprehensive income (OCI)</b>			
<b>Items that will not be reclassified subsequently to statement of profit or loss</b>			
Effective portion of (losses) / gains on hedging instruments in cash flow hedges		13,27,004	4,81,943
<b>Other comprehensive income for the year (I)</b>		<b>13,27,004</b>	<b>4,81,943</b>
<b>Total Comprehensive income for the year (J) = (H-I)</b>		<b>73,85,233</b>	<b>42,53,036</b>
<b>Earnings / (loss) per share</b>			
Basic (USD)	31	179.91	97.78
Diluted (USD)		179.91	97.78

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

As per our report of even date attached

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

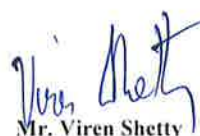
  
**Monisha Parikh**  
Partner

Place: Bengaluru  
Date: 15 June 2020



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

  
**Dr. Deviprasad Shetty**  
Director

  
**Mr. Viren Shetty**  
Director

Place: Bengaluru  
Date: 15 June 2020



Place: Bengaluru  
Date: 15 June 2020

Health City Cayman Islands Ltd  
Statement of changes in equity

(a) Equity share capital

Particulars	(Amount in USD)	
	No. of Shares	Amount
Class X equity shares of USD 0.01 each issued, subscribed and fully paid up		
Balance as at 31 March 2018	-	-
Changes in equity share capital during 2018-19 (refer note 13)	-	-
Balance as at 31 March 2019	-	-
Changes in equity share capital during 2019-20 (refer note 13)	-	-
Balance as at 31 March 2020	-	-

(a) Equity share capital

Particulars	(Amount in USD)	
	No. of Shares	Amount
Class Y equity shares of USD 0.01 each issued, subscribed and fully paid up		
Balance as at 31 March 2018	48,426	484
Changes in equity share capital during 2018-19 (refer note 13)	-	-
Balance as at 31 March 2019	48,426	484
Changes in equity share capital during 2019-20 (refer note 13)	-	-
Balance as at 31 March 2020	48,426	484

(b) Other Equity

Particulars	(Amount in USD)			
	Securities premium reserve	Reserves and Surplus Deemed Capital Contribution	Retained earnings	Items of OCI Cash Flow Hedging Reserve
Balance as at 31 March 2018	7,40,00,479	-	(3,19,31,900)	(78,564)
Profit / (loss) for the year	-	-	47,34,979	-
Other comprehensive income (net of tax)	-	-	-	(4,81,943)
Total comprehensive income for the year 2018-19	-	-	47,34,979	(4,81,943)
				4,19,90,015

Transaction recorded directly in equity

Dividend Paid	(8,35,348)	-	-	-	(8,35,348)
Employee stock option expense during the year	-	6,322	-	-	6,322
Balance as at 31 March 2019	7,31,65,131	6,322	(2,71,96,921)	(5,60,507)	4,54,14,025
Adjustment of Retained Earning (refer note no 14)	(2,71,96,921)	-	2,71,96,921	-	-
Ind As 116 Effect- Normal	-	-	(3,61,676)	-	(3,61,676)
Profit / (loss) for the year	-	-	87,12,237	-	87,12,237
Other comprehensive income (net of tax)	-	-	-	(13,27,004)	(13,27,004)
Total comprehensive income for the year 2019-20	4,59,68,210	6,322	83,50,561	(18,87,511)	5,24,37,582

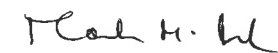
Transaction recorded directly in equity

Dividend Paid	(3,00,241)	-	-	-	(3,00,241)
Employee stock option expense during the year	-	333	-	-	333
Balance as at 31 March 2020	4,56,67,969	6,655	83,50,561	18,87,511	5,21,37,674

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

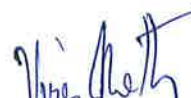
As per our report of even date attached

for Deloitte Haskins & Sells LLP  
Chartered Accountants

  
Monisha Parikh  
Partner

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

  
Dr. Devi Prasad Shetty  
Director

  
Mr. Viren Shetty  
Director

Place: Bengaluru  
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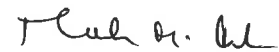
**Health City Cayman Islands Ltd**  
**Statement of Cash Flows**

		(Amount in USD)
	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Cash flow from operating activities</b>		
Profit after tax	87,12,237	47,34,979
<b>Adjustments:</b>		
Depreciation and amortisation expense	47,00,136	32,02,380
Provision for doubtful receivables	2,61,633	(5,02,656)
Bad debts written off	-	2,23,554
Provision for Security Deposits	-	62,622
Finance costs	16,77,244	15,59,722
Share based payment expenses/(reversed)	333	6,322
Profit on sale of fixed asset( net)	22,382	(1,634)
<b>Operating cash flow before working capital changes</b>	<b>1,53,73,965</b>	<b>92,85,289</b>
Changes in trade receivables	(7,21,167)	11,12,917
Changes in inventories	10,64,059	(73,783)
Changes in loans and advances	(4,446)	(4,83,993)
Changes in other current assets	3,79,511	26,90,422
Changes in trade payables	8,48,661	(17,26,077)
Changes in liabilities	6,49,508	20,93,575
Changes in provisions	82,708	28,567
<b>Net cash generated from operating activities (A)</b>	<b>1,76,72,799</b>	<b>1,29,26,917</b>
<b>Cash flow from investing activities</b>		
Payment for purchase of property plant and equipment	(7,11,852)	(39,31,801)
Purchase of investments	(91,70,609)	-
Sale of property plant and equipment	-	11,585
<b>Net cash (used in) investing activities (B)</b>	<b>(98,82,461)</b>	<b>(39,20,216)</b>
<b>Cash flow from financing activities</b>		
Repayment of borrowings	(33,00,000)	(29,00,000)
Interest and other borrowings expenses except interest on lease	(14,82,563)	(15,59,722)
Dividend Paid	(3,00,241)	(8,35,347)
Payment of lease liabilities	(12,60,000)	-
<b>Net cash used in financing activities (C)</b>	<b>(63,42,804)</b>	<b>(52,95,069)</b>
<b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b>	<b>14,47,534</b>	<b>37,11,632</b>
Cash and cash equivalent at the beginning of the year	49,67,758	12,56,126
<b>Cash and cash equivalent at the end of the year (refer note 9)</b>	<b>64,15,292</b>	<b>49,67,758</b>

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

As per our report of even date attached

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

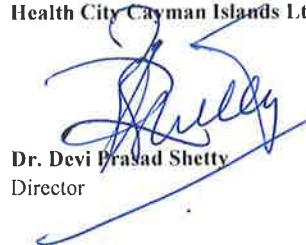


**Monisha Parikh**  
Partner

Place: Bengaluru  
Date: 15 June 2020



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

  
**Dr. Devi Prasad Shetty**  
Director

Place: Bengaluru  
Date: 15 June 2020

  
**Mr. Viren Shetty**  
Director

Place: Bengaluru  
Date: 15 June 2020





## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

#### 1. Company overview

Health City Cayman Islands Ltd ('the Company') was incorporated on 7 May 2010 as a Company limited by shares under the laws of the Cayman Islands. The registered office of the Company is located at, 89 Nexus Way, Camana Bay, Grand Cayman, KY1 - 9007, Cayman Islands. The Company is 100 % Subsidiary of Narayana Cayman Holdings Ltd and is primarily engaged in the business of providing economical healthcare services in Cayman Islands.

#### 2. Basis of preparation of the Special purpose financial statements

##### 2.1. Statement of compliance

The special purpose financial statements which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the special purpose financial statements ") have been prepared in accordance with Indian Accounting Standards (Ind AS) and the accounting policies of the Holding Company.

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

Details of the accounting policies are included in Note 3.

Except for the changes below,

The Company has consistently applied accounting policies to all periods. i) The Company has adopted Ind AS 116 'Leases' with the date of initial application being April 1, 2019. Ind AS 116 replaces Ind AS 17 -- Leases and related interpretation and guidance. The standard sets out principles for recognition, measurement, presentation and disclosure of leases for both parties to a contract i.e., the lessee and the lessor. Ind AS 116 introduces a single lessee accounting model and requires a lessee to recognize assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value. The Company has applied Ind AS 116 using the modified retrospective approach, under which the cumulative effect of initial application is recognized in retained earnings at April 1, 2019. As a result, the comparative information has not been restated. Refer Note 39 for further details.

##### 2.2. Functional and presentation currency

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

##### 2.3. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value





## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

#### 2.4. Use of estimates and judgments

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

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

##### **Judgments**

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

Note 29 – Assessment of contingent liabilities and commitments

Note 33 - 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 29- recognition and measurement of provisions and contingencies; key assumptions about the likelihood and magnitude of an outflow of resources.

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

Note 6, 8,9,10,11 and 33 - 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 categorized 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 categorized 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 recognizes 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 33 – financial instruments.



## Health City Cayman Islands 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 are initially recognized when they are originated. All other financial assets and financial liabilities are initially recognized 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

- amortized 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 amortized 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 amortized 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 amortized cost at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

##### 3.1. Financial instruments

- 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



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

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).

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 recognized in profit or loss.
Financial assets at amortized cost	These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on de-recognition is recognized 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 amortized 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 recognized in profit or loss. Other financial liabilities are subsequently measured at amortized cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognized in profit or loss. Any gain or loss on de-recognition is also recognized in profit or loss.

### Derivative financial instruments

#### Hedge accounting

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

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

#### Cash flow hedge:

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



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

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

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

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

#### *Others:*

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

#### **c. De-recognition**

##### Financial assets

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

If the Company enters into transactions whereby it transfers assets recognized 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 derecognized.

##### *Financial liabilities*

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

The Company also derecognizes 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 recognized at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognized 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.



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

#### 3.2. Inventories

The inventories of medical consumables, drugs and surgical instruments are valued at lower of cost or net realizable value. In the absence of any further estimated costs of completion and estimated costs necessary to make the sale, the net realizable value is the selling price. The comparison of cost and net realizable 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.

#### 3.3. Cash and cash equivalents

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

#### 3.4. Cash flow statement

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

#### 3.5. Revenue recognition

##### *Revenue from operations*

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

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

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

##### *Interest*

For all debt instruments measured either at amortized 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 amortized cost of a financial liability. When calculating the effective interest rate, the Company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in other income in the statement of profit and loss.

#### 3.6. Property, Plant and Equipment

##### *Recognition and measurement*

Property, plant and equipment are measured at cost which includes capitalized borrowing costs, less accumulated depreciation and impairment losses, if any. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and





## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

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 Amortization

The Company depreciates property, plant and equipment over the estimated useful life on a straight-line basis from the date the assets are ready for intended use. Assets acquired under finance lease and leasehold improvements are amortized over the lower of estimated useful life and lease term. Freehold land is not depreciated. The estimated useful lives of assets for the current and comparative period of significant items of property, plant and equipment are as follows:

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





## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

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

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

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

#### 3.7. Intangible assets

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

##### Amortisation

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

The estimated useful lives of intangibles are as follows:

Block of assets	Useful life
Computer software	5 years

##### Amortisation method

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

#### 3.8. Employee benefits

##### Short term employee benefits

Employee benefits payable wholly within twelve months of receiving services are classified as short-term employee benefits. These benefits include salary and wages, bonus and ex-gratia. 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.



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

#### Compensated absences

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

#### 3.9. Borrowing cost

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

#### 3.10. Leases

The Company's lease asset classes primarily consist of leases for buildings. The Company, 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 Company 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 Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company 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 Company 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 (assets of less than USD 5,000 in value). The Company recognizes the lease payments associated with these leases as an expense over the lease term.

In the comparative period, leases under which the Company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower. Lease payments and receipts under operating leases are recognized as an expense and income respectively, on a



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

straight line basis in the statement of profit and loss over the lease term except where the lease payments are structured to increase in line with expected general inflation.

#### 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 special purpose financial statements.

#### 3.13. Foreign exchange transactions and translations

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

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



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

#### 3.14. Impairment

##### a. Impairment of financial instruments

The Company recognizes loss allowances for expected credit losses on financial assets measured at amortized cost;

At each reporting date, the Company assesses whether financial assets carried at amortized 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 re-organization; 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 amortized cost are deducted from the gross carrying amount of the assets.

Write-off



## Health City Cayman Islands Ltd

### Notes to financial statements for the year ended 31 March 2020

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

#### b. Impairment of non-financial assets

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

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

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment losses are recognized 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.



## **Health City Cayman Islands Ltd**

### **Notes to financial statements for the year ended 31 March 2020**

#### **3.16. Dividend**

Final dividends on shares are recorded as a liability on the date of approval by the shareholders and interim dividends are recorded as a liability on the date of declaration by the Company's Board of Directors. The Company declares and pays dividends in US Dollars.

#### **3.17 Operating Cycle**

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





4 Property, Plant and Equipment, Intangible Assets and Capital work- in progress

Particulars	Gross block					Accumulated depreciation/amortisation			Net block	
	As at 01 April 2019	Additions	Deletions	As at 31 March 2020	As at 01 April 2019	Depreciation/ Amortisation	Deletions	As at 31 March 2020	As at 31 March 2020	As at 31 March 2019
<b>Tangible assets</b>										
(Owned)										
Land and related infrastructure cost	1,32,25,462	-	-	1,32,25,462	-	-	-	-	1,32,25,462	1,32,25,462
Building	3,56,80,997	7,073	-	3,56,88,070	43,16,050	8,94,523	-	52,10,573	3,04,77,497	3,13,64,947
Medical equipment	1,07,59,789	2,62,009	51,318	1,09,70,480	44,08,035	10,93,165	28,936	54,72,263	54,98,217	63,51,754
Electrical installations	43,03,846	-	-	43,03,846	13,71,560	2,87,735	-	16,59,295	26,44,551	29,32,286
Other equipments including air conditioners	56,75,993	-	-	56,75,993	18,18,513	3,79,436	-	21,97,949	34,78,044	38,57,480
Office equipments	17,75,905	55,739	-	18,31,644	7,57,376	1,80,802	-	9,38,178	8,93,466	10,18,329
Furniture and fixtures	29,33,873	57,004	-	30,10,877	12,98,326	2,99,303	-	15,97,631	14,13,246	16,55,547
Computers	5,81,072	1,57,438	859	7,37,651	5,48,816	59,937	859	6,07,894	1,29,757	32,256
Vehicles	1,58,417	-	-	1,58,417	99,613	24,035	-	1,23,648	34,768	58,804
<b>Total tangible (A)</b>	<b>7,51,15,354</b>	<b>5,39,263</b>	<b>52,177</b>	<b>7,56,02,440</b>	<b>1,46,18,289</b>	<b>32,18,937</b>	<b>29,795</b>	<b>1,78,07,431</b>	<b>5,77,95,008</b>	<b>6,04,97,065</b>
<b>Intangible assets</b>										
Computer software	5,82,040	23,979	-	6,06,018	5,04,161	42,635	-	5,46,796	59,222	77,879
<b>Total intangible assets (B)</b>	<b>5,82,040</b>	<b>23,979</b>	<b>-</b>	<b>6,06,018</b>	<b>5,04,161</b>	<b>42,635</b>	<b>-</b>	<b>5,46,796</b>	<b>59,222</b>	<b>77,879</b>
<b>Capital work-in-progress (C)</b>		1,48,610		1,48,610	-	-		-	-	-
<b>Grand Total (A+B+C)</b>	<b>7,56,97,394</b>	<b>5,63,242</b>	<b>52,177</b>	<b>7,62,08,458</b>	<b>1,51,22,450</b>	<b>32,61,572</b>	<b>29,795</b>	<b>1,83,54,227</b>	<b>5,78,54,230</b>	<b>6,05,74,944</b>

Particulars	Gross block			Accumulated depreciation/amortisation			Net block	
	As at 01 April 2018	Additions / adjustment	Deletions	As at 31 March 2019	As at 01 April 2018	Depreciation/ Amortisation	As at 31 March 2019	As at 31 March 2018
<b>Tangible assets</b>								
(Owned)								
Land and related infrastructure cost	1,12,68,323	19,57,139	-	1,32,25,462	-	-	1,32,25,462	1,12,68,323
Building	3,45,44,020	11,36,977	-	3,56,80,997	34,40,850	8,73,200	3,13,64,947	3,11,03,170
Medical equipment	1,01,56,826	6,02,963	-	1,07,59,789	33,58,153	10,49,882	63,51,754	67,98,673
Electrical installations	41,40,603	1,63,243	-	43,03,846	10,92,536	2,79,024	29,32,286	30,48,067
Other equipments including air conditioners	54,48,147	2,27,846	-	56,75,993	14,50,534	3,67,959	38,57,480	39,97,593
Office equipments	15,70,329	2,05,376	-	17,75,905	5,90,517	1,66,859	10,18,529	9,79,812
Furniture and fixtures	27,79,407	1,74,466	-	29,33,873	10,14,853	2,83,473	16,55,547	17,64,554
Computers	5,67,680	13,392	-	5,81,072	5,17,192	31,624	32,256	50,488
Vehicles	1,65,137	27,307	34,027	1,96,467	90,450	33,239	58,804	74,687
<b>Total (A)</b>	<b>7,06,40,472</b>	<b>45,08,909</b>	<b>34,027</b>	<b>7,51,15,354</b>	<b>1,15,55,104</b>	<b>30,87,260</b>	<b>6,04,97,065</b>	<b>5,90,85,367</b>
<b>Intangible assets</b>								
Computer software	5,61,230	20,810	-	5,82,040	3,89,031	1,15,130	77,879	1,72,199
<b>Total (B)</b>	<b>5,61,230</b>	<b>20,810</b>	<b>-</b>	<b>5,82,040</b>	<b>3,89,031</b>	<b>1,15,130</b>	<b>77,879</b>	<b>1,72,199</b>
<b>Grand Total (A+B)</b>	<b>7,12,01,702</b>	<b>45,29,719</b>	<b>34,027</b>	<b>7,56,97,394</b>	<b>1,19,44,135</b>	<b>32,02,391</b>	<b>6,05,74,944</b>	<b>5,92,57,566</b>



6 Other non-current assets

Particulars	As at 31 March 2020	As at 31 March 2019
<i>To parties other than related parties</i>		
Capital advances	-	2,117
Prepaid expenses	4,48,544	4,45,066
Security deposits	1,42,188	1,39,103
	<b>5,90,732</b>	<b>5,86,286</b>

7 Inventories

(Valued at lower of cost and net realisable value)

Particulars	As at 31 March 2020	As at 31 March 2019
Medical consumables, drugs and surgical instruments	37,32,989	42,81,742
Goods In Transit	2,89,949	2,90,391
Less: Provision for write-down to net realisable value	(12,01,739)	(6,86,875)
	<b>28,21,199</b>	<b>38,85,258</b>

8 Trade receivables

Particulars	As at 31 March 2020	As at 31 March 2019
Unsecured, considered good	89,45,367	84,85,832
Unsecured, considered doubtful	15,60,958	8,56,645
	<b>1,05,06,325</b>	<b>93,42,477</b>
<b>Loss allowance</b>		
Unsecured, considered doubtful	(15,60,958)	(8,56,645)
<b>Net Trade Receivables</b>	<b>89,45,367</b>	<b>84,85,832</b>

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

Category	Ageing		
	Within Due Date	Due date to 1 Year	More than 1 year from Due date
Government insurance	1.00%	1.00%	1.00%
Others	3.78%	10.65%	43.53%

The Company's exposure to credit risk and currency risks, and loss allowances are disclosed in note 33 (iv)



9 Cash and bank balances		(Amount in USD)	
Particulars		As at 31 March 2020	As at 31 March 2019
<b>Cash and cash equivalents</b>			
Cash on hand		30,975	16,126
Cheque in hand		2,118	8,59,712
Balance with banks			
-In current accounts		63,82,199	40,91,920
		<b>64,15,292</b>	<b>49,67,758</b>
<b>Cash and cash equivalents in the statement of the cashflows</b>		<b>64,15,292</b>	<b>49,67,758</b>

10 Investments (Unsecured, considered good unless otherwise stated)	(Amount in USD)			
Particulars	Qty	Market Rate	As at 31 March 2020	As at 31 March 2019
Short term investment				
- In US Treasury Bills (Previous Year : Nil) (refer note below)	11,90,000	1.00	11,89,893	-
- In US Treasury Bills (Previous Year : Nil)	60,01,000	1.00	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	-
Net Investment Fair Value			91,70,609	-

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

11 Other financial assets		(Amount in USD)	
Particulars		As at 31 March 2020	As at 31 March 2019
Interest Accrued on Short Term Investment		13,062	-
Unbilled revenue		16,53,509	15,57,138
		<b>16,66,571</b>	<b>15,57,138</b>

12 Other current assets		(Amount in USD)	
Particulars		As at 31 March 2020	As at 31 March 2019
Security deposits		4,878	64,931
Less: Provision for Security Deposits		-	(62,622)
Security Deposits (Net)		4,878	2,309
Advance to employees		30,362	38,825
Prepaid expenses		11,20,460	18,30,439
Advance to vendors		5,49,772	2,64,018
Capital Advances		40,711	21,499
<b>To related parties (Refer Note no 32)</b>			
Loans and advances / other receivables from related parties		-	78,038
		<b>17,46,183</b>	<b>22,35,128</b>



13 Equity share capital	(Amount in USD)	
	As at 31 March 2020	As at 31 March 2019
<b>Particulars</b>		
<i>Authorised</i>		
5,000,000 equity shares (31 March 2019: 5,000,000 equity shares) of USD 0.01 each	50,000	50,000
<i>Issued, subscribed and paid up</i>		
Nil (31 March 2019: Nil.) class X equity shares of USD 0.01 each, fully paid-up	-	-
48,426 (31 March 2019: 48,426) class Y equity shares of USD 0.01 each, fully paid-up	484	484
	<b>484</b>	<b>484</b>

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

	31 March 2020		31 March 2019	
	Number of shares	Amount	Number of shares	Amount
<b>Class X equity shares</b>				
At the beginning of the year	-	-	57,120	571
Issued during the year	-	-	714	7
Buy back during the year	-	-	(57,834)	(578)
At the end of the year	-	-	-	-
<b>Class Y equity shares</b>				
At the beginning of the year	48,426	484	22,880	229
Issued during the year	-	-	25,546	255
At the end of the year	<b>48,426</b>	<b>484</b>	<b>48,426</b>	<b>484</b>

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

	31 March 2020		31 March 2019	
	Number of shares	% holding	Number of shares	% holding
Narayana Cayman Holdings Ltd (Class Y equity shares)	48,426	100%	48,426	100%
	<b>48,426</b>	<b>100%</b>	<b>48,426</b>	<b>100%</b>

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

i) As at 31 March 2020, the Company has only one class of equity shares issued, referred to as class Y equity shares, having a par value of USD 0.01 each. All the equity shares rank equally with regard to dividend and share in the Company's residual assets. Each holder of equity shares is entitled to one vote per share. Dividends will be payable as and when the Board propose and the share holders approves the same. The Company has declared final dividend of USD 6.20 per share on each fully paid up share of the company on 7th September 2019 during the current year through security premium account and in Previous year company had given the final Dividend of USD 17.25 Per share on each fully paid up share of the company through the Security premium account on 16th January 2019.

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

**Number of shares held by holding company:**

48,426 class Y equity shares (31 March 2019: 48,426) of USD 0.01 each are held by Narayana Cayman Holdings Ltd, the Holding Company as at 31 March 2020.

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

There has been no issue of shares by way of bonus shares or issue of shares pursuant to contract without payment being received in cash during the current year and the previous years/periods since the date of incorporation i.e., 7 May 2010, except that the Company has issued 3000 class Y equity shares to Narayana Cayman Holdings Ltd for considerations other than cash towards capital contribution as per Joint Venture Agreement dated 25 July 2012.

**Buy back of equity shares:**

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



		(Amount in USD)	
		As at 31 March 2020	As at 31 March 2019
<b>14 Other Equity</b>			
<b>Reserves and surplus</b>			
Securities premium			
At the commencement of the year		7,31,65,131	7,40,00,479
Less: Dividend Paid		(3,00,241)	(8,35,348)
Less: Adjustment with Retained Earnings		(2,71,96,921)	-
At the end of the year		4,56,67,969	7,31,65,131
Deemed Capital Contribution			
At the commencement of the year		6,322	-
Add: Additions during the year		333	6,322
At the end of the year		6,655	6,322
Retained Earnings			
At the commencement of the year		(2,71,96,921)	(3,19,31,900)
Add: Net profit after tax transferred from statement of profit and loss		87,12,237	47,34,979
Add: Ind As 116 Effect- Normal		(3,61,676)	-
Add: Adjustment with Securities Premium		2,71,96,921	-
At the end of the year		83,50,561	(2,71,96,921)
Other Comprehensive Income			
Effective portion of Cash flow hedge reserve			
At the commencement of the year		(5,60,507)	(78,564)
Add: Additions during the year		(13,27,004)	(4,81,943)
At the end of the year		(18,87,511)	(5,60,507)
		<b>5,21,37,674</b>	<b>4,54,14,026</b>

#### Securities Premium

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

#### Deemed Capital Contribution

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

#### Retained Earnings

Retained earnings comprise the Company's prior years' undistributed earnings after accumul

#### Other Comprehensive Income

Other Comprehensive Income represents the effective portion of the hedge reserve which will be classified to Statement of PL

#### Proposed Dividend

The Board of Directors have recommended a dividend of USD 125 for each fully paid up shares of the company for the financial year ended 31st March 2020 out of the current year profits which is subject to the approval of shareholders in their meeting.

#### Financial Liabilities (Non-current)

#### 15 Borrowings

		(Amount in USD)	
	Particulars	As at 31 March 2020	As at 31 March 2019
<b>Non-current</b>			
<b>Secured</b>			
Term loans			
From banks		2,49,00,000	2,82,00,000
		<b>2,49,00,000</b>	<b>2,82,00,000</b>

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.



Health City Cayman Islands Ltd  
Notes to the financial statements (continued)

16 Lease liabilities

(a) Non-current

Particulars	As at 31 March 2020	As at 31 March 2019
Lease liability	38,28,015	-
<b>Total non-current Lease Liabilities</b>	<b>38,28,015</b>	<b>-</b>

(a) Current

Lease liability	15,82,241	-
<b>Total current Lease Liabilities</b>	<b>15,82,241</b>	<b>-</b>

17 Derivative Liabilities

Non-current

Particulars	As at 31 March 2020	As at 31 March 2019
Derivative financial instruments	18,87,511	5,60,507
	<b>18,87,511</b>	<b>5,60,507</b>

18 Trade payables

Particulars	As at 31 March 2020	As at 31 March 2019
Total outstanding dues of micro enterprises and small enterprises	-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises*	34,77,165	36,48,541
<i>To related parties [Refer Note no 32 (C) ]</i>		
Total Outstanding dues to Related Parties	15,94,590	5,74,555
	<b>50,71,755</b>	<b>42,23,096</b>

19 Other financial liabilities (current)

Particulars	As at 31 March 2020	As at 31 March 2019
Current maturities of long-term borrowings (refer note 15)	33,00,000	29,00,000
	<b>33,00,000</b>	<b>29,00,000</b>

20 Other current liabilities

Particulars	As at 31 March 2020	As at 31 March 2019
Advance received	61,698	60,975
Creditors for capital goods	71,254	1,23,863
Contract liabilities	7,59,086	4,52,714
Statutory liabilities	90,130	96,108
<i>To related parties</i>		
Other payables	1,000	-
	<b>9,83,168</b>	<b>7,33,660</b>

21 Provisions

Particulars	As at 31 March 2020	As at 31 March 2019
Compensated absences	3,43,279	2,60,571
	<b>3,43,279</b>	<b>2,60,571</b>





**22 Revenue from Contracts with Customers**

( i ) Revenue from operations		(Amount in USD)	
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019	
Income from medical and healthcare services	5,98,96,910	5,36,66,972	
Sale of medical consumables and drugs	12,29,281	8,57,905	
	<b>6,11,26,191</b>	<b>5,45,24,877</b>	
( ii ) Category of Customer			
Cash	57,89,871	68,48,305	
Credit	5,53,36,320	4,76,76,572	
<b>Total</b>	<b>6,11,26,191</b>	<b>5,45,24,877</b>	
( iii ) Nature of treatment			
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	0	0	
<b>Total</b>	<b>6,11,26,191</b>	<b>5,45,24,877</b>	

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

( v ) Transaction price allocated to the remaining performance obligations

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

( vii ) 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.

**23 Other income**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salary Processing fee income	16,924	13,685
Interest income from financial asset at amortised cost	64,062	-
Miscellaneous income	17	46
	<b>81,003</b>	<b>13,731</b>

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

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Inventory at the beginning of the year	38,85,258	38,11,475
Inventory at the end of the year	28,21,199	38,85,258
	<b>10,64,059</b>	<b>(73,783)</b>

**25 Employee benefit expenses**

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Salaries, wages and bonus	1,96,33,936	1,95,69,125
Contribution to pension and other funds	5,43,002	5,36,639
Expense on employee stock option scheme	333	6,322
Staff welfare expenses	1,02,007	66,258
	<b>2,02,79,278</b>	<b>2,01,78,344</b>



26 Other expenses

(Amount in USD)		
Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
<b>Hospital operating expenses</b>		
Variable cost of utilities	19,14,123	17,61,539
Hospital general expenses	12,73,449	12,30,126
House keeping expenses	1,72,422	1,88,853
Patient welfare expenses	10,77,916	8,66,878
Loss on Disposal of Assets	22,382	1,634
Rent **	1,07,091	19,666
Medical gas charges	63,588	64,300
Repairs and maintenance		
- Hospital equipments	11,14,348	10,07,659
- Buildings	2,84,820	4,61,020
- Others	7,53,677	7,33,306
	<b>67,83,816</b>	<b>63,31,713</b>
<b>Administrative expenses</b>		
Net gain/(loss) arising on financial assets designated as FVTPL	7,393	-
Travelling and conveyance	70,280	77,836
Printing and stationery	1,93,180	1,93,541
Rent (A)	2,18,222	12,09,263
Advertisement and publicity	22,90,206	28,85,214
Legal and professional fees*	17,05,626	17,09,819
Landscaping expenses	1,02,822	60,707
Telephone and communication	2,15,725	2,40,529
Bank charges	1,46,297	1,60,561
Insurance	9,03,537	11,16,510
Rates and taxes	1,15,787	1,48,635
Cafeteria expenses	8,769	5,239
Cable charges	22,883	16,599
Recruitment expenses	-	585
Books and periodicals	13,001	6,956
Provision for doubtful receivables	7,04,313	5,02,656
Bad Receivables written off	-	2,23,554
Foreign exchange loss, (net)	(612)	110
Miscellaneous expenses	2,041	25,394
Provision for security deposit	62,622	-
Less: Security Deposit written off	(62,622)	62,622
Provision carried (Net)	-	-
	<b>67,19,470</b>	<b>76,40,798</b>
	<b>1,35,03,286</b>	<b>1,39,72,511</b>

\* Includes Payments to auditors of USD 7,000 for Current year (PY USD 10,000)

\*\* Represents lease rentals for short term leases and low values assets.

27 Finance costs

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Interest expense on financial liabilities measured at amortized cost		
- term loans from banks	13,48,125	14,27,920
- others	1,34,438	1,31,802
Interest expense on lease liabilities	1,94,680	-
	<b>16,77,243</b>	<b>15,59,722</b>

28 Depreciation and amortisation expense

Particulars	For the year ended 31 March 2020	For the year ended 31 March 2019
Depreciation of property, plant and equipment (refer note 4)	32,18,936	30,87,250
Amortisation of intangible assets (refer note 4)	42,635	1,15,130
Depreciation-Right to use Asset (refer note 5)	14,38,565	-
	<b>47,00,136</b>	<b>32,02,380</b>



## 29 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 24,876.52 (31 March 2019: USD 267,730).

## 30 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.

## 31 Earnings / (loss) per share

### Basic earnings per share

The calculation of basic earnings per share for the year ended on 31 March 2020 was based on earnings attributable to equity shareholders of USD 8,690,333 (previous year: USD 4,734,979) and weighted average number of equity shares outstanding 48,426 (31 March 2019: 48,426).

### 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	48,426	48,426
Effect of buy back of shares	-	-
Effect of fresh issue of shares for cash	-	-
<b>Weighted average number of equity shares for the year</b>	<b>48,426</b>	<b>48,426</b>

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

Particulars	(Amount in USD except no. of shares)	
	For the year ended 31 March 2020	For the year ended 31 March 2019
Profit after tax for the year, attributable to equity shareholders	87,12,237	47,34,979
Weighted average number of equity shares of USD 0.01 each used for calculation of loss per share	48,426	48,426
Basic earnings per share (')	179.91	97.78
Diluted earnings per share (')	179.91	97.78



32 Related party disclosures(continued)

(a) Details of related parties

Nature of relationship	Name of Related Parties
Ultimate Holding Company	Narayana Hrudayalaya Limited (with effect from 02nd January 2018)
Holding Company	Narayana Cayman Holdings Ltd
Key Managerial Personnel ("KMP"):	Aldin Eugene Thompson (Till 12 February 2019) Dr. Devi Prasad Shetty Dr. Ashutosh Raghuvanshi (Till 02 February 2019) Mr. Muthuraman Balasubramanian (Effective From 30th Apr 2019) Dr. Varun Shetty Mr. Viren Shetty
Key Management Personnel (KMP) of the Ultimate Holding Company	Dr. Ashutosh Raghuvanshi - Managing Director of the Holding Company (till 10 February 2019) Dr. Emmanuel Rupert - Managing Director of the Holding Company (with effect from 11 February 2019) Kesavan Venugopalan- Chief Financial Officer of the Holding Company Sridhar S- Company Secretary of the Holding Company
Enterprises under control or joint control of KMP and their relatives	Consulting Services Ltd (Till 12th February 2019) Have A Heart Foundation (Till 12th February 2019) Healthcity Development Limited (Till 12th February 2019) Office Supply Ltd (Till 12th February 2019) Wyndham Reef Resort Grand Cayman (Till 12th Feb 2019) High Rock Property Maintenance (Till 12th February 2019) Heron Landing Ltd (Till 12th February 2019) Amaryllis Healthcare Pvt Limited
Fellow Subsidiaries	Narayana Institute for Advanced Research Private Limited (NIARPL) Narayana Surgical Hospital Private Limited (NSHPL) Narayana Hospitals Private Limited (NHPL) Narayana Health Institutions Private Limited (NHPL) Narayana Hrudayalaya Hospitals Malaysia SDN. BHD (NHIM) (till 24 April 2018) Meridian Medical Research & Hospital Limited (MMRHL) Narayana Holdings Private Limited (NHDP), a 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 (with effect from 9th April 2019) NII Health Bangladesh private Limited (Subsidiary of NHDP), with effect from 22 July 2018)

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

Transactions	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
<b>Loan Given</b>					
Narayana Cayman Holdings Ltd	(-)	(8,20,000)	(-)	(-)	(8,20,000)
<b>Repayment of unsecured loan</b>					
Narayana Cayman Holdings Ltd	(-)	(8,20,000)	(-)	(-)	(8,20,000)

Figures in brackets are for the previous year.

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

Transactions	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
<b>Purchase of medical consumables and drugs and Services</b>					
Narayana Hrudayalaya Ltd	26,55,621 (23,64,720)	(-)	(-)	(-)	26,55,621 (23,64,720)
<b>Purchase of Fixed Assets</b>					
Narayana Hrudayalaya Ltd	32,380 (28,197)	(-)	(-)	(-)	32,380 (28,197)
Office Supply Ltd (Till 12th February 2019)	(-)	(-)	(22,074)	(-)	(22,074)
Consulting Services Ltd (Till 12th February 2019)	(-)	(-)	(13,49,435)	(-)	(13,49,435)
Healthcity Development Ltd (Till 12th February 2019)	(-)	(-)	(19,57,149)	(-)	(19,57,149)
<b>TOTAL</b>	<b>32,380 (28,197)</b>	<b>(-)</b>	<b>(33,28,658)</b>	<b>(-)</b>	<b>32,380 (33,28,658)</b>
<b>Revenue from healthcare services</b>					
Consulting Services Ltd (Till 12th February 2019)	(-)	(-)	(4,911)	(-)	(4,911)
<b>TOTAL</b>	<b>(-)</b>	<b>(-)</b>	<b>(4,911)</b>	<b>(-)</b>	<b>(4,911)</b>

Figures in brackets are for the previous year.



Healthcity Cayman Islands Ltd  
Notes to the financial statements (continued)

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

					(Amount in USD)
Transactions	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
<b>Other Expenses</b>					
Narayana Hrudayalaya Ltd	1,44,000 (1,20,000)	- (-)	- (-)	- (-)	1,44,000 (1,20,000)
Consulting Services Ltd (Till 12th February 2019)	- (-)	- (-)	(12,95,697)	- (-)	- (12,95,697)
Office Supply Ltd (Till 12th February 2019)	- (-)	- (-)	(88,261)	- (-)	- (88,261)
Wyndham Reef Resort (Till 12th February 2019)	- (-)	- (-)	(5,064)	- (-)	- (5,064)
Heron Landing Ltd (Till 12th February 2019)	- (-)	- (-)	(55,405)	- (-)	- (55,405)
Healthcity Development Ltd (Till 12th February 2019)	- (-)	- (-)	(9,32,341)	- (-)	- (9,32,341)
High Rock Property Maintenance (Till 12th February 2019)	- (-)	- (-)	(3,91,307)	- (-)	- (3,91,307)
<b>TOTAL</b>	<b>1,44,000 (1,20,000)</b>	<b>- (-)</b>	<b>(27,68,075)</b>	<b>-</b>	<b>1,44,000 (28,08,075)</b>
<b>Advance to Suppliers</b>					
Narayana Hrudayalaya Ltd	- (62,540)	- (-)	- (-)	- (-)	- (62,540)
<b>TOTAL</b>	<b>- (62,540)</b>	<b>- (-)</b>	<b>- (-)</b>	<b>- (-)</b>	<b>- (62,540)</b>
<b>Payment of expenses on behalf of the Company:</b>					
Narayana Hrudayalaya Ltd	2,43,502 (2,44,061)	- (-)	- (-)	- (-)	2,43,502 (2,44,061)
Meridian Medical Research & Hospital Limited (MMRHL)	- (-)	- (-)	- (-)	500 (-)	500 (-)
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	- (-)	- (-)	- (-)	500 (-)	500 (-)
<b>TOTAL</b>	<b>2,43,502 (-)</b>	<b>- (-)</b>	<b>- (-)</b>	<b>1,000 (-)</b>	<b>2,44,502 (-)</b>
<b>Payment of expenses by the Company on behalf of:</b>					
Narayana Cayman Holdings Ltd	- (-)	4,537 (3,562)	- (-)	- (-)	4,537 (3,562)
Consulting Services Ltd	- (-)	- (-)	(7,112)	- (-)	- (7,112)
<b>TOTAL</b>	<b>- (-)</b>	<b>4,537 (3,562)</b>	<b>- (7,112)</b>	<b>- (-)</b>	<b>4,537 (10,674)</b>
<b>Dividend Paid</b>					
Narayana Cayman Holdings Ltd	- (-)	3,00,241 (8,34,349)	- (-)	- (-)	3,00,241 (8,34,349)
<b>Security Deposit Paid</b>					
High Rock Property Maintenance (Till 12th February 2019)	- (-)	- (-)	- (46,700)	- (-)	- (46,700)

Figures in brackets are for the previous year.

**Note:**

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



Healthcity Cayman Islands Ltd  
Notes to the financial statements (continued)

32 Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(" in USD)

Balances	Ultimate Holding Company	Holding Company	Enterprises under control or joint control of KMP and their relatives	Fellow Subsidiary	Total
<b>Trade payables</b>					
Narayana Hrudayalaya Ltd	15,94,590 (5,74,555)	- (-)	- (-)	- (-)	15,94,590 (5,74,555)
<b>TOTAL</b>	15,94,590 (5,74,555)	- (-)	- (-)	- (-)	15,94,590 (5,74,555)

(Presented in INR)

Balances	Subsidiaries	Key Management Personnel (KMP)	Relatives of KMP		Total
<b>Loans and advances / other receivables:</b>					
Narayana Hrudayalaya Limited	- (77,781)	- (-)	- (-)	- (-)	- (77,781)
Narayana Cayman Holdings Ltd	- (-)	- (257)	- (-)	- (-)	- (257)
<b>TOTAL</b>	- (77,781)	- (257)	- (-)	- (-)	- (78,038)





33 Financial instruments: Fair value and risk managements

Fair Value

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

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

Fair value hierarchy

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

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

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

A. Accounting classification and fair values

As at 31 March 2020	Carrying amount				Fair value hierarchy			
	Amortised cost	FVTPL	Fair value Hedging instruments	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Trade receivables	89,45,367	-	-	89,45,367	-	-	-	-
Investment	-	91,70,609	-	91,70,609	-	-	-	-
Cash and cash equivalents	64,15,292	-	-	64,15,292	-	-	-	-
	<b>1,53,60,659</b>	<b>91,70,609</b>	-	<b>2,45,31,268</b>	-	-	-	-
<b>Financial liabilities</b>								
Borrowings	2,49,00,000	-	-	2,49,00,000	-	-	-	-
Trade payables	50,71,756	-	-	50,71,756	-	-	-	-
Other financial liabilities	33,00,000	-	-	33,00,000	-	-	-	-
Derivative Liability	-	-	18,87,511	18,87,511	-	18,87,511	-	18,87,511
Lease Liability	54,10,256	-	-	54,10,256	-	-	-	-
	<b>3,86,82,012</b>	-	<b>18,87,511</b>	<b>4,05,69,523</b>	-	<b>18,87,511</b>	-	<b>18,87,511</b>
As at 31 March 2019	Carrying amount				Fair value hierarchy			
	Amortised cost	FVTPL	Fair value Hedging instruments	Total	Level 1	Level 2	Level 3	Total
<b>Financial assets</b>								
Trade receivables	84,85,832	-	-	84,85,832	-	-	-	-
Cash and cash equivalents	49,67,758	-	-	49,67,758	-	-	-	-
	<b>1,34,53,590</b>	-	-	<b>1,34,53,590</b>	-	-	-	-
<b>Financial liabilities</b>								
Borrowings	2,82,00,000	-	-	2,82,00,000	-	-	-	-
Trade payables	42,23,096	-	-	42,23,096	-	-	-	-
Other financial liabilities	29,00,000	-	-	29,00,000	-	-	-	-
Derivative Liability	-	-	5,60,507	5,60,507	-	5,60,507	-	5,60,507
	<b>3,53,23,096</b>	-	<b>5,60,507</b>	<b>3,58,83,603</b>	-	<b>5,60,507</b>	-	<b>5,60,507</b>

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.



Health City Cayman Islands Ltd  
Notes to the financial statements (continued)

**Measurement of fair values**

The carrying value of all financial assets approximates the fair value

**Derivatives assets and liabilities:**

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

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

	As at	
	31 March 2020	31 March 2019
<b>Designated derivative instruments</b>		
Interest rate swaps	USD 28,200,000	USD 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	
	31 March 2020	31 March 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)
<b>Balance as at the end of the year</b>	<b>(18,87,511)</b>	<b>(5,60,507)</b>

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	9,20,836	9,20,836
<b>Net assets</b>	<b>9,20,836</b>	<b>9,20,836</b>

	As at March 31, 2019	
	Caymanian Dollar (KYD)	Total
Cash and cash equivalents	5,34,441	5,34,441
<b>Net assets</b>	<b>5,34,441</b>	<b>5,34,441</b>

**(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 1560958 (31 March 2019: USD 856,645). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(Amount in USD)	
	As at 31 March 2020	As at 31 March 2019
<b>Allowance for Impairment</b>		
Opening balance	8,56,645	13,59,301
Impairment loss recognised	7,04,313	(502,656)
<b>Closing balance</b>	<b>15,60,958</b>	<b>8,56,645</b>

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



**Health City Cayman Islands Ltd**  
**Notes to the financial statements (continued)**

**(v) Liquidity risk**

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

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

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

(Amount in USD)					
Particulars	Less than 1 year	1 - 2 years	2-5 years	more than 5 years	Total
Lease Liabilities	15,09,878	16,98,388	22,01,989	-	54,10,256
Borrowings (Current & Non-Current)	33,00,000	35,00,000	1,18,00,000	96,00,000	2,82,00,000
Trade payables	50,71,756	-	-	-	50,71,756
<b>Total</b>	<b>98,81,634</b>	<b>51,98,388</b>	<b>1,40,01,989</b>	<b>96,00,000</b>	<b>3,86,82,012</b>

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
Lease Liabilities	-	-	-	-	-
Borrowings (Current & Non-Current)	29,00,000	33,00,000	73,00,000	1,76,00,000	3,11,00,000
Trade payables	42,23,096	-	-	-	42,23,096
<b>Total</b>	<b>71,23,096</b>	<b>33,00,000</b>	<b>73,00,000</b>	<b>1,76,00,000</b>	<b>3,53,23,096</b>

**(vi) Market risk**

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

**(vii) Sensitivity**

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at 31 March 2020	As at 31 March 2019	As at 31 March 2020	As at 31 March 2019
Sensitivity				
1% increase in interest rate	(2,82,000)	(3,11,000)	(2,82,000)	(3,11,000)
1% decrease in interest rate	2,82,000	3,11,000	2,82,000	3,11,000

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



**34 Employee benefits:**  
**Defined contribution plan**

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

The amount recognized as an expense towards contribution to 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 31 March 2020	As at 31 March 2019
Liability for Compensated absences	3,43,279	2,60,571
<b>Total employee benefit liability</b>	<b>3,43,279</b>	<b>2,60,571</b>

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

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Service Cost</b>		
a. Current Service cost	1,34,415	1,14,915
b. Past service cost	-	-
c. (Gain) / loss on settlements	-	-
<b>d. Total service cost</b>	<b>1,34,415</b>	<b>1,14,915</b>
<b>Net interest cost</b>		
a. Interest expense on DBO	8,960	4,734
b. Interest (income) on plan assets	-	-
c. Interest expense on effect of (asset ceiling)	-	-
<b>d. Total net interest cost</b>	<b>8,960</b>	<b>4,734</b>
Immediate Recognition of (Gains)/ Losses - Other	8,447	23,721
Long Term Benefits	-	-
<b>Defined Benefit Cost included in P&amp;L</b>	<b>1,34,928</b>	<b>95,928</b>

**B. Net Defined Benefit Asset / (Liability)**

Particulars	As at 31 March 2020	As at 31 March 2019
Defined Benefit Obligation	3,43,279	2,60,571
Fair value of Plan Assets	-	-
(Surplus) / Deficit	3,43,279	2,60,571
Effect of Asset Ceiling	-	-
<b>Net Defined Benefit Liability / (Asset)</b>	<b>3,43,279</b>	<b>2,60,571</b>

**C. Financial Assumptions**

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

**D. Demographic Assumptions**

Particulars	As at 31 March 2020	As at 31 March 2019
Mortality Rate	IAIM (2012-14) Ultimate	IAIM (2006-08) Ultimate
Withdrawal Rate	1.85%	1.85%
Retirement age	65 years	65 years
In Service Encashment (%)	0.00%	0.00%

**35 Lease**

The Company has taken premises under cancellable operating leases, which are renewable at the option of the lessee. Total rental expense under cancellable operating leases amount to USD 107,091 (31 March 2019: USD 19,666).



**Health City Cayman Islands Ltd**  
**Notes to the financial statements (continued)**

**36 Capital Management**

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

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

The capital structure as of 31 March 2020 and 31 March 2019 was as follows:

Particulars	(Amount in USD)	
	As at 31 March 2020	As at 31 March 2019
Total equity	5,21,38,158	4,54,14,509
As a percentage of total capital	65%	59%
Long-term borrowings including current maturities	2,82,00,000	3,20,00,000
Total borrowings	2,82,00,000	3,20,00,000
As a percentage of total capital	35%	41%
Total capital (Equity and Borrowings)	8,03,38,158	7,74,14,509

**37 Dividend Paid**

Particulars	(Amount in USD)	
	As at 31 March 2020	As at 31 March 2019
No of Equity Share Outstanding	48,426.00	48,426.00
Dividend Paid per Share	6.20	17.25
As a percentage of total capital	3,00,241	8,35,349

38 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 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.

**39 Ind AS 116 Lease disclosure**

**Transition**

The Company 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 Company 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 Company 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 Company's incremental borrowing rate at the date of initial application.

**In adopting Ind AS 116, the Company has applied the below practical expedients:**

The Company has applied a single discount rate to a portfolio of leases with reasonably similar characteristics

The Company has treated the leases with remaining lease term of less than 12 months as if they were "short term leases"

The Company has not applied the requirements of Ind AS 116 for leases of low value assets

The Company has used hindsight, in determining the lease term if the contract contains options to extend or terminate the lease

On transition to Ind AS 116, the Company recognised right-of-use assets amounting to USD 6,113,899, related accumulated depreciation amounting to "nil", lease liabilities amounting to "USD 6,475,575 and "USD 361,676 (debit) in retained earnings as at April 1, 2019. The Company 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 table below provides the impact of adoption of Ind AS 116 on retained earnings

Particulars	As at 31 March 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

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

Particulars	As at 31 March 2020
Current lease liabilities	15,82,241
Non-current lease liabilities	38,28,015
	54,10,256



**Health City Cayman Islands Ltd****Notes to the financial statements (continued)**

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

Particulars	As at 31 March 2020
Balance as at April 1, 2019	
Additions	
Finance cost accrued during the year	64,75,575
Deletions	1,94,680
Payment of lease liabilities	(12,60,000)
	54,10,256

Rental expense recorded for short-term leases was USD 107,091 for the year ended March 31, 2020.

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

Particulars	Less than 1 year	1 - 2 years	2-5 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

**40 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.

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

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

Dr. Devi Prasad Shetty  
Director

Place: Bengaluru  
Date: 15 June 2020

Mr. Viren Shetty  
Director

Place: Bengaluru  
Date: 15 June 2020



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