

Health City Cayman Islands Limited
Standalone Balance sheet

(Amount in USD)			
Particulars	Note No	As at March 31, 2023	As at March 31, 2022
ASSETS			
Non-Current Assets			
Property, Plant and Equipment	4	52,411,301	54,350,994
Capital work-in-progress	4	24,879,911	5,153,343
Right of use assets	5	726,871	2,303,147
Intangible Assets	4	17,372	30,145
Financial Assets			
(i) Investments	6 (a)	5,364,207	1,760,900
(ii) Other financial assets	7 (a)	323,250	195,610
Other Non-Current Assets	8 (a)	5,207,746	4,376,016
Total Non-Current Assets		88,930,658	68,170,155
Current Assets			
Inventories	9	4,651,512	3,703,391
Financial Assets			
(i) Investment	6 (b)	25,820,004	15,199,834
(ii) Trade Receivables	10	18,759,689	25,479,918
(iii) Cash and Cash Equivalents	11 (a)	8,387,825	4,777,012
(iv) Bank Balances Other than above	11 (b)	10,441,464	1,441,464
(v) Other financial assets	7 (b)	4,116,985	2,917,136
Other Current Assets	8 (b)	4,951,046	2,127,606
Total current Assets		77,128,525	55,646,361
TOTAL ASSETS		166,059,183	123,816,516
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	12	510	510
Other Equity	13	122,993,345	92,262,140
Total Equity		122,993,855	92,262,650
Liabilities			
Non-Current Liabilities			
Financial Liabilities			
(i) Borrowings	14 (a)	19,083,213	13,526,832
(ii) Lease liabilities	15 (a)	257,705	848,555
(iii) Other Financial Liabilities	16	-	140,417
Total Non-Current Liabilities		19,340,918	14,515,804
Current Liabilities			
Financial Liabilities			
(i) Borrowings	14 (b)	4,000,000	3,800,000
(ii) Lease liabilities	15 (b)	590,850	1,889,412
(iii) Trade Payables	17	-	-
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		12,860,276	6,122,759
Other current liabilities	18	5,588,459	4,616,696
Provisions	19	684,825	609,194
Total Current Liabilities		23,724,410	17,038,061
TOTAL EQUITY AND LIABILITIES		166,059,183	123,816,516
Significant accounting policies	3		
The accompanying notes form an integral part of these special purpose standalone financial statements			

for Deloitte Haskins & Sells LLP
Chartered Accountants

sd/-
Monisha Parikh
Partner

Place: Bengaluru
Date: May 19, 2023

For and on behalf of the Board of Directors of
Health City Cayman Islands Limited

sd/-
Dr. Anesh Shetty
Managing Director

sd/-
Viren Prasad Shetty
Director

Place: Bengaluru
Date: May 19, 2023

Place: Bengaluru
Date: May 19, 2023

Health City Cayman Islands Limited
Standalone Statement of Profit and Loss

(Amount in USD)

Particulars	Note No	For the Year ended 31 March 2023	For the Year ended March 31, 2022
INCOME			
Revenue from operations	20	109,239,676	91,858,291
Other income	21	599,697	658,804
Total Income (A)		109,839,372	92,517,095
EXPENSES			
Purchase of medical consumables, drugs and surgical instruments		17,988,302	16,409,402
Changes in inventories of medical consumables, drugs and surgical instruments-(Increase)/ Decrease	22	(948,119)	(552,938)
Employee benefits expense	23	25,601,938	21,776,245
Professional fees to doctors		78,134	66,253
Other expenses	24	23,930,978	18,828,875
Expense before finance cost, depreciation and amortization (B)		66,651,233	56,527,837
Earning before finance cost, depreciation and amortization (A-B)		43,188,139	35,989,258
Finance costs (C)	25	1,104,054	1,236,292
Depreciation and amortisation expense (D)	26	5,490,850	5,171,167
Total expenses (E) = (B+C+D)		73,246,137	62,935,296
Profit before tax (F) = (A-E)		36,593,235	29,581,799
Tax expenses:			
Current Tax		-	-
Deferred tax (credit)/ charge		-	-
Total tax expense (G)		-	-
Profit for the year (H) = (F-G)		36,593,235	29,581,799
Other Comprehensive income (OCI)			
<i>Items that will not be reclassified subsequently to profit or loss</i>			
Effective portion of (losses) / gains on hedging instruments in cash flow hedges		357,106	1,073,491
Other comprehensive income for the year (I)		357,106	1,073,491
Total Comprehensive income for the year (J) = (H+I)		36,950,341	30,655,290
Earning per share	29		
Basic (USD)		717.57	580.08
Diluted (USD)		717.57	580.08
Significant accounting policies	3		

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Health City Cayman Islands Limited
Standalone Statement of changes in equity

(a) Equity share capital		(Amount in USD)
Particulars	No. of Shares	Amount
Class Y equity shares of USD 0.01 each issued, subscribed and fully paid up		
Balance as at March 31, 2021	50,996	510
Changes in equity share capital during 2021-22	-	-
Balance as at March 31, 2022	50,996	510
Changes in equity share capital during 2022-23	-	-
Balance as at March 31, 2023	50,996	510

(b) Other Equity		(Amount in USD)				
Particulars	Reserves and Surplus				Items of OCI	Total other equity
	Securities premium reserve	Deemed Capital Contribution	Capital Reserve	Retained earnings	Cash Flow Hedge Reserve	
Balance as at April 31, 2021	44,977,036	6,655	-	27,832,299	-	71,602,082
Profit for the year	-	-		29,581,799		29,581,799
Other comprehensive income	-	-			1,073,491	1,073,491
Total comprehensive income for the year 2021-22	-	-		29,581,799	1,073,491	30,655,290
Transaction recorded directly in equity						
Dividend Paid	-	-		(9,995,232)		(9,995,232)
Balance as at March 31, 2022	44,977,036	6,656	-	47,418,867	(140,417)	92,262,140
Profit for the year				36,593,235		36,593,235
Other comprehensive income					357,106	357,106
Total comprehensive income for 2022-23	-	-		36,593,235	357,106	36,950,341
Transaction recorded directly in equity						
Dividend Paid	-	-		(6,219,136)		(6,219,136)
Balance as at March 31, 2023	44,977,036	6,656	-	77,792,967	216,689	122,993,345

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

for Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of
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Place: Bengaluru
Date: May 19, 2023

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Health City Cayman Islands Limited
Standalone Statement of Cash Flows

(Amount in USD)		
Particulars	For the Year ended March 31, 2023	For the Year ended March 31, 2022
Cash flow from operating activities		
Profit after tax	36,593,235	29,581,799
Adjustments:		
Depreciation and amortisation expense	5,490,850	5,171,167
Provision for loss allowance	2,343,536	379,892
Impairment of investment in subsidiary	1,760,900	3,756,281
Interest income	(233,611)	(638,821)
Net loss arising on financial assets designated as FVTPL	1,760,900	774,733
Finance costs	1,104,054	1,236,292
Operating cash flow before working capital changes	48,819,864	40,261,343
Changes in trade receivables	4,376,693	(14,410,417)
Changes in inventories	(948,121)	(552,938)
Changes in loans, other financial assets and other assets	(4,749,048)	(3,656,806)
Changes in trade payables, other financial liabilities and other liabilities	7,925,967	3,058,118
Changes in provisions	75,631	98,099
Net cash generated from operating activities (A)	55,500,986	24,797,399
Cash flow from investing activities		
Purchase of property plant and equipment	(21,688,676)	(6,925,149)
Investment in bank deposits	(9,000,000)	-
Redemption of bank deposits	-	558,536
Investment in equity of subsidiary	(5,364,207)	(500,000)
Purchase of short term investments (net)	(12,381,070)	(1,102,133)
Net cash used in investing activities (B)	(48,433,953)	(7,968,746)
Cash flow from financing activities		
Repayment of borrowings	(6,326,831)	(5,627,857)
Proceeds from borrowings	12,083,213	-
Interest and other borrowing expenses	(1,043,036)	(1,115,008)
Dividend Paid	(6,219,136)	(9,995,232)
Payment of lease liabilities (Refer note 15)	(1,950,430)	(1,943,622)
Net cash used in financing activities (C)	(3,456,220)	(18,681,719)
Net (Decrease) / increase in cash and cash equivalents (A+B+C)	3,610,813	(1,853,066)
Cash and cash equivalent at the beginning of the year	4,777,012	6,630,078
Cash and cash equivalent at the end of the year (refer note 11(a))	8,387,825	4,777,012

Significant accounting policies

3

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

Reconciliation of liabilities from financing activities for the year ended March 31, 2023

(Amount in USD)

Particulars	As at April 1, 2022	Proceeds / additions	Repayment	Non cash changes		As at March 31, 2023
				Fair value/ other changes	Foreign exchange	
Long-term borrowings (including current maturities)	17,326,831	12,083,213	(6,326,831)	-	-	23,083,213
Lease liabilities	2,737,968	-	(1,950,430)	61,018	-	848,556
Total liabilities from financing activities	20,064,799	12,083,213	(8,277,261)	61,018	-	23,931,769

Reconciliation of liabilities from financing activities for the year ended March 31, 2022

(Amount in USD)

Particulars	As at April 1, 2021	Proceeds / additions	Repayment	Non cash changes		As at March 31, 2022
				other changes	Foreign exchange	
Long-term borrowings (including current maturities)	22,954,688	-	(5,627,857)	-	-	17,326,831
Lease liabilities	4,560,306	-	(1,943,622)	121,284	-	2,737,968
Total liabilities from financing activities	27,514,994	-	(7,571,479)	121,284	-	20,064,799

for Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Board of Directors of
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Monisha Parikh
Partner

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Managing Director

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Viren Prasad Shetty
Director

Place: Bengaluru
Date: May 19, 2023

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Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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 Hrudayalaya Limited 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 March 31, 2023, 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 standalone financial statements of the Company have been prepared for the purposes of providing information to the Holding Company to enable them to prepare consolidated financial statements in accordance with the Indian Accounting Standards.

Details of the accounting policies are included in Note 3.

2.2. Functional and presentation currency

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

2.3. Basis of measurement

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

Items	Measurement basis
Certain financial assets and liabilities	Fair value

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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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 27 – Assessment of contingent liabilities and commitments

Note 31 - Financial instruments

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have significant risk of resulting in a material adjustment in the year ending March 31, 2023, is included in the following notes:

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

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

Note 6, 7,10,11 and 31 - recognition of impairment of financial assets

2.5. Measurement of fair values

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

Fair values are 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 31 – financial instruments.

3. Significant accounting policies

3.1. Financial instruments

a. Recognition and initial measurement

Trade receivables are initially measured (initial recognition method) at their transaction price 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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.

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

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

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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

Financial liabilities: Classification, subsequent measurement and gains and losses

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

Derivative financial instruments

Hedge accounting

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

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

Cash flow hedge:

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

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

The effective portion of changes in the fair value of derivatives that are designated and qualify as cashflow hedges is 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

Others:

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

c. Derecognition

Financial assets

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

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

Financial liabilities

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

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

d. Offsetting

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

3.2. Inventories

The inventories of medical consumables, drugs and surgical instruments are valued at lower of cost or net 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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 Company 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 amount of transaction price (net of variable consideration) allocated to that performance obligation. Revenue is recognised upon transfer of control of promised product or services to customers/patients in an amount that reflects the consideration we expect 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 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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

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

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

Amortisation method

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

3.8. Employee benefits

Short term employee benefits

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

Post-employment benefits

Defined contribution plans

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

Compensated absences

The employees can carry-forward a portion of the unutilized accrued compensated absences and utilize it in future service periods or receive cash compensation on any leave accumulated in excess of Forty-Five 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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.

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 recognised in the statement of profit or loss.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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 reorganization; 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

Write-off

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

b. Impairment of non-financial assets

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

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

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

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

An impairment loss is 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 Limited

Notes to the special purpose standalone financial statements for the year ended March 31, 2023

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 realization 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.

3.18 Standards Issued but Not Effective

On March 31, 2023, the Ministry of Corporate Affairs (MCA) has notified Companies (Indian Accounting Standards) Amendment Rules, 2023. This notification has resulted into amendments in the following existing accounting standards which are applicable to the Company from April 1, 2023.

- i. Ind AS 101 – First time adoption of Ind AS
- ii. Ind AS 102 – Share-based payment
- iii. Ind AS 103 – Business Combinations
- iv. Ind AS 107 – Financial Instruments: Disclosures
- v. Ind AS 109 – Financial Instruments
- vi. Ind AS 115 – Revenue from Contracts with Customers
- vii. Ind AS 1 – Presentation of Financial Statements
- viii. Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
- ix. Ind AS 12 – Income Taxes
- x. Ind AS 34 – Interim Financial Reporting

The Company is in the process of evaluating the impact of the above amendments on the Company's financial statements.

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

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

Particulars	Gross block			Accumulated depreciation/amortisation			Net block	
	As at April 1, 2022	Additions	Deletions	As at March 31, 2023	As at April 1, 2022	Depreciation/ Amortisation	As at March 31, 2023	As at 31 March 2022
Tangible assets								
(Owned)								
Land and related infrastructure cost	13,225,462	-	-	13,225,462	-	-	13,225,462	13,225,462
Building	35,688,070	-	-	35,688,070	6,994,977	892,202	27,800,891	28,693,093
Medical equipment	12,079,142	1,774,436	-	13,853,578	7,761,391	1,337,866	4,754,321	4,317,751
Electrical installations	4,303,846	-	-	4,303,846	2,233,191	286,923	1,783,732	2,070,655
Other equipments including air conditioners	5,989,044	-	-	5,989,044	2,987,740	399,270	2,602,034	3,001,304
Office equipments	2,018,600	64,197	-	2,082,797	1,319,615	205,384	557,798	698,985
Furniture and fixtures	3,078,791	66,436	-	3,145,227	2,204,376	311,205	629,646	874,415
Computers	1,452,480	48,466	-	1,500,946	856,034	263,194	381,718	596,446
Vehicles	182,045	-	-	182,045	144,922	11,675	25,448	37,123
Tangible assets (leasehold):								
Leasehold improvements	965,462	8,575	-	974,037	129,702	194,084	650,251	835,760
Total tangible assets (A)	78,982,942	1,962,110	-	80,945,052	24,631,948	3,901,803	52,411,301	54,350,994
Intangible assets								
Computer software	619,443	-	-	619,443	589,298	12,773	17,372	30,145
Total intangible assets (B)	619,443	-	-	619,443	589,298	12,773	17,372	30,145
Capital work-in-progress (C)	5,153,343	19,726,568	-	24,879,911	-	-	24,879,911	5,153,343
Grand Total (A+B+C)	84,755,728	21,688,678	-	106,444,406	25,221,246	3,914,576	77,308,584	59,534,482

(Amount in USD)

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

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

Particulars	Gross block				Accumulated depreciation/amortisation			Net block	
	As at April 1, 2021	Additions	Deletions	As at March 31, 2022	As at April 1, 2021	Depreciation/Amortisation	Deletions	As at March 31, 2022	As at March 31, 2021
Tangible assets (Owned)									
Land and related infrastructure cost	13,225,462	-	-	13,225,462	-	-	-	-	13,225,462
Building	35,688,070	-	-	35,688,070	6,102,775	892,202	-	6,994,977	29,585,295
Medical equipment	11,458,768	620,374	-	12,079,142	6,588,221	1,173,170	-	7,761,391	4,870,547
Electrical installations	4,303,846	-	-	4,303,846	1,946,243	286,948	-	2,233,191	2,357,603
Other equipments including air conditioners	5,989,044	-	-	5,989,044	2,588,470	399,270	-	2,987,740	3,400,574
Office equipments	1,910,204	108,396	-	2,018,600	1,124,113	195,502	-	1,319,615	786,091
Furniture and fixtures	3,018,599	60,192	-	3,078,791	1,898,241	306,135	-	2,204,376	1,120,358
Computers	829,845	622,635	-	1,452,480	670,719	185,315	-	856,034	159,126
Vehicles	150,978	31,067	-	182,045	133,795	11,127	-	144,922	17,183
Tangible assets (leasehold):									
Leasehold improvements		965,462	-	965,462		129,702	-	129,702	-
Total tangible assets (A)	76,574,816	2,408,126	-	78,982,942	21,052,576	3,579,371	-	24,631,948	55,522,239
Intangible assets									
Computer software	606,018	13,425	-	619,443	573,778	15,520	-	589,298	32,240
Total intangible assets (B)	606,018	13,425	-	619,443	573,778	15,520	-	589,298	32,240
Capital work-in-progress (C)									
	649,744	5,141,148	637,549	5,153,343	-	-	-	-	649,744
Grand Total (A+B+C)	77,830,579	7,562,699	637,549	84,755,728	21,626,354	3,594,891	-	25,221,246	56,204,224

Capital work in Progress ageing schedule

Particulars	Amount in CWIP for a period of 2022-23			Total
	Less than 1 year	1-2 years	More than 3 years	
Projects in Progress				
As at March 31, 2023	19,761,229	5,118,682	-	24,879,911
As at March 31, 2022	5,141,148	12,195	-	5,153,343

As on the date of the balance sheet, there are no capital work-in-progress projects whose completion is overdue or has exceeded the cost based on approved plan.

5 (i) Right of use assets

Category of ROU asset	Gross block			Accumulated depreciation			Net block	
	As at April 1, 2022	Additions	Deletions	As at March 31, 2023	As at April 1, 2022	Depreciation	Deletions	As at March 31, 2023
Building	6,802,456	-	-	6,802,456	4,499,309	1,576,276	-	726,871
Grand total	6,802,456	-	-	6,802,456	4,499,309	1,576,276	-	726,871

(ii) Right of use assets

Category of ROU asset	Gross block			Accumulated depreciation			Net block	
	As at April 1, 2021	Additions	Deletions	As at March 31, 2022	As at April 1, 2021	Depreciation	Deletions	As at March 31, 2022
Building	6,802,456	-	-	6,802,456	2,923,033	1,576,276	-	2,303,147
Grand total	6,802,456	-	-	6,802,456	2,923,033	1,576,276	-	2,303,147

(Amount in USD)

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

6 Investment

(Amount in USD)				
(a) Non-Current Investment				
Particulars		As at March 31, 2023	As at March 31, 2022	
Unquoted Equity Instruments				
Investment in equity shares				
In subsidiary Companies:				
Narayana Holdings Private Limited				
1,33,000 equity shares (March 31, 2022: 1,33,000) of \$ 10 each		1,760,900	1,260,900	
Add :Investment during the year Nil (March 31, 2022: 50,000) of \$ 10 each fully paid up)		-	500,000	
Less: Impairment of Investment		(1,760,900)	-	
Investment at the end of the Year		-	1,760,900	
ENT in Cayman Limited		5,264,207	-	
50,000 equity shares @ 1 per share and 104.25 security premium (March 31, 2022:Nil)				
Cayman Integrated Healthcare Limited		100,000	-	
10,000 equity shares @ 0.1 per share and 9.99 security premium in March 23 (March 31, 2022:Nil)		-	-	
Less: Impairment of Investment		-	-	
Investment at the end of the Year		5,364,207	-	
In associate company:				
Reya Health Inc. (formerly Cura Technologies Inc)				
[39,000,000 equity shares (31 March 2022: 39,000,000) of \$ 0.01 each fully paid up]		136,833	136,833	
Less: Impairment of Investment		(136,833)	(136,833)	
Investment at the end of the Year		-	-	
Unquoted debt instruments				
Investment in promissory note of Reya Health Inc. (formerly Cura Technologies Inc) - amortised Cost		-	3,111,441	
Add: Investment during the year		-	-	
Total Investment in promissory note- amortised Cost			3,111,441	
Add: Accrued interest on the promissory note		-	508,007	
Less: Impairment of Investment in promissory note and Accrued interest on the promissory note		-	(3,619,448)	
		5,364,207	-	
		5,364,207	1,760,900	

(Amount in USD)				
(b) Current Investment				
Particulars	Qty	Market Rate	As at March 31, 2023	As at March 31, 2022
Short term investment				
- In US Treasury Bills (Previous Year : Nil)	25,910,000	0.99	25,620,004	-
- In US Govt Bonds (Previous Year : 700000)	-	-	-	690,548
- In Municipal Bonds (Previous Year : 3,75,000)	-	-	-	375,473
- In Corporate Bonds (Previous Year : 1,21,25,000)	12,325,000	0.02	200,000	12,156,864
-In Mutual Funds				
-LORD ABBETT ULTRA SHORT BOND FUND (CLASS Z (USD)(acc)) (Previous Year : 186,681)	-	-	-	1,976,949
			25,820,004	15,199,834

7 Other financial assets

(Amount in USD)				
(a) Non-current				
Particulars		As at March 31, 2023	As at March 31, 2022	
Security deposits		106,561	195,610	
Interest Rate Swap		216,689	-	
		323,250	195,610	
(b) Current				
				-
Particulars		As at March 31, 2023	As at March 31, 2022	
Security deposits		133,895	27,676	
Unbilled revenue		3,863,621	2,803,710	
Interest Accrued on Short Term Investment		2,486	80,118	
Interest Accrued on Fixed Deposits		116,983	5,631	
		4,116,985	2,917,135	

8 Other assets

(Amount in USD)				
(a) Non-current				
Particulars		As at March 31, 2023	As at March 31, 2022	
To parties other than related parties				
Capital Advances		4,927,557	3,493,485	
Prepaid expenses		280,189	882,531	
		5,207,746	4,376,016	
(b) Current				
Particulars		As at March 31, 2023	As at March 31, 2022	
Advance to employees		49,094	32,860	
Prepaid expenses		1,103,257	895,516	
Advance to vendors		3,798,695	1,199,230	
		4,951,046	2,127,606	

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

9 Inventories

(Valued at lower of cost and net realisable value)

(Amount in USD)

Particulars	As at March 31, 2023	As at March 31, 2022
Medical consumables, drugs and surgical instruments	4,952,220	4,520,452
Goods In Transit	1,064,801	577,410
Less: Provision for write-down to net realisable value	(1,365,509)	(1,394,471)
	4,651,512	3,703,391

10 Trade receivables

(Amount in USD)

Particulars	As at March 31, 2023	As at March 31, 2022
Unsecured, considered good	23,194,618	27,571,310
Less: Allowances for Expected credit losses	(4,434,929)	(2,091,392)
Net Trade Receivables	18,759,689	25,479,918

Trade receivables ageing schedule

Particulars	Outstanding for the following period from due date of payments						Total
	Not due	Less than 6 months	6 months-1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade Receivables - Considered Good							
As at March 31, 2023	9,890,794	5,015,858	4,164,864	3,792,873	325,151	5,078	23,194,618
As at March 31, 2022	462,562	23,013,457	2,699,344	1,154,389	133,828	107,730	27,571,310

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.

For the year ended March 31, 2023

Category	Ageing			
	Within Due Date	Due date to 1 Year	More than 1 year from Due date	More Than 3 Year From Due Date
Government insurance	15.34%	41.67%	41.67%	41.67%
Others	3.24%	6.57%	21.59%	43.03%

For the year ended March 31, 2022

Category	Ageing			
	Within Due Date	Due date to 1 Year	More than 1 year from Due date	More Than 3 Year From Due Date
Government insurance	10.25%	38.02%	38.02%	38.02%
Others	0.32%	5.86%	30.06%	50.50%

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

11 Cash and Cash Equivalents

(Amount in USD)

Particulars	As at March 31, 2023	As at March 31, 2022
(a) Cash and cash equivalents		
Cash on hand	7,045	5,710
Balance with banks		
-In current accounts	8,380,780	4,771,302
	8,387,825	4,777,012
(b) Bank Balances Other than above		
-In deposit accounts (due to mature within 12 months of the reporting date) *	10,441,464	1,441,464
	10,441,464	1,441,464

For the Purpose of the Statement of cash flows, cash and cash equivalent comprise the following:

Particulars	As at March 31, 2023	As at March 31, 2022
Cash on hand	7,045	5,710
Balance with banks		
-In current accounts	8,380,780	4,771,302
Cash and cash equivalents in the statement of the cashflows	8,387,825	4,777,012

* Out of the above mentioned total Balances with banks USD 90,00,000 (March 31, 2022 "NIL") is short term fixed deposits and USD 1,441,464 (March 31, 2022: USD 1,441,464) in deposit accounts is restricted to maintain the DSRA deposit against Loan with FCIB Bank

12 (i) Equity share capital

Particulars	(Amount in USD)	
	As at March 31, 2023	As at March 31, 2022
Authorised		
5,000,000 equity shares (March 31, 2022: 5,000,000 equity shares) of USD 0.01 each	50,000	50,000
Issued, subscribed and paid up		
50,996 (March 31, 2022: 50,996) class Y equity shares of USD 0.01 each, fully paid-up	510	510
	510	510

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

Particulars	Amount in USD, except no of shares			
	March 31, 2023		March 31, 2022	
Class Y equity shares	Number of shares	Amount	Number of shares	Amount
At the beginning of the year	50,996	510	50,996	510
Issued during the year	-	-	-	-
At the end of the year	50,996	510	50,996	510

(iii) Shares held by holding company:

Particulars	Amount in USD, except no of shares			
	March 31, 2023		March 31, 2022	
	Number of shares	Amount	Number of shares	Amount
Narayana Hrudayalaya Limited	50,996	510	50,996	510
	50,996	510	50,996	510

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

Particulars	March 31, 2023			
	March 31, 2023		March 31, 2022	
	Number of shares	% holding	Number of shares	% holding
Narayana Hrudayalaya Limited	50,996	100%	50,996	100%
	50,996	100%	50,996	100%

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

i) As at 31 March 2023, 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 will approve in Annual General Meeting or in the meeting. The Company has Declared Interim dividend of USD 122 per share on each fully paid up share of the company during the FY 2022-23 out of the profits of the Financial Year ended March 31, 2023 on March 28, 2023 and during FY 2021-22, the Company has Declared final dividend of USD 196 per share on each fully paid up share of the company out of the profits of the financial year ended March 31, 2022 on March 24, 2022.

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.

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

Buy back of equity shares:

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

13 Other Equity

Particulars	(Amount in USD)	
	As at March 31, 2023	As at March 31, 2022
Reserves and surplus		
Securities premium		
At the commencement of the year	44,977,036	44,977,036
Less: Dividend Paid	-	-
At the end of the year	44,977,036	44,977,036
Deemed Capital Contribution		
At the commencement of the year	6,655	6,655
Add: Additions during the year	-	-
At the end of the year	6,655	6,655
Retained Earnings		
At the commencement of the year	47,418,866	27,832,299
Add: Net profit after tax transferred from statement of profit and loss	36,593,235	29,581,799
Less: Dividend Paid	(6,219,136)	(9,995,232)
At the end of the year	77,792,965	47,418,866
Other Comprehensive Income		
Effective portion of Cash flow hedge reserve		
At the commencement of the year	(140,417)	(1,213,908)
Add: Additions during the year	357,106	1,073,491
At the end of the year	216,689	(140,417)
	122,993,345	92,262,140

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023
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

Other Comprehensive Income

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

Dividend

The Company has Declared Interim dividend of USD 122 per share on each fully paid up share of the company during the FY 2022-23 out of the profits of the Financial Year ended March 31, 2023 on March 28, 2023 and during FY 2021-22, the Company has Declared final dividend of USD 196 per share on each fully paid up share of the company out of the profits of the financial year ended March 31, 2022 on March 24, 2022.

14 Borrowings		(Amount in USD)	
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Non-current			
<i>Secured</i>			
Term loans			
From banks	19,083,213	13,526,831	
	19,083,213	13,526,831	
(b) Current			
<i>Secured</i>			
Term loans			
From banks	4,000,000	3,800,000	
	4,000,000	3,800,000	

The Company has outstanding term loan from First Caribbean International Bank (Cayman) Limited amounting to USD 23,083,213 (including current portion of borrowings) against sanction limit of USD 32,000,000 repayable in 26 quarterly instalments 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 Holding Company and sanction limit of USD 60,000,000 repayable in 20 quarterly instalments as per loan agreement from 11 Aug 2022. Interest is payable on a monthly basis at the rate of monthly at the rat of SOFR plus 1.60% per annum

15 Lease liabilities		(Amount in USD)	
Particulars	As at March 31, 2023	As at March 31, 2022	
(a) Non-current			
Opening Lease liability	2,737,968	4,560,306	
Additions during the period	-	-	
Finance cost accrued during the period	61,018	121,284	
Lease payment	(1,950,430)	(1,943,622)	
Closing Lease liability	848,556	2,737,968	
Less: Current lease liability	(590,851)	(1,889,413)	
	257,705	848,555	
(b) Current			
Lease liability	590,851	1,889,412	
	590,851	1,889,412	

16 Other Financial Liabilities		(Amount in USD)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Non-current			
Derivative financial instruments	-	140,417	
	-	140,417	

17 Trade payables		(Amount in USD)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Total outstanding dues of micro enterprises and small enterprises	-	-	
Total outstanding dues of creditors other than micro enterprises and small enterprises*	11,481,303	4,942,431	
Total Outstanding dues to Related Parties	1,378,973	1,180,328	
	12,860,276	6,122,759	

Trade payables ageing schedule		(Amount in USD)				
Particulars	Outstanding for following periods from due date of payments					Total
	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	
As at March 31, 2023						
(a) Undisputed dues - MSME	-	-	-	-	-	-
(b) Undisputed dues - Others	7,065,461	5,530,161	264,654	-	-	12,860,276
(c) Disputed dues - MSME	-	-	-	-	-	-
(d) Disputed dues - Others	-	-	-	-	-	-
Total	7,065,461	5,530,161	264,654	-	-	12,860,276
As at March 31, 2022						
(a) Undisputed dues - MSME	-	-	-	-	-	-
(b) Undisputed dues - Others	3,660,252	2,360,405	50,061	-	52,041	6,122,759
(c) Disputed dues - MSME	-	-	-	-	-	-
(d) Disputed dues - Others	-	-	-	-	-	-
Total	3,660,252	2,360,405	50,061	-	52,041	6,122,759

18 Other current liabilities		(Amount in USD)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Advance received	131,867	130,367	
Creditors for capital goods	2,503,173	71,254	
Contract liabilities	2,953,419	4,415,074	
	5,588,459	4,616,696	
19 Provisions		(Amount in USD)	
Particulars	As at March 31, 2023	As at March 31, 2022	
Current			
<i>Provision for employee benefit</i>			
Compensated absences	684,825	609,194	
	684,825	609,194	

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023
20 Revenue from operations

	(Amount in USD)	
(i)		
Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Income from medical and healthcare services	102,638,877	88,533,105
Sale of medical consumables and drugs	6,600,799	3,325,186
	109,239,676	91,858,291

(ii) Category of Customer

Cash *	5,717,892	6,075,268
Credit	103,521,783	85,783,023
Total	109,239,676	91,858,291

*Includes receipts through digital/electronic mode

(iii) Nature of treatment

In-patient	94,130,952	65,950,567
Out-patient	8,507,925	22,582,538
Sale of medical consumables and drugs	6,600,799	3,325,186
Total	109,239,676	91,858,291

(iv) The revenue from rendering Medical & Healthcare services and medical consumables and drugs satisfies 'at a point in time' recognition criteria as prescribed by Ind AS 115

(vi) Transaction price allocated to the remaining performance obligations

Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Contract liabilities	2,953,419	4,415,074

(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.

21 Other income

	(Amount in USD)	
Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Interest income from financial asset at amortised cost	351,497	537,795
Interest Income on Promissory Notes	-	93,769
Net profit arising on financial assets designated as FVTPL	109,032	-
Interest income from Fixed Deposits	117,886	7,257
Miscellaneous income	21,282	19,983
	599,697	658,804

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

	(Amount in USD)	
Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Inventory at the beginning of the year	3,703,392	3,150,454
Inventory at the end of the year	4,651,511	3,703,392
	(948,119)	(552,938)

23 Employee benefits expense

	(Amount in USD)	
Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Salaries, wages and bonus	25,088,325	21,612,610
Contribution to pension and other funds	317,267	-
Staff welfare expenses	196,346	163,635
	25,601,938	21,776,245

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023
24 Other expenses
(Amount in USD)

Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
<i>Hospital operating expenses</i>		
Power and fuel	2,399,682	1,924,926
Hospital general expenses	1,754,538	1,582,603
House keeping expenses	293,606	255,322
Patient welfare expenses	1,877,309	1,452,222
Rent **	19,910	17,561
Medical gas charges	120,642	92,715
Repairs and maintenance		
- Hospital equipments	1,304,134	1,278,334
- Buildings	1,279,659	1,034,170
- Others	1,925,793	1,505,614
	10,975,275	9,143,467
<i>Administrative expenses</i>		
Security Charges	55,860	57,650
Net loss arising on financial assets designated as FVTPL	-	774,733
Impairment of investment	1,760,900	3,756,281
Travelling and conveyance	100,015	37,453
Printing and stationery	197,685	208,073
Rent **	410,495	307,677
Advertisement and publicity	2,685,440	1,618,693
Legal and professional fees*	2,693,990	441,541
Landscaping expenses	252,786	176,489
Telephone and communication	538,234	360,168
Bank charges	272,087	227,861
Insurance	1,395,016	1,064,658
Rates and taxes	164,418	182,093
Cafeteria expenses	3,989	-
Cable charges	23,406	24,377
Books and periodicals	17,994	14,150
Provision for loss allowance	2,343,536	379,892
Foreign exchange loss, (net)	136	213
Miscellaneous expenses	39,716	53,406
	12,955,703	9,685,408
	23,930,978	18,828,875

* Includes Audit Fee of USD 12,439 for March 31, 2023 (March 31, 2022: USD 10,000)

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

25 Finance costs
(Amount in USD)

Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Interest expense on financial liabilities measured at amortized cost		
- term loans from banks	926,114	953,909
- others	116,922	161,099
Interest expense on lease liabilities	61,018	121,284
	1,104,054	1,236,292

26 Depreciation and amortisation expense
(Amount in USD)

Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Depreciation of property, plant and equipment (refer note 4)	3,901,801	3,579,371
Amortisation of intangible assets (refer note 4)	12,773	15,520
Depreciation of Right of use Asset (refer note 5)	1,576,276	1,576,276
	5,490,850	5,171,167

Health City Cayman Islands Limited**Notes to the special purpose standalone financial statements for the Year ended March 31, 2023****27 Contingent liabilities and commitments****(i) Contingent Liabilities**

The Company does not have any contingent liability as on March 31, 2023 (March 31, 2022 - Nil).

(ii) Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2023 amount to USD 1,047,243 (March 31, 2022: 12,23,136).

28 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.

29 Earnings per share**Basic earnings per share**

The calculation of basic earnings per share for the year ended on March 31, 2023 was based on earnings attributable to equity shareholders of USD 36,593,235 (March 31, 2022: USD 29,581,799) and weighted average number of equity shares outstanding 50,996 (March 31, 2022: 50,996).

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 2023	For the Year ended March 31, 2022
Opening balance	50,996	50,996
Effect of buy back of shares	-	-
Effect of fresh issue of shares on Merger	-	-
Effect of fresh issue of shares for cash	-	-
Weighted average number of equity shares for the year	50,996	50,996

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

	(Amount in USD except no. of shares)	
Particulars	For the Year ended 31 March 2023	For the Year ended March 31, 2022
Profit after tax for the year, attributable to equity shareholders	36,593,235	29,581,799
Weighted average number of equity shares of USD 0.01 each used for calculation of loss per share	50,996	50,996
Basic earnings per share (USD)	717.57	580.08
Diluted earnings per share (USD)	717.57	580.08

30 Related party disclosures

(a) Details of related parties

Nature of relationship	Name of Related Parties
Holding Company	Narayana Hrudayalaya Limited
Key Managerial Personnel ('KMP'):	Dr. Devi Prasad Shetty (w.e.f Aug 5, 2022) Dr. Anesh Shetty Muthuraman Balasubramanian Dr. Varun Shetty (till Dec 02, 2022) Terri Smith Bresenham Viren Prasad Shetty
Key Management Personnel (KMP) of the Holding Company	Dr. Emmanuel Rupert - Managing Director Sandhya Jayaram- Chief Financial Officer Sridhar S- Company Secretary
Fellow Subsidiaries	Meridian Medical Research & Hospital Limited (MMRHL) Narayana Hrudayalaya Surgical Hospital Private Limited (NHSHP) Narayana Institute for Advanced Research Private Limited (NIARPL)(Company Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL) Narayana Health Institutions Private Limited (NHIPL)(Company is under Athma Healthtech Private Limited (AHPL) w.e.f. 2nd June, 2022 NH Integrated Care Private Limited (NHIC) w.e.f. 10th January 2023 Narayana Health North America LLC Narayana Hospitals Private Limited (NHPL)
Subsidiaries	Narayana Holdings Private Limited (NHPL, Mauritius) NH Health Bangladesh Private Limited (NHDPL) ENT In Cayman Ltd (EICL) (w.e.f Mar 3, 2023) Cayman Integrated Healthcare Limited (CIHL) (w.e.f. September 28, 2022)
Entity under control/ joint control of KMP/KMP of Holding company and their relatives	Amaryllis Healthcare Private Limited Hrudayalaya Pharmacy Charmakki Infrastructures Thrombosis Research Institute(TRI) Narayana Hrudayalaya Foundation (NHF) Mazumdar Shaw Medical Foundation (MSMF) Narayana Health Academy Private Limited(NHAPL) Asia Heart Foundation (AHF)
Associate	Reya Health Inc. (formerly Cura Technologies Inc)
Associate of Subsidiary	ISO Healthcare (Associate of NHDPL - Mauritius)
Associate of Holding Company	Trimedx India Private Limited

(b) Transactions with related party during the year ended March 31, 2023

(Amount in USD)				
Transactions	Holding Company	Subsidiary or Fellow Subsidiary or Associate	Key Management Personnel (KMP)	Total
Investment in equity instruments				
ENT in Cayman Limited	- (-)	5,264,207 (-)	- (-)	5,264,207 (-)
Cayman Intrgrated Healthcare ltd	- (-)	100,000 (-)	- (-)	100,000 (-)
Purchase of medical consumables and drugs and Services				
Narayana Hrudayalaya Limited	4,030,697 (3,642,841)	- (-)	- (-)	4,030,697 (3,642,841)
Professional service received				
ENT in Cayman Limited	- (-)	45,145 (-)	- (-)	45,145 (-)
Healthcare service rendered				
ENT in Cayman Limited	- (-)	13,081 (-)	- (-)	13,081 (-)
Reimbursement of expenses				
Cayman Intrgrated Healthcare ltd	- (-)	196,407 (-)	- (-)	196,407 (-)
Purchase of Fixed Assets				
Narayana Hrudayalaya Limited	- (14,598)	- (-)	- (-)	- (14,598)
TOTAL	- (14,598)	- (-)	- (-)	- (14,598)
Other Expenses				
Narayana Hrudayalaya Limited	726,648 (992,322)	- (-)	- (-)	726,648 (992,322)
TOTAL	726,648 (992,322)	- (-)	- (-)	726,648 (992,322)

Transactions	Holding Company	Subsidiary or Fellow Subsidiary or Associate	Key Management Personnel (KMP)	Total
Impairment of Investment				
Narayana Holdings Private Limited	- (-)	1,760,900 -	- (-)	1,760,900 -
Reya Health Inc. (formerly Cura Technologies Inc)	- (-)	- (3,756,281)	- (-)	- (3,756,281)
TOTAL	- (-)	1,760,900 (3,756,281)	- (-)	1,760,900 (3,756,281)
Payment of expenses on behalf of the Company:				
Narayana Hrudayalaya Limited	376,820 (301,648)	- (-)	- (-)	376,820 (301,648)
Meridian Medical Research & Hospital Limited (MMRHL)	- (-)	- (1,000)	- (-)	- (1,000)
Narayana Vaishno Devi Specialty Hospitals Private Limited (NVDSHPL)	- (-)	- -	- (-)	- -
TOTAL	376,820 (301,648)	- (1,000)	- (-)	376,820 (302,648)
Dividend Paid				
Narayana Hrudayalaya Limited	6,219,136 (9,995,232)	- (-)	- (-)	6,219,136 (9,995,232)
Investment in Equity				
Narayana Holding Private Limited	- (-)	5,364,207 (500,000)	- (-)	5,364,207 (500,000)
Director's Salary				
Dr Anesh Shetty	- (-)	- (-)	370,000 (-)	370,000 (-)
Director's remuneration				
Dr Devi Prasad Shetty	- (-)	- (-)	400,000 (-)	400,000 -
Director's sitting fees				
Terri Smith Bresenham	- (-)	- (-)	37,332 (28,000)	37,332 (28,000)

Figures in brackets are for the previous year.

Note:
(a) Related party relationships have been identified by the Management and relied upon by
(b) 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.

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

30 Related party disclosures(continued)

c) The balances receivable from and payable to related parties

(Amount in USD)

Balances	Holding Company	Enterprises under control or joint control of KMP and their relatives	Subsidiary or Fellow Subsidiary or Associate	Total
Trade payables				
Narayana Hrudayalaya Limited	1,378,973 (1,180,328)	- (-)	- -	1,378,973 (1,180,328)
ENT in Cayman Limited	- (-)	- (-)	32,064 (-)	32,064 (-)
Cayman Integrated Healthcare Ltd	- (-)	- (-)	196,407 (-)	196,407 (-)
TOTAL	1,378,973 (1,180,328)	- (-)	228,471 -	1,607,444 (1,180,328)

(Amount in USD)

Balances	Holding Company	Enterprises under control or joint control of KMP and their relatives	Subsidiary or Fellow Subsidiary or Associate	Total
Guarantee given by holding company				
Narayana Hrudayalaya Limited	79,000,000 (32,000,000)	- (-)	- (-)	79,000,000 (32,000,000)
TOTAL	79,000,000 (32,000,000)	- (-)	- (-)	79,000,000 (32,000,000)

31 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 March 31, 2023	Carrying amount				Fair value hierarchy			
	Amortised cost	FVTPL	Fair value Hedging instruments	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	18,759,689	-	-	18,759,689	-	-	-	-
Investment	-	25,820,004	-	25,820,004	25,820,004	-	-	25,820,004
Cash and cash equivalents	8,387,825	-	-	8,387,825	-	-	-	-
Bank Balances Other than above	10,441,464	-	-	10,441,464	-	-	-	-
Interest Rate Swap	-	-	216,689	216,689	-	216,689	-	-
	37,588,978	25,820,004	216,689	63,625,671	25,820,004	216,689	-	25,820,004
Financial liabilities								
Borrowings	23,083,213	-	-	23,083,213	-	-	-	-
Trade payables	12,860,276	-	-	12,860,276	-	-	-	-
Other financial liabilities	-	-	-	-	-	-	-	-
Lease Liability	848,555	-	-	848,555	-	-	-	-
	36,792,044	-	-	36,792,044	-	-	-	-

As at March 31, 2022	Carrying amount				Fair value hierarchy			
	Amortised cost	FVTPL	Fair value Hedging instruments	Total	Level 1	Level 2	Level 3	Total
Financial assets								
Trade receivables	25,479,918	-	-	25,479,918	-	-	-	-
Investment	-	15,199,834	-	15,199,834	15,199,834	-	-	15,199,834
Cash and cash equivalents	4,777,012	-	-	4,777,012	-	-	-	-
Bank Balances Other than above	1,441,464	-	-	1,441,464	-	-	-	-
	31,698,394	15,199,834	-	46,898,228	15,199,834	-	-	15,199,834
Financial liabilities								
Borrowings	17,326,832	-	-	17,326,832	-	-	-	-
Trade payables	6,122,759	-	-	6,122,759	-	-	-	-
Other financial liabilities	-	-	140,417	140,417	-	140,417	-	140,417
Lease Liability	2,737,967	-	-	2,737,967	-	-	-	-
	26,187,558	-	140,417	26,327,975	-	140,417	-	140,417

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, 2023, the changes in counterparty credit risk had no material effect on the hedge effectiveness assessment for derivatives designated in hedge relationships and other financial instruments recognized at fair value.

Measurement of fair values

The carrying value of all financial assets approximates the fair value

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

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	
	March 31, 2023	March 31, 2022
Designated derivative instruments		
Interest rate swaps	USD 23,083,213	USD 17,326,831

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

	As at	
	March 31, 2023	March 31, 2022
Balance as at the beginning of the year	(140,417)	(1,213,908)
Effective portion of (losses) / gains on hedging instruments in cash flow hedges	357,106	1,073,491
Gain / (loss) on cash flow hedging derivatives, net	357,106	1,073,491
Balance as at the end of the year	216,689	(140,417)

As at March 31, 2023 and March 31, 2022, 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, 2023	
	Caymanian Dollar (KYD)	Total
Cash and cash equivalents	1,250,402	1,250,402
Net assets	1,250,402	1,250,402
	As at March 31, 2022	
	Caymanian Dollar (KYD)	Total
Cash and cash equivalents	586,207	586,207
Net assets	586,207	586,207

(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, 2023, additional net annual interest expense on floating rate borrowing would amount to approximately Nil.

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

(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 44,34,928 (March 31, 2022: USD 2,091,392). The movement in allowance for impairment in respect of trade and other receivables during the year was as follows:

	(Amount in USD)	
	As at March 31, 2023	As at March 31, 2022
Allowance for Impairment		
Opening balance	2,091,392	1,711,500
Impairment loss recognised	2,343,536	379,892
Closing balance	4,434,928	2,091,392

No single customer accounted for more than 10% of the revenue as of 31 March 2023 and 31 March 2022. There is no significant concentration of credit risk.

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

(v) Liquidity risk

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

The Company believes that the working capital is sufficient to meet its current requirements. Accordingly, no liquidity risk is perceived. In addition, the Company maintains line of credits as stated in Note 14.

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2023:

Particulars	(Amount in USD)				
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Lease Liabilities	590,851	257,705	-	-	848,555
Borrowings (Current & Non-Current)	4,000,000	4,000,000	15,083,213	-	23,083,213
Trade payables	12,860,276	-	-	-	12,860,276
Total	17,451,127	4,257,705	15,083,213	-	36,792,044

The table below provides details regarding the undiscounted contractual maturities of significant financial liabilities as of 31 March 2022:

Particulars	(Amount in USD)				
	Less than 1 year	1 - 2 years	3-5 years	more than 5 years	Total
Lease Liabilities	1,950,430	604,201	265,138	-	2,819,770
Borrowings (Current & Non-Current)	3,800,000	3,800,000	9,726,832	-	17,326,832
Trade payables	6,122,759	-	-	-	6,122,759
Total	11,873,189	4,404,201	9,991,970	-	26,269,361

(vi) Market risk

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

(vii) Sensitivity

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

Particulars	Impact on profit or loss		Impact on other components of equity	
	As at March 31, 2023	As at March 31, 2022	As at March 31, 2023	As at March 31, 2022
Sensitivity				
1% increase in interest rate	(230,832)	(173,268)	(230,832)	(173,268)
1% Decrease in interest rate	230,832	173,268	230,832	173,268

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

Health City Cayman Islands Limited
Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

32 Employee benefits:
Defined contribution plan

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

The amount recognized as an expense towards contribution to pension funds for the period aggregated to USD 317,266.92 (March 31, 2022: USD NIL).

Compensated Absences

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

Particulars	As at March 31, 2023	As at March 31, 2022
Liability for Compensated absences	684,825	609,194
Total employee benefit liability	684,825	609,194

A. Financial Assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Discount Rate	3.83%	3.50%
Salary Increase Rate	1.00%	1.00%

B. Demographic Assumptions

Particulars	As at March 31, 2023	As at March 31, 2022
Mortality Rate	IA LM (2012-14) Ultimate	IA LM (2012-14) Ultimate
Withdrawal Rate	1.85%	1.85%
Retirement age	65 years	65 years
In Service Encashment (%)	0.00%	0.00%

33 Capital Management

The Company 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 2023 and 31 March 2022 was as follows:

(Amount in USD)		
Particulars	As at March 31, 2023	As at March 31, 2022
Total equity	122,993,855	92,262,650
As a percentage of total capital	84%	84%
Long-term borrowings including current maturities	23,083,213	17,326,831
Total borrowings	23,083,213	17,326,831
As a percentage of total capital	16%	16%
Total capital (Equity and Borrowings)	146,077,068	109,589,481

34 Dividend Paid

Particulars	As at March 31, 2023	As at March 31, 2022
No of Equity Share Outstanding	50,996.00	50,996.00
Dividend Paid per Share	122	196.00
Total Paid	6,219,136	9,995,232
As a percentage of total capital	5%	11%

Health City Cayman Islands Limited
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35 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

- (i) The following is the break-up of current and non-current lease liabilities

Particulars	(Amount in USD)	
	As at March 31, 2023	As at March 31, 2022
Current lease liabilities	590,851	1,889,412
Non-current lease liabilities	257,705	848,555
	848,556	2,737,967

- (ii) The following is the movement in the lease liabilities during the year ended March 31, 2023 and March 31, 2022

Particulars	(Amount in USD)	
	As at March 31, 2023	As at March 31, 2022
Balance as at April 1	2,737,968	4,560,306
Additions	-	-
Finance cost accrued during the year	61,018	121,284
Deletions	-	-
Payment of lease liabilities	(1,950,430)	(1,943,622)
Balance as at March 31	848,556	2,737,968

Rental expense recorded for short-term leases was USD 430,405 for the year ended March 31, 2023 & USD 3,25,237 for the year ended March 31, 2022

- (iii) The table below provides details regarding the contractual maturities of rental payments as of 31 March 2023

Particulars	(Amount in USD)			
	Less than 1 year	1 - 2 years	2-5 years	Total
Lease Liabilities	590,851	257,705	-	848,556
Total	590,851	257,705	-	848,556

The table below provides details regarding the contractual maturities of rental payments as of 31 March 2022

Particulars	(Amount in USD)			
	Less than 1 year	1 - 2 years	2-5 years	Total
Lease Liabilities	1,889,412	590,851	257,705	2,737,968
Total	1,889,412	590,851	257,705	2,737,968

36 Financial Ratios

Ratio	Methodology	For the year ended March 31, 2023	For the year ended March 31, 2022	Variance
(a) Current ratio	Current assets over current liabilities	3.25	3.27	-0.46%
(b) Debt equity ratio	Debt over total shareholders' equity	0.19	0.19	-0.06%
(c) Debt service coverage ratio	Earnings available for debt service over debt service	1.79	1.94	-8.09%
(d) Return on equity %	PAT over total average equity	34.00%	36.11%	-5.83%
(e) Trade receivables turnover ratio	Credit Revenue from operations over average trade receivables	4.68	4.65	0.74%
(f) Trade payables turnover ratio #	Total purchases over average trade payables	1.90	2.79	-32.15%
(g) Net capital turnover ratio	Revenue from operations over working capital	2.05	2.38	-14.03%
(h) Net profit %	Net profit over revenue from operations	33.50%	32.20%	4.02%
(i) Return on capital employed %	PBIT over capital employed	25.81%	28.13%	-8.25%
j) Return on investment	Income generated from investments over average quoted investment	0.02	0.04	-43.91%
k) Inventory turnover ratio	Cost of goods sold over average inventory	4.08	4.63	-11.90%

Notes

PBIT - Profit before interest and taxes including other income

PAT - Profit after taxes

Capital employed refers to total shareholders' equity and debt.

Trade payables turnover ratio has increased as company is efficiently paying off its suppliers

37 Acquisition of ENT in Cayman Ltd (EICL)

The Company has entered into a share purchase agreement on October 13, 2022, pursuant to which it acquired 50,000 ordinary shares of ENT in Cayman Ltd. (EICL), representing the entire share capital of EICL on March 3, 2023 for a consideration of USD 5,264,207. EICL is a Cayman Islands resident company providing complete diagnosis and treatment of ear, nose, and throat conditions.

a) Business Combination

The above transaction qualifies for the Business Combination as per Ind AS 103 - 'Business Combination' and indefinable assets acquired and liabilities assumed are fair valued against the fair value of the consideration transferred and resultant intangible of goodwill is recognised. Goodwill represents excess of purchase consideration over net assets acquired.

b) Identifiable Assets and Liabilities

Particulars	Amount in USD
Fair value of the consideration transferred	
Cash Consideration	5,264,207
Total (A)	5,264,207
Assets Acquired	
Property, Plant and Equipment	215,888
other Assets	743,546
Total Assets Acquired (B)	959,434
Liabilities assumed	
Trade Payables and other liabilities (C)	219,083
Net Assets acquired [D = B-C]	740,351

Health City Cayman Islands Limited

Notes to the special purpose standalone financial statements for the Year ended March 31, 2023

- 38 The Company, has incorporated a wholly owned subsidiary, Cayman Integrated Healthcare Limited (CIHL) on September 28, 2022 to carry on integrated healthcare services business
- 39 During FY 2022-23, the Company has proposed a dividend distribution policy which states as follows:
- a) HCCI will distribute dividends to its parent company Narayana Hrudayalaya Limited(NHL) only out of profits of concerned financial year and not from past profits as may be decided by the Board of Directors of HCCI.
 - b) HCCI shall not distribute dividends to NHL India in excess of USD 10 Million in any given financial year
- 40 These special purpose standalone financial statements have been prepared by the Company specifically to provide information to Narayana Hrudayalaya Limited for the purposes of preparation of consolidated financial statements for the year ended on March 31, 2023 and may not be suitable for other purposes.

For and on behalf of the Board of Directors of
Health City Cayman Islands Limited

sd/-
Dr. Anesh Shetty
Managing Director

Place: Bengaluru
Date: May 19, 2023

sd/-
Viren Prasad Shetty
Director

Place: Bengaluru
Date: May 19, 2023