



**To the Members of
Narayana Holdings Private Limited
Report on the Standalone Financial Statements**

Opinion

We have audited the accompanying Standalone financial statements of **Narayana Holdings Private Limited** ("the Company"), which comprise the Balance Sheet as at March 31, 2021, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended and notes to financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Standalone financial statements give the information required by the Companies Act, 2013 Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its profit, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Standalone Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the standalone financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the standalone financial statements of the current period. These matters were addressed in the context of our audit of the standalone financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We could 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) the Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, Statement of Changes in Equity and the Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the aforesaid Standalone financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) on the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, is not applicable for this company.
- g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its Standalone financial statements.
 - ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, a statement on the matters specified in paragraphs 3 and 4 of the Order is not applicable for this company.

For KEN & Co.
Chartered Accountants
Firm's Registration No. 015385S

E Narasimhan
Partner
Membership No. 228470



Place: Bengaluru
Date: 3 May 2021
UDIN: 21228470AAAABQ8759

Narayana Holdings Private Limited
Balance sheet as at March 31, 2021

		(Amount in USD)	
	Note	As at March 31, 2021	As at March 31, 2020
ASSETS			
Non-Current Assets			
Financial assets			
Investment	4	5,15,618	7,56,368
		5,15,618	7,56,368
Current assets			
Financial assets			
Cash and cash equivalents	5	27,091	1,98,041
Total current assets		27,091	1,98,041
TOTAL ASSETS		5,42,709	9,54,409
EQUITY AND LIABILITIES			
Equity			
Equity share capital	6	13,30,000	11,50,000
Other equity		(7,95,883)	(2,00,483)
Total equity		5,34,117	9,49,517
Current liabilities			
Other current liabilities	7	8,592	4,892
Total current liabilities		8,592	4,892
TOTAL EQUITY AND LIABILITIES		5,42,709	9,54,409

Significant accounting policies

3

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

For Ken & Co
Chartered Accountants
Firm's Registration No. 0153855

E. Narasimhan
E. Narasimhan
Partner
Membership No. 228470



Place: Bengaluru
Date: May 3, 2021
UDIN: 21228470AAAABQ8759

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

Anesh Shetty
Dr. Anesh Shetty
Director
DIN: 06923555

Place: U.S.A
Date: May 3, 2021

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited
Statement of Profit and Loss for the year ended March 31, 2021

	Note	(Amount in USD)	
		For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
Income from operations		-	-
Other income	8	58	86
Total income		58	86
EXPENSES			
Other expenses	9	5,95,458	53,149
Total expenses		5,95,458	53,149
Loss before tax		(5,95,400)	(53,063)
Loss for the year		(5,95,400)	(53,063)
Other comprehensive income		-	-
Total comprehensive income for the year		(5,95,400)	(53,063)
Loss per share			
Basic and diluted	12	(4.95)	(0.52)
Significant accounting policies	3		

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

As per our report of even date attached

For Ken & Co
Chartered Accountants
Firm's Registration No. 0153855

E. Narasimhan
Partner
Membership No. 228470

Place: Bengaluru
Date: May 3, 2021
UDIN: 21228470AAAABQ8759



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

Anesh Shetty
Dr. Anesh Shetty
Director
DIN: 06923555

Place: U.S.A
Date: May 3, 2021

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited
Statement of changes in equity for the year ended March 31, 2021

(a) Equity share capital		(Amount in USD)
Particulars	No. of Shares	Amount
Equity shares of USD 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2019	1,00,000	10,00,000
Changes in equity share capital during 2019-20	15,000	1,50,000
Balance as at March 31, 2020	1,15,000	11,50,000
Changes in equity share capital during 2020-21	18,000	1,80,000
Balance as at March 31, 2021	1,33,000	13,30,000

(b) Other equity				(Amount in USD)
Particulars	Retained earnings	Items of OCI	Total equity	
Balance as at April 1, 2019	(1,47,420)	-	(1,47,420)	
Loss for the year	(53,063)	-	(53,063)	
Other comprehensive income for the year	-	-	-	
Total comprehensive income for the year	(53,063)	-	(53,063)	
Balance as at March 31, 2020	(2,00,483)	-	(2,00,483)	
Loss for the year	(5,95,400)	-	(5,95,400)	
Other comprehensive income for the year	-	-	-	
Total comprehensive income for the year	(5,95,400)	-	(5,95,400)	
Balance as at March 31, 2021	(7,95,883)	-	(7,95,883)	

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

For Ken & Co
Chartered Accountants
Firm's Registration No. 0153855

E. Narasimhan
Partner
Membership No. 228470

Place: Bengaluru
Date: May 3, 2021
UDIN: 21228470AAAABQ8759



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

Anesh Shetty

Dr. Anesh Shetty
Director
DIN: 06923555

Place: U.S.A
Date: May 3, 2021

Viren Prasad Shetty

Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited
Statement of cash flows for the year ended March 31, 2021

Cash flow from operating activities

Loss before tax

Adjustments :

Provision for Diminution in the Value of Long Term Investments

Operating cash flow before working capital changes

Changes in other current liabilities

Net cash (used in) operating activities (A)

Cash flow from investing activities

Investment in subsidiary

Net cash (used in) investing activities (B)

Cash flow from financing activities

Proceeds from issue of equity shares

Net cash provided by financing activities (C)

Net decrease in cash and cash equivalents (A+B+C)

Cash and cash equivalents at the beginning of the year

Cash and cash equivalents at the end of the year (refer note 5)

The accompanying notes are an integral part of these financial statements.
As per our report of even date attached

For Ken & Co

Chartered Accountants

Firm's Registration No. 0153855

E Narasimhan

Partner

Membership No. 228470

Place: Bengaluru

Date: May 3, 2021

UDIN: 21228470AAAABQ8759



	(Amount in USD)	
	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss before tax	(5,95,400)	(53,063)
Adjustments :		
Provision for Diminution in the Value of Long Term Investments	5,79,750	38,175
Operating cash flow before working capital changes	(15,650)	(14,888)
Changes in other current liabilities	3,700	994
Net cash (used in) operating activities (A)	(11,950)	(13,894)
Cash flow from investing activities		
Investment in subsidiary	(3,39,000)	-
Net cash (used in) investing activities (B)	(3,39,000)	-
Cash flow from financing activities		
Proceeds from issue of equity shares	1,80,000	1,50,000
Net cash provided by financing activities (C)	1,80,000	1,50,000
Net decrease in cash and cash equivalents (A+B+C)	(1,70,950)	1,36,106
Cash and cash equivalents at the beginning of the year	1,98,041	61,935
Cash and cash equivalents at the end of the year (refer note 5)	27,091	1,98,041

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

Anesh Shetty

Dr. Anesh Shetty

Director

DIN: 06923555

Place: U.S.A

Date: May 3, 2021

Viren Prasad Shetty

Viren Prasad Shetty

Director

DIN : 02144586

Place: Bengaluru

Date: May 3, 2021

Narayana Holdings Private Limited

Notes to the standalone financial statements for the year ended 31 March 2021

1. Company overview

Narayana Holdings Private Limited ('the Company') was incorporated on 11 April 2016 as a Company limited by shares under the laws of Mauritius. The Company is a fully owned subsidiary of Narayana Cayman Holding Limited. The Company is primarily engaged in rendering hospital services.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Company's Board of Directors on 3 May 2021.

Details of the accounting policies are included in Note 3.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

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

2.4. Use of estimates and judgments

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

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

Narayana Holdings Private Limited

Notes to the financial statements for the year ended 31 March 2021

3. Significant accounting policies

3.1. Financial instruments

a. Recognition and initial measurement

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

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- FVTPL

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

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

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

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

Financial assets: Business model assessment

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

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

Narayana Holdings Private Limited

Notes to the financial statements for the year ended 31 March 2021

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

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

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

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

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

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

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

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

Financial assets: Subsequent measurement and gains and losses

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

Narayana Holdings Private Limited

Notes to the financial statements for the year ended 31 March 2021

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

d. Offsetting

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

3.2. Cash and cash equivalents

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

3.3. Cash flow statement

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

Narayana Holdings Private Limited

Notes to the financial statements for the year ended 31 March 2021

3.4. Loss per Share

The Loss per share is computed by dividing the loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company does not have potential dilutive equity shares outstanding during the year.

3.5. Income tax

The Income-tax expense comprises current tax and deferred tax. It is recognized in profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized, or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

Narayana Holdings Private Limited

Notes to the financial statements for the year ended 31 March 2021

3.6. Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

Narayana Holdings Private Limited

Notes to the financial statements for the year ended March 31, 2021 (continued)

4 Non-current Investments		(Amount in USD)	
Particulars	As at March 31, 2021	As at March 31, 2020	
<i>Unquoted equity instruments</i>			
Investment in equity shares			
<i>In subsidiary company:</i>			
NH Health Bangladesh Private Limited [48,40,400 (previous year : 19,99,900) equity shares of BDT 10 each fully paid up]	5,79,750	2,40,750	
<i>In associate:</i>			
ISO Healthcare Limited [1,287 (previous year : 1,287) equity shares of USD 1 each fully paid up]	6,62,000	6,62,000	
Gross value of investments	12,41,750	9,02,750	
Aggregate amount of impairment in value of investments	7,26,132	1,46,382	
Net value of investments	5,15,618	7,56,368	
Aggregate value of unquoted investments	12,41,750	9,02,750	
Aggregate amount of impairment in value of investments	7,26,132	1,46,382	
Net investments	5,15,618	7,56,368	
5 Cash and cash equivalents			
Balance with banks			
On current accounts	27,091	1,98,041	
	27,091	1,98,041	
6 Equity share capital			
<i>Authorised</i>			
1,33,000 equity shares (previous year: 1,15,000 equity shares) of USD 10 each	13,30,000	11,50,000	
<i>Issued, subscribed and paid up</i>			
1,33,000 equity shares (previous year: 1,15,000 equity shares) of USD 10 each, fully paid up	13,30,000	11,50,000	
	13,30,000	11,50,000	

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	1,15,000	11,50,000	1,00,000	10,00,000
Issued during the year	18,000	1,80,000	15,000	1,50,000
At the end of the year	1,33,000	13,30,000	1,15,000	11,50,000

Rights, preference and restriction attached to equity shares:

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

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

Particulars of shareholders holding more than 5% equity shares:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Narayana Cayman Holdings Pvt Ltd	1,33,000	100%	1,15,000	100%
	1,33,000	100%	1,15,000	100%

The Company has not bought back any shares during the period from date of incorporation (i.e. April 11, 2016) to March 31, 2021. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the period from date of incorporation (i.e. April 11, 2016) to March 31, 2021.

7 Other liabilities			
Current			
<i>To parties other than related parties</i>			
Other liabilities	8,592	4,892	
	8,592	4,892	

* There are no amounts due and outstanding to be credited to Investor Education and Protection Fund.

Narayana Holdings Private Limited

Notes to the financial statements for the year ended March 31, 2021 (continued)

8 Other income (Amount in USD)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
Interest Others	58	86
	58	86

9 Other expenses (Amount in USD)

Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020
<i>Administrative expenses</i>		
Legal and professional fees	15,000	14,444
Bank charges	708	530
Provision for Diminution in the Value of Long Term Investments	5,79,750	38,175
	5,95,458	53,149

Narayana Holdings Private Limited

Notes to the financial statements for the year ended March 31, 2021 (continued)

14 Investment in ISO Healthcare Limited (Mauritius)

Based on the net assets of ISO Healthcare Limited (Mauritius) as at March 31, 2021, the company has recorded provision for diminution in the value of investment aggregating Nil (March 31, 2020 : USD 38,175)

15 Investment in NH Health Bangladesh Private Limited

The company has incorporated a company in Bangladesh "NH Health Bangladesh Private Limited" as on July 22, 2018 by investing an amount of USD 2,40,750 in 19,99,900 shares of BDT 10 each fully paid up. During the current financial year, the Company has invested an additional amount of USD 3,39,000 in 28,40,500 shares of BDT 10 each fully paid up. Based on the net assets of "NH Health Bangladesh Private Limited" as at March 31, 2021, the company has recorded provision for diminution in the value of investment aggregating USD 5,79,750 (March 31, 2020 : Nil)

The accompanying notes are an integral part of these financial statements
As per our report of even date attached

For Ken & Co

Chartered Accountants

Firm's Registration No. 015385S

E. Narasimhan

E Narasimhan

Partner

Membership No 228470



Place: Bengaluru

Date: May 3, 2021

UDIN: 21228470AAAABQ8759

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

Anesh Shetty

Dr. Anesh Shetty

Director

DIN: 06923555

Place: U.S.A

Date: May 3, 2021

Viren Prasad Shetty

Viren Prasad Shetty

Director

DIN : 02144586

Place: Bengaluru

Date: May 3, 2021



INDEPENDENT AUDITOR'S REPORT

**To the Members of
Narayana Holdings Private Limited**

Report on the Consolidated Financial Statements

Opinion

We have audited the accompanying consolidated financial statements of **Narayana Holdings Private Limited** ("the Company") and its subsidiaries (the Company and its subsidiaries together referred to as "the Group"), which comprise the Consolidated Balance Sheet as at March 31, 2021, and the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), the Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flows for the year ended on that date, and notes to the financial statements including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated standalone financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2021, and its loss, total comprehensive income, the changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the independence requirements that are relevant to our audit of the consolidated financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. We have determined that there are no key audit matters to communicate in our report.

Management's Responsibility for the Consolidated Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated 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 the Indian Accounting Standards (Ind AS) prescribed under section 133 of the

Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 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 financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Companies Act, 2013, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We could 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.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:

- a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) the Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss including Other Comprehensive Income, Consolidated Statement of Changes in Equity and the Consolidated Statement of Cash Flow dealt with by this Report are in agreement with the books of account.
- d) in our opinion, the aforesaid Consolidated financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) on the basis of the written representations received from the directors of the Company as on March 31, 2021 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2021 from being appointed as a director in terms of Section 164(2) of the Act.
- f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, is not applicable for this company.
- g) with respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

- h) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Consolidated financial statements disclose impact of pending litigations on the consolidated financial position of the group.
 - ii. Provision has been made in the consolidated financial statements as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

- iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies incorporated in India.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, a statement on the matters specified in paragraphs 3 and 4 of the Order is not applicable for this company.

For KEN & Co.
Chartered Accountants
Firm's Registration No. 015385S

E. Narasimhan
E Narasimhan
Partner
Membership No. 228470



Place: Bengaluru
Date: May 3 2021
UDIN: 21228470AAAABU3835

Narayana Holdings Private Limited and its associates
Balance sheet as at March 31, 2021

		(Amount in USD)	
	Note	As at March 31,2021	As at March 31,2020
ASSETS			
Non-Current Assets			
Property, plant and equipment	4	593	658
Intangible assets	4	957	1,457
Financial assets			
Investments	5	3,36,248	3,48,685
		3,37,798	3,50,800
Current assets			
Inventories	6	48,431	38,702
Financial assets			
Trade receivables	7	640	1,870
Cash and cash equivalents	8	2,82,742	3,31,267
Total current assets		3,31,813	3,71,839
TOTAL ASSETS		6,69,611	7,22,639
EQUITY AND LIABILITIES			
Equity			
Equity share capital	9	13,30,000	11,50,000
Other equity	10	(11,14,115)	(7,19,351)
Total equity		2,15,885	4,30,649
Current liabilities			
Financial liability			
Trade payables	11	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		3,43,995	2,03,545
Other financial liabilities	12	96,587	83,553
Other current liabilities	13	13,144	4,892
Total current liabilities		4,53,726	2,91,990
TOTAL EQUITY AND LIABILITIES		6,69,611	7,22,639
Significant accounting policies	3		

The accompanying notes are an integral part of these consolidated financial statements.
As per our report of even date attached

For Ken & Co
Chartered Accountants
Firm's Registration No. 0153855

E. Narasimhan
E Narasimhan
Partner
Membership No. 228470



Place: Bengaluru
Date: May 3, 2021
UDIN:21228470AAAABU3835

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

Anesh Sheety

Dr Anesh Sheety
Director
DIN: 06923555

Place: U.S.A
Date: May 3, 2021

Viren Shetty

Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited and its associates
Statement of Profit and Loss for the year ended March 31, 2021

		(Amount in USD)	
Note		For the year ended March 31, 2021	For the year ended March 31, 2020
INCOME			
	Revenue from operations	14 3,51,012	87,307
	Other income	15 58	86
	Total income (A)	3,51,070	87,393
EXPENSES			
	Purchase of medical consumables, drugs and surgical instruments	1,44,989	38,702
	Changes in inventories of medical consumables, drugs and surgical instruments - (increase) / decrease	(9,729)	(38,702)
	Employee benefit expenses	16 5,01,181	2,76,636
	Other expenses	17 92,402	1,83,073
	Expenses before finance costs, depreciation and amortisation and exceptional items (B)	7,28,843	4,59,709
		(3,77,773)	(3,72,316)
Earnings / (loss) before finance cost, depreciation and amortisation, exceptional items and tax (A-B)			
	Finance costs (C)	-	-
	Depreciation and amortisation expense (D)	18 572	72
		572	72
	Total expenses (E) = (B+C+D)	7,29,415	4,59,781
	Loss before share of profit / (loss) of equity accounted investees and income tax (F) = (A-E)	(3,78,345)	(3,72,388)
Tax expense:			
	Current tax	-	-
	Deferred tax charge / (credit)	-	-
	Total tax expense (G)	-	-
	Loss before share of profit / (loss) of equity accounted investees (H) = (F-G)	(3,78,345)	(3,72,388)
	Share of loss of equity accounted investees (I)	(12,437)	(37,930)
	Loss for the year (J) = (H-I)	(3,90,782)	(4,10,318)
Other comprehensive income (OCI)			
	Exchange differences in translating the financial statements of a foreign operation	(3,982)	(2,938)
	Income tax relating to above items	-	-
	Other comprehensive income / (loss) for the year, net of tax (K)	(3,982)	(2,938)
	Total comprehensive income for the year (L) = (J+K)	(3,94,764)	(4,13,256)
	Loss per share		
	Basic and diluted	21 (3.25)	(3.99)
	Significant accounting policies	3	

The accompanying notes are an integral part of these consolidated financial statements.
As per our report of even date attached

For KEN & Co.
Chartered Accountants
Firm's Registration No. 015385S

E. Narasimhan
E. Narasimhan
Partner
Membership No. 228470



Date: May 3, 2021
UDIN:21228470AAAABU3835

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

Ansh Sheety
Dr Anesh Sheety
Director
DIN: 06923555

Place: U.S.A
Date: May 3, 2021

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited and its associates
Statement of changes in equity for the year ended March 31, 2021

(a) Equity share capital		(Amount in USD)
Particulars	No. of Shares	Amount
Equity shares of USD 10 each issued, subscribed and fully paid up		
Balance as at April 1, 2019	1,00,000	10,00,000
Changes in equity share capital during 2019-20	15,000	1,50,000
Balance as at March 31, 2020	1,15,000	11,50,000
Changes in equity share capital during 2020-21	18,000	1,80,000
Balance as at March 31, 2021	1,33,000	13,30,000

(b) Other equity				(Amount in USD)
Particulars	Retained earnings	Items of OCI	Total equity	
Balance as at April 1, 2019	(3,05,201)	(894)		(3,06,095)
Loss for the year	(4,10,318)	(2,938)		(4,13,256)
Other comprehensive income for the year	-	-		-
Total comprehensive income for the year	(4,10,318)	(2,938)		(4,13,256)
Balance as at March 31, 2020	(7,15,519)	(3,832)		(7,19,351)
Loss for the year	(3,90,782)	-		(3,90,782)
Other comprehensive income for the year	-	(3,982)		(3,982)
Total comprehensive income for the year	(3,90,782)	(3,982)		(3,94,764)
Balance as at March 31, 2021	(11,06,301)	(7,814)		(11,14,115)

The accompanying notes are an integral part of these consolidated financial statements.
As per our report of even date attached

For Ken & Co
Chartered Accountants
Firm's Registration No. 015385S

E. Narasimhan
Partner
Membership No. 228470

Place: Bengaluru
Date: May 3, 2021
UDIN:21228470AAAABU3835



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

Dr Anesh Sheety
Director
DIN: 06923555

Place: U.S.A
Date: May 3, 2021

Viren Prasad Shetty

Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited and its associates
Statement of cash flows for the year ended March 31, 2021

	(Amount in USD)	
	For the year ended 31 March 2021	For the year ended 31 March 2020
Cash flow from operating activities		
Loss after tax	(3,90,782)	(4,10,318)
Adjustments :		
Provision for Diminution in the Value of Long Term Investments	-	38,175
Depreciation and amortisation expense	572	72
Share of loss of equity accounted investees	12,437	37,930
Operating cash flow before working capital changes	(3,77,773)	(3,34,141)
Changes in trade payables	1,40,443	2,01,199
Changes in financial liabilities	9,052	55,119
Changes in other current liabilities	8,252	994
Changes in trade receivables	1,230	(1,870)
Changes in inventories	(9,729)	(38,702)
Net cash outflow from operating activities (A)	(2,28,525)	(1,17,401)
Cash flow from investing activities		
Investment in equity shares of an associate	-	-
Acquisition of property, plant and equipment (including capital work-in-progress)	-	(2,187)
Net cash outflow from investing activities (B)	-	(2,187)
Cash flow from financing activities		
Proceeds from issue of equity shares	1,80,000	1,50,000
Repayment of share application money pending allotment	-	-
Net cash inflow from financing activities (C)	1,80,000	1,50,000
Net increase / (decrease) in cash and cash equivalents (A+B+C)	(48,525)	30,412
Cash and cash equivalents at the beginning of the year	3,31,267	3,00,855
Cash and cash equivalents at the end of the year (refer note 8)	2,82,742	3,31,267

The accompanying notes are an integral part of these consolidated financial statements.
As per our report of even date attached

For Ken & Co
Chartered Accountants
Firm's Registration No. 015385S

E. Narasimhan
E Narasimhan
Partner
Membership No. 228470



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

Anesh Sheety
Dr Anesh Sheety
Director
DIN: 06923555

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021
UDIN:21228470AAAABU3835

Place: U.S.A
Date: May 3, 2021

Place: Bengaluru
Date: May 3, 2021

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended 31 March 2021

1. Group overview

Narayana Holdings Private Limited ('the Company' or 'the Holding company') is a private limited Company incorporated under the provisions of the Companies Act, on 11 April 2016. The Company is a wholly owned subsidiary of Narayana Cayman Holding Limited. The Company is primarily engaged in rendering hospital services.

2. Basis of preparation of the financial statements

2.1. Statement of compliance

The financial statements have been prepared in accordance of Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules 2015 notified under Section 133 of Companies Act 2013 (the 'Act') and other relevant provisions of the Act.

The financial statements were authorized for issue by the Group's Board of Directors on 3 May 2021.

Details of the accounting policies are included in Note 3.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

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

2.4. Use of estimates and judgments

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

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

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended 31 March 2021

3. Significant accounting policies

3.1. Basis of consolidation

Equity accounted investees

The Group's interests in equity accounted investees comprise interests in associates.

An associate is an entity in which the Group has significant influence, but not control or joint control, over the financial and operating policies.

Interests in associates are accounted for using the equity method. They are initially recognized at cost which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of profit or loss and OCI of equity-accounted investees until the date on which significant influence ceases.

3.2. Financial instruments

a. Recognition and initial measurement

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

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

b. Classification and subsequent measurement

Financial assets

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

- amortised cost;
- FVTPL

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

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

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

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

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended 31 March 2021

3.2. Financial instruments (contd)

Financial assets: Business model assessment

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

- the stated policies and objectives for the portfolio and the operation of those policies in practice. These include whether management's strategy focuses on earning contractual interest income, maintaining a particular interest rate profile, matching the duration of the financial assets to the duration of any related liabilities or expected cash outflows or realising cash flows through the sale of the assets;
- how the performance of the portfolio is evaluated and reported to the Group's management;
- the risks that affect the performance of the business model (and the financial assets held within that business model) and how those risks are managed;
- how managers of the business are compensated – e.g. whether compensation is based on the fair value of the assets managed or the contractual cash flows collected; and
- the frequency, volume and timing of sales of financial assets in prior periods, the reasons for such sales and expectations about future sales activity.

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

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

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

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

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

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

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

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended 31 March 2021

3.2. Financial instruments (contd)

Financial assets: Subsequent measurement and gains and losses

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended 31 March 2021

d. Offsetting

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

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

3.5. (Loss) or Profit per Share

The Loss per share is computed by dividing the loss attributable to equity shareholders for the year by the weighted average number of equity shares outstanding during the year. The Company does not have potential dilutive equity shares outstanding during the year.

3.6. Income tax

The Income-tax expense comprises current tax and deferred tax. It is recognized in profit and loss except to the extent that it relates to an item recognized directly in equity or in other comprehensive income.

Current income tax

Current tax comprises the expected tax payable or receivable on the taxable income for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantially enacted by the reporting dates.

Current tax assets and current tax liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the assets and settle the liability on a net basis or simultaneously.

Deferred tax

Deferred tax is recognized in respect of temporary differences between carrying amounts of assets and liabilities for financial reporting purposes and the corresponding amounts used for taxation purposes.

Deferred tax liabilities are recognized for all taxable temporary differences.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized.

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended 31 March 2021

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

3.7. Provisions and contingencies

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset, if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

Provisions for onerous contracts are recognized when the expected benefits to be derived by the Company from a contract are lower than the unavoidable costs of meeting the future obligations under the contract. Provisions for onerous contracts are measured at the present value of lower of the expected net cost of fulfilling the contract and the expected cost of terminating the contract.

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended March 31, 2021 (continued)

4 (i) Property, plant and equipment and Intangible assets

(Amount in USD)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at April 1, 2020	Additions	Deletions	As at March 31, 2021	As at April 1, 2020	Depreciation/ Amortisation	Deletions	As at March 31, 2021	As at March 31, 2021	As at March 31, 2020
(A) Tangible assets (owned)										
Office equipment	666	2	-	668	8	67	-	75	593	658
Total tangible assets (A)	666	2	-	668	8	67	-	75	593	658
(B) Intangible assets										
Computer software	1,521	5	-	1,526	64	505	-	569	957	1,457
Total intangible assets (B)	1,521	5	-	1,526	64	505	-	569	957	1,457
Grand total (A+B)	2,187	7	-	2,194	72	572	-	644	1,550	2,115

4 (ii) Property, plant and equipment and Intangible assets

(Amount in USD)

Particulars	Gross block				Accumulated depreciation / amortisation				Net block	
	As at April 1, 2019	Additions	Deletions	As at March 31, 2020	As at April 1, 2019	Depreciation/ Amortisation	Deletions	As at March 31, 2020	As at March 31, 2020	As at March 31, 2019
(A) Tangible assets (owned)										
Office equipment	-	666	-	666	-	8	-	8	658	-
Total tangible assets (A)	-	666	-	666	-	8	-	8	658	-
(B) Intangible assets										
Computer software	-	1,521	-	1,521	-	64	-	64	1,457	-
Total intangible assets (B)	-	1,521	-	1,521	-	64	-	64	1,457	-
Grand total (A+B)	-	2,187	-	2,187	-	72	-	72	2,115	-

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended March 31, 2021 (continued)

(Amount in USD)		
Particulars	As at March 31, 2021	As at March 31, 2020
(Unquoted, valued at cost, unless stated otherwise)		
Investment in equity shares		
In associate:		
ISO Healthcare Limited	6,62,000	6,62,000
[1,287 (previous year : 1,287) equity shares of USD 1 each fully paid up]		
Less : Aggregate amount of impairment in value of investments	(1,46,382)	(1,46,382)
Less : Equity pick up loss on ISO Healthcare Limited	(1,79,370)	(1,66,933)
	3,36,248	3,48,685

(Amount in USD)		
Particulars	As at March 31, 2021	As at March 31, 2020
Medical consumables, drugs and surgical instruments	48,431	38,702
Less: Provision for write-down to net realisable value	-	-
	48,431	38,702

(Amount in USD)		
Particulars	As at March 31, 2021	As at March 31, 2020
Unsecured, considered good	640	1,870
Unsecured, considered doubtful	-	-
	640	1,870
Loss allowance		
Unsecured, considered doubtful	-	-
	640	1,870

8 Cash and cash equivalents		
Cash on hand	6,047	1,599
Balance with banks		
On current accounts	2,76,695	3,29,668
	2,82,742	3,31,267

9 Equity share capital		
<i>Authorised</i>		
1,33,000 equity shares (previous year: 1,15,000 equity shares) of USD 10 each	13,30,000	11,50,000
<i>Issued, subscribed and paid up</i>		
1,33,000 equity shares (previous year: 1,15,000 equity shares) of USD 10 each, fully paid up	13,30,000	11,50,000
	13,30,000	11,50,000

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

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	1,15,000	11,50,000	1,00,000	10,00,000
Issued during the year	18,000	1,80,000	15,000	1,50,000
At the end of the year	1,33,000	13,30,000	1,15,000	11,50,000

Rights, preference and restriction attached to equity shares:

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

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

Particulars of shareholders holding more than 5% equity shares:

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number of shares	% holding	Number of shares	% holding
Narayana Cayman Holdings Limited	1,33,000	100.00%	1,15,000	100.00%
	1,33,000	100.00%	1,15,000	100.00%

The Company has not bought back any shares during the period from date of incorporation (i.e. April 11, 2016) to March 31, 2021. Further, the Company has not issued any bonus shares or shares issued for consideration other than cash during the period from date of incorporation (i.e. April 11, 2016) to March 31, 2021.

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended March 31, 2021 (continued)

10 Other Equity		(Amount in USD)	
Particulars	As at March 31, 2021	As at March 31, 2020	
Surplus (profit and loss balance)			
At the commencement of the year	(7,15,519)	(3,05,201)	
Add: Net profit after tax transferred from statement of profit and loss	(3,90,782)	(4,10,318)	
At the end of the year	(11,06,301)	(7,15,519)	
Other Comprehensive Income			
Foreign currency translation reserve			
At the commencement of the year	(3,832)	(894)	
Add: Addition during the year	(3,982)	(2,938)	
At the end of the year	(7,814)	(3,832)	
	(11,14,115)	(7,19,351)	
11 Trade payables		(Amount in USD)	
Particulars	As at March 31, 2021	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	3,43,995	2,03,545	
	3,43,995	2,03,545	
12 Other financial liabilities (Current)		(Amount in USD)	
Particulars	As at March 31, 2021	As at 31 March 2019	
<i>To related parties (Refer note 20)</i>			
Related parties - Due to reimbursement of expenses	95,321	83,553	
Application Money Received for Allotment of Securities	1,266	-	
	96,587	83,553	
13 Other liabilities		(Amount in USD)	
Current	As at March 31, 2021	As at 31 March 2019	
<i>To parties other than related parties</i>			
Other liabilities	8,592	4,892	
Contract liabilities	4,552	-	
	13,144	4,892	

Narayana Holdings Private Limited and its associates

Notes to the financial statements for the year ended March 31, 2021 (continued)

14 Revenue from operations		(Amount in USD)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Income from medical and healthcare services	3,51,012	85,674	
Other operating revenue:			
Revenue share income	-	1,633	
	3,51,012	87,307	

15 Other income		(Amount in USD)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Interest Others	58	86	
	58	86	

16 Employee benefit expenses		(Amount in USD)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Salaries, wages and bonus	5,01,181	2,76,636	
	5,01,181	2,76,636	

17 Other expenses		(Amount in USD)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
<i>Administrative expenses</i>			
Hospital general expenses	6,646	47,344	
House keeping expenses	217	-	
Repairs and maintenance - Others	985	-	
Traveling and conveyance	6,640	40,417	
Rent	9,109	542	
Printing and stationery	1,337	124	
Advertisement and publicity	4,618	-	
Legal and professional fees	38,145	29,975	
Telephone and communication	92	250	
Bank charges	1,081	691	
Miscellaneous expenses	366	270	
Provision for Diminution in the Value of Long Term Investments	-	38,175	
Rates and taxes	21,141	20,103	
Foreign exchange loss, (net)	2,025	5,182	
	92,402	1,83,073	

18 Depreciation and amortisation expense		(Amount in USD)	
Particulars	For the year ended March 31, 2021	For the year ended March 31, 2020	
Depreciation of property, plant and equipment (refer note 4)	67	8	
Amortisation of intangible assets (refer note 4)	505	64	
	572	72	

Narayana Holdings Private Limited and its associates

Notes to the financial statements for the year ended March 31, 2021 (continued)

19 Contingent liabilities and commitments:

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

20 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of related parties
Ultimate Holding Company	Narayana Hrudayalaya Limited
Holding Company	Narayana Cayman Holding Limited
Subsidiary	NH Health Bangladesh Private Limited
Fellow Subsidiaries	Health City Cayman Islands Ltd (HCCI) (Subsidiary of NCHL)
Associate	ISO Healthcare Limited
Key Management Personnel (KMP)	Mr. Viren Prasad Shetty - Director Dr. Anesh Shetty-Director (w.e.f. March 27, 2019) Mr. Sharmanand Jhurrea - Director Mr. Fatweena Uteene-Mahamod - Director (w.e.f. February 2020)

(b) Transactions with related party during the year

(Amount in USD)

Transactions	Enterprise having control over the company	Total
Reimbursement of expenses		
Narayana Hrudayala Limited- March 2021	11,768	11,768
Narayana Hrudayala Limited- March 2020	(58,057)	(58,057)
Issue of Equity Shares		
Narayana Cayman Holding Limited- March 2021	1,80,000	1,80,000
Narayana Cayman Holding Limited- March 2020	1,50,000	1,50,000

c) The balances receivable from and payable to related parties

(Amount in USD)

Transactions	Enterprise having control over the company	Total
Other financial liabilities (current)-Due to reimbursement of expenses		
Narayana Hrudayala Limited- March 2021	96,587	96,587
Narayana Hrudayala Limited- March 2020	(83,553)	(83,553)

21 Loss per share

Basic and diluted loss per share

The calculation of basic and diluted loss per share for the year ended March 31, 2021 was based on loss attributable to equity shareholders loss of USD 3,90,580 (Previous year : profit of USD 4,10,318) and weighted average number of equity share outstanding 1,20,326 (Previous year: 1,02,910).

Particulars	Units	For the year ended March 31, 2021	For the year ended March 31, 2020
Loss after tax	USD	(3,90,782)	(4,10,318)
Weighted average number of equity share outstanding during the year for calculation of basic and diluted loss per share	Numbers	1,20,326	1,02,910
Basic and diluted loss per share	USD	(3.25)	(3.99)

Narayana Holdings Private Limited and its associates
Notes to the financial statements for the year ended March 31, 2021 (continued)

22 Financial instruments: Fair value and risk managements

A. Accounting classification and fair values		(Amount in USD)	
As at March 31, 2021	Amortised cost	Total	
Financial assets			
Cash and cash equivalents	2,82,742	2,82,742	
Equity accounted investee	3,36,248	3,36,248	
	6,18,990	6,18,990	
Financial liabilities			
Borrowings	-	-	
Trade payables	3,43,995	3,43,995	
Other financial liabilities	96,587	96,587	
	4,40,582	4,40,582	
As at March 31, 2020	Amortised cost	Total	
Financial assets			
Cash and cash equivalents	3,31,267	3,31,267	
Equity accounted investee	3,48,685	3,48,685	
	6,79,952	6,79,952	
Financial liabilities			
Borrowings	-	-	
Trade payables	2,03,545	2,03,545	
Other financial liabilities	83,553	83,553	
	2,87,098	2,87,098	

23 Incorporation NH Health Bangladesh Private Limited :

The company has incorporated a company in Bangladesh "NH Health Bangladesh Private Limited" as on July 22, 2018 by investing an amount of USD 2,40,750 in 19,99,900 shares of BDT 10 each fully paid up. During the current financial year, the Company has invested an additional amount of USD 3,39,000 in 28,40,500 shares of BDT 10 each fully paid up. Based on the net assets of "NH Health Bangladesh Private Limited" as at March 31, 2021, the company has recorded provision for diminution in the value of investment aggregating USD 5,79,750 (March 31, 2020 : Nil)

24 Change in Parent Company

The company's 100 % stake has been transferred to Narayana Cayman Holding Limited from Narayana Hrudayalaya Limited as on 6 June 2018 .

25 Investment in ISO Healthcare Limited (Mauritius) :

Based on the net assets of ISO Healthcare Limited (Mauritius) as at March 31, 2021, the company has recorded provision for diminution in the value of investment aggregating Nil (March 31, 2020 : USD 38,175)

The accompanying notes are an integral part of these consolidated financial statements.
As per our report of even date attached

For KEN & Co.
Chartered Accountants
Firm's Registration No. 0153855

E. Narasimhan
E. Narasimhan
Partner
Membership No. 228470



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

Anesh Sheety
Dr Anesh Sheety
Director
DIN: 06923555

Viren Prasad Shetty
Viren Prasad Shetty
Director
DIN : 02144586

Place: Bengaluru
Date: May 3, 2021
UDIN:21228470AAAABU3835

Place: U.S.A
Date: May 3, 2021

Place: Bengaluru
Date: May 3, 2021