

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Fortis Health Management Limited

### Report on the Audit of the Ind AS Financial Statements

#### Opinion

We have audited the accompanying Ind AS financial statements of Fortis Health Management Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2020, and the Statement of Profit and Loss (including Other Comprehensive loss), 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.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

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

#### Material uncertainty related to Going Concern

We draw attention to Note 51 to the Ind AS financial statements, which indicates that the Company has incurred a net loss of INR 7,840.81 lakhs during the year ended March 31, 2020 and, as of that date, the Company's net worth is completely eroded and current liabilities exceed its current assets by INR 87,099.65 lakhs. These events or conditions, along with other matters as set forth in Note 51, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the Ind AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.



**Information Other than the Ind AS Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report, but does not include the IND AS financial statements and our auditor's report thereon. The Board of Directors report is expected to be made available to us after the date of this auditor's report.

Our opinion on the Ind AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the Ind AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the Ind AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board of Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information.

**Management's Responsibility for the Ind AS Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the IND AS financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

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

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

**Auditor's Responsibility for the Audit of the Ind AS Financial Statements**

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



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

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

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

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

### **Report on Other Legal and Regulatory Requirements**

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.



- c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on March 31, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2020 from being appointed as a director in terms of Section 164(2) of the Act.
- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

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

- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has certain pending litigation as on March 31, 2020. However, there is no impact on the financial position of the Company for the reason stated in note 44.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



**Deloitte  
Haskins & Sells LLP**

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

  
  
**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)  
(UDIN:20103707AAAAAU6693)

Place: Gurugram  
Date: August 11, 2020

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(h) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Fortis Health Management Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained, is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.





### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

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



**Khazat A. Kotwal**  
Partner

(Membership No. 103707)  
(UDIN: 20103707AAAAAU6693)

Place: Gurugram  
Date: August 11, 2020

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The Company has a program of verification of property, plant and equipment to cover all the items once in every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this program, the Company had performed its physical verification of property, plant and equipment at Nagarbhavi during the year ended March 31, 2020 and no material discrepancies were noticed on such physical verification. As per the program, physical verification was required to carry out at Malar unit during the year ended March 31, 2020. As per the explanation provided to us the Company, physical verification at Malar unit was not carried out during the year ended March 31, 2020 but will be carried out during the year ending March 31, 2021.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. The title deed of the land situated at Malar, Chennai is under dispute. In respect of such dispute, the Company has been legally advised that it has the title deeds in its name for the aforesaid immovable property and that it will be able to defend any counter claims to such property.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
  - (iii) According to the information and explanations given to us and based on the audit procedures conducted by us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Act, in respect of which:
    - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, prejudicial to the Company's interest as during the current year the Company has issued an extension letter for the interest amount receivable from borrower until they have has ability to repay the amount. Also, during the year company has impaired its investment of equity shares and redeemable non-cumulative preference shares in its subsidiary Hospitalia Eastern Private Limited.
    - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of interest have not been regular as per stipulations.
    - (c) There are overdue balance amounting to INR 120.14 lakhs pertaining to intercorporate loan as at the year-end due for more than ninety days.





- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Further, according to the information and explanations given to us, there are no unclaimed deposits, hence the provisions of Sections 73 to 76 of the Act do not apply to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.  
We are informed that operations of the Company during the year did not give rise to any liability for excise duty, sales tax and value added tax.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax, luxury tax which have not been deposited as on March 31, 2020 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹ in Lakhs)	Remarks
Income Tax Act, 1961	Income tax dues on account of disallowance of expenses	Commissioner of Income Tax (Appeals)	AY 2012-13	0.20	None
The Karnataka Tax on Luxuries Act, 1979	Luxury Tax	Assistant Commissioner of Commercial Taxes	FY 2012-13	11.28	None
			FY 2013-14	14.77	
			FY 2014-15	11.74	
			FY 2015-16	10.59	

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders, except as under:

(a) In case of defaults in the repayment of dues to the debenture holders:

Particulars	Amount of default of repayment of dues (₹ in lakhs)		Period of default
	Principal	Interest	
Due to Debenture-holders (optionally convertible debentures)	-	31,208.20	October 08, 2017 to March 31, 2020

The Company has not taken any loans or borrowings from financial institutions and government.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has neither paid nor provided managerial remuneration as per the provisions of section 197 read with Schedule V to the Act as the Company has incurred loss during the year.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the standalone Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.



**Deloitte  
Haskins & Sells LLP**

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Place: Gurugram  
Date: August 11, 2020

  
  
**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)  
\*UDIN: 20103707AAAAAU6693)

**Fortis Health Management Limited (CIN U85110DL2008PLC176412)**  
**Balance Sheet as at March 31, 2020**

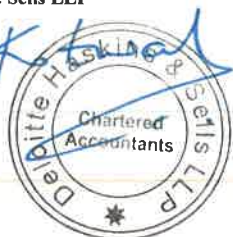
Particulars	Notes	(Amount in ₹ lakhs)	
		As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, plant and equipment	3	6,777.04	6,863.33
(b) Capital work-in-progress	4	13.96	16.97
(c) Right-of-use assets	34	1,132.81	-
(d) Goodwill	5	707.13	707.13
(e) Other intangible assets	6	0.45	0.35
(f) Financial assets			
(i) Investment in subsidiary	7	-	6.99
(ii) Investment in fellow subsidiaries	8	52,050.01	52,050.01
(iii) Other investments	9	0.01	0.01
(iv) Other financial assets	10	404.57	118.76
(f) Non-current tax assets	11	1,032.35	699.61
(g) Deferred tax asset (net)	41	-	-
(h) Other non-current assets	12	17.35	52.98
<b>Total non-current assets (A)</b>		<b>62,135.68</b>	<b>60,516.14</b>
<b>B. Current assets</b>			
(a) Inventories	13	37.21	34.78
(b) Financial assets			
(i) Investment in subsidiary	7	-	1,390.00
(ii) Trade receivables	14	661.55	355.33
(iii) Cash and cash equivalents	15	90.49	141.46
(iv) Other financial assets	10	184.64	420.72
(c) Other current assets	12	49.67	39.06
<b>Total current assets (B)</b>		<b>1,023.56</b>	<b>2,381.35</b>
<b>Total assets (A+B)</b>		<b>63,159.24</b>	<b>62,897.49</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	16	250.00	250.00
(b) Other equity	17	(51,017.27)	(43,171.31)
<b>Total equity (A)</b>		<b>(50,767.27)</b>	<b>(42,921.31)</b>
<b>Liabilities</b>			
<b>B. Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	18	24,401.93	21,890.74
(ii) Lease liabilities	34	1,328.85	-
(iii) Other financial liabilities	19	10.85	19.07
(b) Provisions	20	54.80	43.70
(c) Other non-current liabilities	21	6.87	191.95
<b>Total non-current liabilities (B)</b>		<b>25,803.30</b>	<b>22,145.46</b>
<b>C. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	22	55,435.00	55,435.00
(ii) Lease liabilities	34	38.88	-
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises.	23	10.58	32.80
- Total outstanding dues of creditors other than micro enterprises and small enterprises	23	590.24	537.87
(iv) Other financial liabilities	19	31,733.03	27,563.28
(b) Provisions	20	7.65	6.23
(c) Other current liabilities	24	307.83	98.16
<b>Total current liabilities (C)</b>		<b>88,123.21</b>	<b>83,673.34</b>
<b>Total liabilities (B+C)</b>		<b>113,926.51</b>	<b>105,818.80</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>63,159.24</b>	<b>62,897.49</b>

See accompanying notes forming part of the Ind AS financial statements 1-52

In terms of our report attached

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

Khazat A. Kotwal  
Partner



**For and on behalf of the Board of Directors of**  
**Fortis Health Management Limited**

Akhay Kumar Tiwari  
Director  
DIN: 07930333

Anurag Kalra  
Director  
DIN: 06987504

Place : Gurugram  
Date : August 11, 2020

Place : Gurugram  
Date : August 11, 2020

Place : Gurugram  
Date : August 11, 2020

**Fortis Health Management Limited (CIN U85110DL2008PLC176412)**  
**Statement of Profit and Loss for the year ended March 31, 2020**

Particulars	Notes	(Amount in ₹ lakhs)	
		For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Revenue from operations</b>	25	5,253.38	5,264.71
<b>II Other income</b>	26	103.69	165.77
<b>III Total income (I+II)</b>		<b>5,357.07</b>	<b>5,430.48</b>
<b>IV Expenses</b>			
i) Purchases of medical consumable and drugs		403.33	449.24
ii) Changes in inventories of medical consumable and drugs	27	(2.43)	0.94
iii) Employee benefits expense	28	585.46	674.22
iv) Finance costs	29	7,715.25	7,339.90
v) Depreciation and amortisation expense	30	327.37	207.51
vi) Other expenses	31	2,771.91	2,983.04
<b>Total expenses</b>		<b>11,800.89</b>	<b>11,654.85</b>
<b>V Loss before exceptional item and tax (III-IV)</b>		<b>(6,443.82)</b>	<b>(6,224.37)</b>
<b>VI Exceptional items</b>	32	1,396.99	-
<b>VII Loss before tax (V-VI)</b>		<b>(7,840.81)</b>	<b>(6,224.37)</b>
<b>VIII Tax expense</b>			
i) Current tax		-	-
ii) Deferred tax	41	-	-
<b>IX Loss for the year (VII-VIII)</b>		<b>(7,840.81)</b>	<b>(6,224.37)</b>
<b>X Other comprehensive loss</b>			
i) Items that will not be reclassified to profit and loss			
(a) Remeasurement of the defined benefit plans (refer note 37 b(iii))		(5.15)	(3.98)
ii) Income tax relating to items that will not be reclassified to profit and loss		-	-
<b>Total other comprehensive loss</b>		<b>(5.15)</b>	<b>(3.98)</b>
<b>XI Total comprehensive loss for the year (IX+X)</b>		<b>(7,845.96)</b>	<b>(6,228.35)</b>
Loss per equity share (of ₹ 10 per equity share)			
i) Basic (in ₹)	39	(313.63)	(248.97)
ii) Diluted (in ₹)	39	(313.63)	(248.97)

See accompanying notes forming part of the Ind AS financial statements

1-52

In terms of our report attached

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

**Khazat A. Kotwal**  
Partner

Place : Gurugram  
Date : August 11, 2020



**For and on behalf of the Board of Directors of**  
**Fortis Health Management Limited**

**Akshay Kumar Tiwari**  
Director  
DIN: 07930333

Place : Gurugram  
Date : August 11, 2020

**Anurag Kalra**  
Director  
DIN: 06987504

Place : Gurugram  
Date : August 11, 2020



**Fortis Health Management Limited (CIN U85110DL2008PLC176412)**  
**Statement of Cash Flows for the year ended March 31, 2020**

(Amount in ₹ lakhs)

Particulars	Year ended	
	March 31, 2020	March 31, 2019
<b>Cash flows from operating activities</b>		
Loss before tax	(7,840.81)	(6,224.37)
Adjustments to reconcile loss before tax to net cash flows:		
Finance cost	7,715.25	7,339.90
Exceptional items	1,396.99	-
Interest income	(33.56)	(126.57)
Liabilities no longer required written back	(57.88)	(6.43)
Net gain arising on financial assets mandatorily measured at fair value through profit or loss	-	(16.99)
Loss on disposal of property, plant and equipment	4.11	1.52
Bad debts written off	-	0.40
Allowance for doubtful trade receivables	23.94	87.65
Depreciation and amortisation expense	327.37	207.51
	<b>1,535.41</b>	<b>1,262.62</b>
<b>Movements in working capital:</b>		
Increase/ (decrease) in trade receivables	(330.16)	290.67
Increase/ (decrease) in inventories	(2.43)	0.94
Increase/ (decrease) in other financial assets	(276.73)	(73.91)
Increase/ (decrease) in other assets	(15.35)	35.64
Decrease/ (increase) in trade payables	88.03	(34.73)
Decrease/ (increase) in other financial liabilities	(0.68)	(5.18)
Decrease/ (increase) in provisions	7.37	(10.11)
Decrease/ (increase) in other liabilities	211.74	58.51
	<b>1,217.20</b>	<b>1,524.45</b>
Income taxes paid (including tax deducted at source)	(332.74)	182.36
<b>Net cash generated from operating activities (A)</b>	<b>884.46</b>	<b>1,706.81</b>
<b>Cash flows from investing activities</b>		
Proceeds from sale of investment in mutual funds	-	16.99
Proceeds/ (Payments) for investment in equity shares	-	27.89
Proceeds from sale of property, plant and equipment	2.04	-
Payments for property, plant and equipment	(115.83)	(189.69)
Loan given to related party	252.40	-
Interest received	6.33	214.07
<b>Net cash generated (used in) / from investing activities (B)</b>	<b>144.94</b>	<b>69.26</b>
<b>Cash flows from financing activities</b>		
Repayments of non current borrowings*	-	(1.00)
Repayment of current borrowings*	-	(477.37)
Repayment of lease obligations of right of use assets	(23.76)	-
Interest paid	(1,056.66)	(1,450.97)
<b>Net cash used in from financing activities (C)</b>	<b>(1,080.42)</b>	<b>(1,929.34)</b>
<b>Net (decrease) in cash and cash equivalents (A+B+C)</b>	<b>(51.02)</b>	<b>(153.27)</b>
Cash and cash equivalents at the beginning of the year	141.51	294.78
<b>Cash and cash equivalents at the end of the year</b>	<b>90.49</b>	<b>141.51</b>

\* Note: Changes in liabilities on account of financing activities

	As at March 31, 2019	Cash flows	Non-cash changes	As at March 31, 2020
Borrowings - Non current	21,890.74	-	2,511.19	24,401.93
Borrowings - Current	55,435.00	-	-	55,435.00
<b>Total liabilities from financing activities</b>	<b>77,325.74</b>	<b>-</b>	<b>2,511.19</b>	<b>79,836.93</b>

See accompanying notes forming part of the Ind AS financial statements

1-52

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Khazat A. Kotwal  
Partner



Place : Gurugram  
Date : August 11, 2020

For and on behalf of the Board of Directors of  
Fortis Health Management Limited

Akshay Kumar Tiwari  
Director  
DIN: 07930333

Anurag Kalra  
Director  
DIN: 06987504



Place : Gurugram  
Date : August 11, 2020

Place : Gurugram  
Date : August 11, 2020



**Fortis Health Management Limited (CIN U85110DL2008PLC176412)**  
**Statement of changes in equity for the year ended March 31, 2020**

**Particulars** (Amount in ₹ lakhs)

**a. Equity share capital**

Balance at April 1, 2018	250.00
Changes in equity share capital during the year	-
<b>Balance at March 31, 2019</b>	<b>250.00</b>
Changes in equity share capital during the year	-
<b>Balance at March 31, 2020</b>	<b>250.00</b>

**b. Other equity** (Amount in ₹ lakhs)

Particulars	Reserve and surplus		Total other equity
	Securities premium reserve	Retained earnings	
<b>Balance at April 1, 2018</b>	2,205.00	(39,147.96)	(36,942.96)
Loss for the year	-	(6,224.37)	(6,224.37)
Other comprehensive loss for the year, net of income tax			
-Remeasurements benefit of defined benefit plan	-	(3.98)	(3.98)
<b>Total comprehensive loss for the year</b>	-	<b>(6,228.35)</b>	<b>(6,228.35)</b>
<b>Balance at March 31, 2019</b>	<b>2,205.00</b>	<b>(45,376.31)</b>	<b>(43,171.31)</b>
Loss for the year	-	(7,840.81)	(7,840.81)
Other comprehensive loss for the year, net of income tax			
-Remeasurements benefit of defined benefit plan	-	(5.15)	(5.15)
<b>Total comprehensive loss for the year</b>	-	<b>(7,845.96)</b>	<b>(7,845.96)</b>
<b>Balance at March 31, 2020</b>	<b>2,205.00</b>	<b>(53,222.27)</b>	<b>(51,017.27)</b>

See accompanying notes forming part of the Ind AS financial statements

1-52

In terms of our report attached

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

**Khazat A. Kotwal**  
Partner

Place : Gurugram  
Date : August 11, 2020



**For and on behalf of the Board of Directors of**  
**Fortis Health Management Limited**

**Akshay Kumar Tiwari**  
Director  
DIN: 07930333

Place : Gurugram  
Date : August 11, 2020

**Anurag Kalra**  
Director  
DIN: 06987504

Place : Gurugram  
Date : August 11, 2020



## 1. Corporate Information

- a) Fortis Health Management Limited (“the Company”) was incorporated in India in the year 2008 and is a subsidiary of Fortis Healthcare Limited. The Company is engaged in the business of providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services at Malar, Chennai and running hospital operations in Nagarbhavi, Bengaluru. The ultimate holding company is IHH Healthcare Berhad. The Company has entered into a Hospital and Medical Services Agreement (HMSA) with Fortis Malar Hospitals Limited (FMHL) (hereinafter referred as ‘hospital operating company’) and shall provide FMHL on an exclusive principal to principal basis, hospital services including clinical establishment services, Out Patient Department (OPD) services and radio diagnostic services and shall receive service fee in respect thereof.

The registered office of the Company is located at Escorts Heart Institute and Research Centre Okhla Road, New Delhi 110025 and the corporate office of the Company is located at Tower A, Unitech Business Park, Block – F, South City 1, Sector – 41, Gurugram, 122001, Haryana, India.

- b) During the previous year w.e.f. January 15, 2019, Fortis Healthcare Limited became the holding company of the Company pursuant to the Master Purchase Agreement dated 12 February 2018, wherein the shares held by Fortis Global Healthcare Infrastructure Pte. Limited in the Company was sold to Fortis Healthcare Limited.

Further, the NCD’s held by RHSPL was also sold to Fortis Healthcare Limited on January 15, 2019 pursuant to the MPA.

## 2. Significant accounting policies

### 2.1 Basis of preparation

The Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 (the “Act”). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Ind AS financial statements are presented in INR and all values are rounded to the nearest lakhs except when otherwise indicated.

The Ind AS financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each financial year.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.



## 2.2 New and amended standards and interpretations

The Company applied for the first time following amendment to the Ind AS which are effective for annual periods beginning on or after April 01, 2019. The nature and the impact of the amendment is described below:

### i. New Indian Accounting Standard (Ind AS) effective during the year.

#### IND AS 116

Ind AS 116 Leases, issued on 30 March 2019 has replaced Ind AS 17 Leases, and related interpretations and sets out the principles for recognition, measurement, presentation and disclosure of leases and requires a lessee to recognise assets and liabilities for all leases. Ind AS 116, as a practical expedient, allows entities not to apply the standard to leases with a term upto 12 months and also, to leases of low value underlying asset. Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset over the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term using the rate of interest implicit in the lease or in case such rate is not determinable, using the incremental borrowing rate.

The carrying amount of the lease assets and liability classified as finance leases under the erstwhile Ind AS 17 has been considered as the carrying amount of the right of use asset and the lease liability at the date of initial application i.e. 1 April 2019 of Ind AS 116 Leases.

The Company has adopted Ind AS 116 using modified retrospective approach and accordingly, the comparatives as at and for the year ended 31 March 2019 have not been restated basis the exemption available in the standard.

The Company elected to use the transition practical expedient allowing the standard to be applied only to contracts that were previously identified as leases applying Ind AS 17 at the date of initial application. The Company also elected to use the recognition exemptions for lease contracts that at the commencement date, have a lease term of 12 months or less and do not contain a purchase option ('short-term leases'), lease contracts for which the underlying asset is of low value ('low-value assets') and leases of intangible assets.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements

### ii. Amendments to Ind AS effective during the year

#### Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements



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**Ind AS 109 Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements

**Ind AS 19 Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements

**Ind AS 23 Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements

**Ind AS 28 Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 *Financial Instruments*, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements

**Ind AS 103 Business Combinations and Ind AS 111 Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements.

**2.4 Revenue recognition**

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

**(a) Service fee**

Operating income from Hospital and Medical Services is recognized as and when services are rendered. As per Hospital and Medical Services Agreement (HMSA), total operating income is bifurcated into base fees (which is fixed) and variable fees (which is fixed percentage of actual revenue earned by the hospital operating company).

**(b) Income from hospital operation**

Hospital Income is recognised when services are rendered to the patients in the Hospital. Operating income from hospital services is recognised as and when the services are rendered/pharmacy items (Medical consumables and drugs) are sold. Revenue from sale of goods is recognised when it satisfies the performance obligation by



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transferring the promised services to customers at amount that reflect the consideration to which the Company expects to be entitled in exchange for those services.

**(c) Rental income**

Revenue is recognised in accordance with terms of agreements entered into with the respective lessees.

**(d) Interest income**

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

**2.5 Leasing**

**As a Lessee**

On inception of a contract, the Company assesses whether it contains a lease. A contract contains a lease when it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. The right to use the asset and the obligation under the lease to make payments are recognised in the Company's Ind AS financial statements as a right-of-use asset and a lease liability.

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices. However, for the leases of land and buildings in which it is a lessee, the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The right-of-use asset recognised at lease commencement includes the amount of lease liabilities on initial measurement, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use asset are depreciated over the rights-of-use assets' estimated useful life or the lease term, whichever is lower. Right-of-use asset are also adjusted for any re-measurement of lease liabilities and are subject to impairment testing.

The lease liability is initially measured at the present value of the lease payments to be made over the lease term. In calculating the present value of lease payments, the Company uses its incremental borrowing rate at the lease commencement date if the interest rate implicit in the lease is not readily determinable.

The lease term includes periods subject to extension options which the Company is reasonably certain to exercise and excludes the effect of early termination options where the Company is not reasonably certain that it will exercise the option.

After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest on lease liability and reduced for lease payments made. In addition, the carrying amount of lease liabilities is re-measured if there is a modification.

Variable lease payments that do not depend on an index or a rate are recognised as an expense in the period over which the event or condition that triggers the payment occurs.

The Company has opted not to apply the lease accounting model to intangible assets, leases of low-value assets or leases which have a term of less than 12 months. Costs associated with these leases are recognised as an expense on a straight-line basis over the lease term.

Lease payments are presented as follows in the Company's statement of cash flows:

- short-term lease payments, payments for leases of low-value assets and variable lease payments that are not included in the measurement of the lease liabilities are presented within cash flows from operating activities;
- payments for the interest element of recognised lease liabilities are included in 'interest paid' within cash flows from financing activities; and
- payments for the principal element of recognized lease liabilities are presented within cash flows from financing activities.



**As a lessor**

Lease in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating lease

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

**2.6 Foreign currencies**

**Functional currency:** The functional currency of the Company is the Indian Rupee.

**Transactions and translations:** In preparing Ind AS financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each financial year:

- (a) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- (b) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- (c) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the year in which they arise.

**2.7 Borrowing costs**

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognised in the statement of profit and loss in the year in which they are incurred.

**2.8 Employee benefits**

Employee benefits include provident fund, employee state insurance plan, gratuity fund and compensated absence.

**(a) Defined benefit plan**

Defined retirement benefit plans comprise of gratuity, which is recognised based on the present value of defined benefit obligation and is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period. Defined benefit costs are categorised as follows:

- service cost;
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'.

Net interest on the net defined liability is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognised in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss.





**(b) Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. Such benefits include salaries and variable pay.

**(c) Long-term employee benefits**

The Company treats accumulated leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for a period of twelve months after the end of the year. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

**(d) Defined contribution plan**

Employee benefit under defined contribution plans comprising of provident fund and employee state insurance plan are recognised based on the amount of obligation of the Company to contribute to the plan. The same is paid to the provident fund authorities and Employee State Insurance Corporation, respectively which are expensed off during the year.

## **2.9 Taxation**

Income tax expense represents the sum of the tax currently payable and deferred tax.

**(a) Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the financial year.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

**(b) Deferred tax**

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Ind AS financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all parts of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

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



Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred tax liabilities relate to the same taxable company and the same taxation authority.

**(c) Current and deferred tax for the year**

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

**2.10 Property, plant and equipment (PPE)**

For transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Building held at Malar, Chennai and leasehold improvements held at Nagarbhavi, Bengaluru held for use in the supply of services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land held at Malar, Chennai is not depreciated.

Plant and machinery, medical equipment, furniture and fittings, computers, office equipment and vehicles are stated at cost less accumulated depreciation and accumulated impairment losses.

**Components of costs**

The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalisation criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the year in which they are incurred.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising of direct cost, related incidental expenses and attributable interest and such properties are classified to the appropriate categories of property, plant and equipment when completed and ready to use.

The carrying amount of a property, plant and equipment is de-recognised upon disposal of property, plant and equipment or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

Depreciation on leasehold improvements is provided over the primary period of lease or over the useful life of the respective assets, whichever is shorter.

The useful life of property, plant and equipment is reviewed at the end of each year if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

Depreciation is provided at the following rates based on the management's estimates of the useful life of the property, plant and equipment, which is lower than/equal to the useful life prescribed under Schedule II to the Companies Act, 2013. For these class of assets, useful life has been assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, anticipated technological changes, etc.:



S.No.	Assets	Current useful lives (years)
1.	Building	10-60
2.	Plant and machinery	3-45
3.	Medical equipment	1-20
4.	Furniture and fittings	6-16
5.	Computers	4-6
6.	Office equipment	2-19
7.	Vehicles	9-11
8.	Leasehold improvements	3

**2.11 Intangible assets other than goodwill**

For transition to Ind AS, the Company had elected to continue with the carrying value of all of its intangible assets recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Intangible assets acquired separately are measured on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or construction, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian accounting standards.

Intangible assets are amortised on straight line basis over the estimated useful economic life. Estimated useful economic life for software is five years as per management estimates.

**2.12 Goodwill**

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to Company’s cash generating units that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the statement of profit and loss.

**2.13 Impairment of tangible and intangible assets other than goodwill**

The Company reviews the carrying amounts of its intangible assets and property, plant and equipment (including capital works-in-progress) of a “Cash Generating Unit” (CGU) to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are 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 asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.



An assessment is made annually to see if there are any indications that impairment losses recognised earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognised. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life. Reversal of impairment loss is recognised in the statement of profit and loss.

#### **2.14 Inventories**

Medical consumables and drugs held at Nagarbhavi, Bengaluru hospital are valued at lower of cost or net realisable value. Cost is determined on first in first out basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale.

#### **2.15 Provision**

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

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

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

#### **2.16 Contingent liabilities**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognised because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the Ind AS financial statements.

#### **2.17 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the Board of Directors identified as chief operating decision-maker (CODM). The CODM is responsible for allocating resources and assessing performance of the operating segments. Segments are organised based on type of services delivered or provided. Segment revenue arising from third party customers is reported on the same basis as revenue in the Ind AS financial statements. Segment results represent profits before finance charges, unallocated corporate expenses and taxes. "Unallocated Corporate Expenses" include expenses that relate to costs attributable to the Company as a whole and are not attributable to segments.

#### **2.18 Earnings per share**

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares.





Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented.

### **2.19 Operating cycle**

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

### **2.20 Financial instrument**

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in the statement of profit and loss.

#### **Financial assets**

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

#### **Classification of financial assets**

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

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

All other financial assets are subsequently measured at fair value through profit or loss.

#### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement of profit and loss and is included in the "Other income" line item.

#### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement



of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

#### **Impairment of financial assets**

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind-AS 109 requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.

For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company uses a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

#### **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement of profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

#### **Financial liabilities and equity instruments**

##### **Classification as debt or equity**

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

##### **Compound financial instruments**

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.





At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in the statement of profit and loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

#### **Financial liabilities**

Financial liabilities are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees, transaction costs and other premiums or discounts, etc.) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

#### **Financial guarantee contracts**

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company designates such insurance contracts as contingent liabilities.

#### **Derecognition of financial liabilities**

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

#### **Derivative financial instruments**

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in statement of profit and loss immediately.

### **2.21 Cash and cash equivalents (for the purpose of cash flow statement)**

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

### **2.22 Investment in Subsidiary and associates**

Investment in equity instruments of subsidiaries and associates are measured at cost less impairment, if any, in accordance with Ind AS 27.



### **2.23 Critical accounting judgement, estimates and assumptions**

The preparation of the Ind AS financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Ind AS financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Ind AS financial statements are included in the following accounting policies and/or notes:

#### **Significant accounting estimates**

##### **(a) Useful life of property, plant and equipment**

Useful lives of depreciable assets - Management reviews its estimate of the useful lives of depreciable assets at each year, based on the expected utility of the assets.

##### **(b) Impairment of assets**

In assessing the property, plant and equipment for impairment, factors such as changes in the Company's business plans are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of the assets.

##### **(c) Defined benefit plans**

The cost of the defined benefit plan and other long term employee's benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

#### **Significant judgement**

##### **(a) Accounting for Hospital and Medical Service agreement ("HMSA")**

Clinical establishment is defined as a fully centrally air-conditioned institution established and specifically customised and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

- i) Doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;
- ii) Diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and
- iii) Beds for in-patient treatment.

The Company has entered into Hospital and Medical Services Agreements ("HMSA") with hospital operating company wherein the Company is required to provide and maintain the Company's clinical establishment along with other services like outpatient diagnostic and radio diagnostic. The Company needs to exercise judgement to analyse whether the arrangement involves providing the right to use the Company's clinical establishment and whether the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the overall arrangement.



The Company has analysed the substance of the contract and have determined that fulfilment of service arrangement is based on the use of specified assets and conveys right to use the Company's clinical establishments. However, substantial risk and rewards of the Company's clinical establishments are retained by the Company even though rights to use are given to hospital operating company. The Company has assessed that the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the entire arrangement. Consequently, the Company's clinical establishments have been classified as part of property, plant and equipment.

**(b) Straight lining of service fees as per HMSA**

The Company has entered into HMSA with Fortis Malar Hospitals Limited for Malar Clinical Establishment at Chennai, wherein the Company will provide and maintain the clinical establishment along with providing other services towards out-patient diagnostics and radio diagnostic.

The clinical establishment owned by the Company are specifically customised and duly fitted with all fixture, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

- i) doctors and services for diagnosis and treatment for illness, disease, injury, deformity and / or abnormality,
- ii) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and
- iii) beds for in-patient treatment

The term of the individual HMSA is 15 years and the Company receives a composite service fees i.e. base and variable fee. The base fee is fixed and increases 3% year on year. The variable fee is based on a percentage of the operating company's net operating income in accordance with the HMSA.

The Company analysed increase in base fee payments and has determined that such increase is to compensate the companies expected cost inflation, being in line with general cost inflation.

Accordingly, the escalation increase of 3% year on year is not factored for straight-lining over the period of HMSA.

**(c) Going concern**

The Company has prepared its Ind AS financial statements using the going concern assumption. Refer note 52 of Ind AS financial statement.



Fortis Health Management Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2020

3 Property, plant and equipment

Particulars	Freehold land	Building	Leasehold improvements	Plant and machinery	Medical equipment	Furniture and fittings	Computers	Office equipment	Vehicles	(Amount in ₹ lakhs)	
										Total	Total
<b>Gross block</b>											
As at April 01, 2018	4,610.00	1,348.88	38.94	739.99	664.12	94.85	44.73	46.12	17.68		7,605.31
Additions	-	63.24	28.90	13.78	47.93	4.46	2.34	5.32	-		165.97
Disposals	-	(1.95)	-	-	-	(0.26)	-	-	-		(2.21)
As at March 31, 2019	4,610.00	1,410.17	67.84	753.77	712.05	99.05	47.07	51.44	17.68		7,769.07
Additions	-	66.91	2.74	8.35	28.31	10.48	1.32	0.87	-		118.98
Disposals	-	-	(1.55)	-	(108.14)	(8.01)	(1.93)	(5.79)	-		(125.42)
As at March 31, 2020	4,610.00	1,477.08	69.03	762.12	632.22	101.52	46.46	46.52	17.68		7,762.63
<b>Accumulated depreciation</b>											
As at April 01, 2018	-	202.46	9.22	99.35	316.69	26.56	10.87	31.17	2.85		699.17
Charge for the year	-	63.08	3.23	45.99	64.39	9.70	7.69	11.29	1.86		207.23
Disposals	-	(0.62)	-	-	-	(0.04)	-	-	-		(0.66)
As at March 31, 2019	-	264.92	12.45	145.34	381.08	36.22	18.56	42.46	4.71		905.74
Charge for the year	-	56.58	5.30	46.46	67.11	9.98	7.51	4.33	1.86		199.13
Disposals	-	-	(1.55)	-	(104.13)	(6.04)	(1.93)	(5.63)	-		(119.28)
As at March 31, 2020	-	321.50	16.20	191.80	344.06	40.16	24.14	41.16	6.57		985.59
Carrying amount											
As at March 31, 2019	4,610.00	1,145.25	55.39	608.43	330.97	62.83	28.51	8.98	12.97		6,863.33
As at March 31, 2020	4,610.00	1,155.58	52.83	570.32	288.16	61.36	22.32	5.36	11.11		6,777.04

4. Capital work-in-progress

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	13.96	16.97



*Handwritten signature/initials in blue ink.*

5. Goodwill

(Amount in ₹ lakhs)	
Particulars	Goodwill
<b>Gross block</b>	
As at April 01, 2018	707.13
Additions	-
Deletions	-
As at March 31, 2019	707.13
Additions	-
Deletions	-
As at March 31, 2020	707.13
<b>Amortisation</b>	
As at April 01, 2018	-
Charge for the year	-
Deletions	-
As at March 31, 2019	-
Charge for the year	-
Deletions	-
As at March 31, 2020	-
<b>Carrying amount</b>	
As at March 31, 2019	707.13
As at March 31, 2020	707.13

Note:

(a) Goodwill has arisen on acquisition of Nagarbhavi, Bengaluru hospital acquired from Fortis Hospitals Limited on March 29, 2011.

6. Other intangible assets

(Amount in ₹ lakhs)	
Particulars	Software
<b>Gross Block</b>	
As at April 01, 2018	6.69
Additions	-
Deletions	-
As at March 31, 2019	6.69
Additions	0.42
Deletions	-
As at March 31, 2020	7.11
<b>Amortisation</b>	
As at April 01, 2018	6.06
Charge for the year	0.28
Deletions	-
As at March 31, 2019	6.34
Charge for the year	0.32
Deletions	-
As at March 31, 2020	6.66
<b>Carrying amount</b>	
As at March 31, 2019	0.35
As at March 31, 2020	0.45





**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>7. Investment in subsidiary</b>		
<b>Unquoted investments</b>		
<b>Non current</b>		
<b>(a) Investment in equity instruments measured at cost</b>		
Hospitalia Eastern Private Limited 51,000 (as at March 31, 2019: 51,000) fully paid equity shares of ₹ 10/- each (of the above, 6 shares held through nominees) (Refer note 46(ii))	6.99	6.99
	<u>6.99</u>	<u>6.99</u>
Less: Impairment in value of Investment (Refer note 47)	(6.99)	-
Total investment in subsidiary	<u>-</u>	<u>6.99</u>
<b>Current</b>		
<b>(a) Investment in redeemable preference shares measured at amortised cost</b>		
Hospitalia Eastern Private Limited 490,000 (as at March 31, 2019: 490,000) 10% redeemable non cumulative preference shares of ₹ 10/- each (Refer note 46(iii))	1,390.00	1,390.00
	<u>1,390.00</u>	<u>1,390.00</u>
Less: Impairment in value of Investment (Refer note 47)	(1,390.00)	-
Total investment in subsidiary	<u>-</u>	<u>1,390.00</u>
<b>Aggregate carrying value of unquoted investment in subsidiary</b>	<u>-</u>	<u>1,396.99</u>
<b>8. Investment in fellow subsidiaries</b>		
<b>Unquoted investments measured at cost</b>		
<b>(a) Investment in equity instruments</b>		
Fortis Hospotel Limited 143,947,378 (as at March 31, 2019: 143,947,378) fully paid equity shares of ₹ 10/- each (Refer note 46(ii))	37,728.39	37,728.39
International Hospital Limited 7,335,826 (as at March 31, 2019: 7,335,826 ) fully paid equity shares of ₹ 10/- each (of the above, 606 shares held through nominees) (Refer note 46(ii))	10,946.28	10,946.28
Escorts Heart and Super Speciality Hospital Limited 4,455,166 (as at March 31, 2019: 4,455,166) fully paid equity shares of ₹ 10/- each (Refer note 46(ii))	3,375.34	3,375.34
<b>Total investment in fellow subsidiaries</b>	<u>52,050.01</u>	<u>52,050.01</u>
<b>Aggregate carrying value of unquoted investment in fellow subsidiaries</b>	<u>52,050.01</u>	<u>52,050.01</u>





**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>9. Other investments</b>		
<b>Unquoted equity instruments measured at cost</b>		
Clover Energy Private Limited	0.01	0.01
100 units (as a March 31, 2019: 100 units) of ₹ 10/- each fully paid equity shares (Refer note 46(ii))		
<b>Total investment in equity instruments</b>	<b>0.01</b>	<b>0.01</b>
<b>Total non-current investments</b>	<b>0.01</b>	<b>0.01</b>
Note: The Company has entered in to an energy purchase agreement with Clover Energy Private Limited ("the issuer"). As per terms of the agreement, the Company needs to keep the money invested in the equity shares of issuer till the period electricity would be purchased from the issuer. The shares would be redeemed at the time of termination of the contract upon mutual consent by the parties. The Company cannot sell these shares in active market. Given these facts, the Company has accounted these instruments at cost.		
<b>Aggregate carrying value of unquoted investments in other investments</b>	<b>0.01</b>	<b>0.01</b>
<b>10. Other financial assets</b>		
<b>Non-current</b>		
<b>Unsecured, considered good-measured at amortised cost</b>		
(a) Security deposits	105.40	92.96
(b) Interest accrued on security deposits	10.50	10.50
(c) Loan to related party	272.40	-
(d) Deposits with maturity of more than 12 months*	10.00	10.00
(e) Interest accrued but not due on bank deposits	6.27	5.30
	<b>404.57</b>	<b>118.76</b>
* The fixed deposit is pledged with CGHS against empanelment registration for Nagarbhavi hospital		
<b>Current</b>		
<b>Unsecured, considered good-measured at amortised cost</b>		
(a) Interest accrued an due on inter-corporate loan	144.57	120.14
(b) Loan to related party	-	252.40
(c) Receivable from related parties	22.05	15.07
(d) Unbilled revenue	16.33	30.21
(e) Other receivables	1.69	2.90
	<b>184.64</b>	<b>420.72</b>
<b>11. Non-current tax assets</b>		
Advance tax (including tax deducted at source receivable) (Net of provision for income tax March 31, 2020: Nil and March 31, 2019: Nil)	1,032.35	699.61
	<b>1,032.35</b>	<b>699.61</b>
<b>12. Other assets</b>		
<b>Non-current</b>		
(a) Capital advances	44.15	30.18
Less: Allowance for doubtful capital advances	(26.80)	(26.80)
	17.35	3.38
(b) Prepaid rent	-	49.60
	<b>17.35</b>	<b>52.98</b>
<b>Current</b>		
(a) Advances to vendors	10.94	6.00
(b) Prepaid rent	-	4.96
(c) Prepaid expenses	38.73	28.10
	<b>49.67</b>	<b>39.06</b>
<b>13. Inventories</b>		
<b>(Valued at lower of cost and net realisable value)</b>		
Medical consumables and drugs	37.21	34.78
	<b>37.21</b>	<b>34.78</b>

The cost of inventory recognised as expense during the year is ₹ 400.90 lakhs (for the year ended March 31, 2019: ₹450.18 lakhs)



**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>14. Trade receivables</b>		
(a) Unsecured, considered good	661.55	355.33
(b) Unsecured, doubtful	167.80	156.64
(c) Allowance for doubtful debts (expected credit loss allowance)	(167.80)	(156.64)
	<b>661.55</b>	<b>355.33</b>

In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

For the clinical establishment unit at Malar, as per terms of HMSA, the average credit period allowed is 05 to 11 days and up to 30 days for outlet vendors. For hospital at Nagarbhavi, the average credit period agreed with third party administrator (TPA) is 30 days, 60 days with corporate customer and 90 days with public sector units/government, parties covered under ex-servicemen contributory health scheme and central government health scheme. Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the overdue outstanding balance, regardless of the age of the balance (Refer note 50).

The Company uses judgements to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each year. The provision matrix used to compute the expected credit loss allowance for trade receivables is as follows:

Trade receivables includes /are related to the amounts recoverable from group companies for clinical establishment services under terms of HMSAs. The Hospital operating company has confirmed that it has the ability and intention to settle the outstanding dues payable to the Company in due course. Hence, the Company believes that no adjustment is required to be carried out in its financial statements as at and for the year ended 31 March, 2020 with respect to the outstanding receivables.

Ageing bucket	Expected credit allowance (%)
0 - 6 months	0%
More than 6 months	100%

**(ii) Provision matrix - Nagarbhavi hospital**

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward- looking information. 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:

**March 31, 2020**

Type of customers	Expected credit loss (%)			
	180-365 days	365-730 days	730-1095 days	More than 1095 days
Third party administrator	-	50%	75%	100%
Corporates	10%	50%	100%	100%
Public sector undertakings/ Government companies	-	40%	75%	100%
ESI	-	40%	75%	100%
ECHS	-	15%	40%	70%
CGHS	-	20%	50%	100%
Individuals	100%	100%	100%	100%
Non trade receivables	50%	100%	100%	100%

In addition to above, additional provision can be made on partly paid invoices with the approval of management.



**Fortis Health Management Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2020

As on March 31, 2019

Type of customers	Allowance for deductions %	Allowances for bad and doubtful debts			
		180 - 365 days	365 - 730 days	730 - 1095 days	More than 1095 days
Third party administrator	2.64%	0.00%	100.00%	100.00%	100.00%
Corporates	5.39%	10.00%	100.00%	100.00%	100.00%
Public sector units/Government	11.12%	0.00%	100.00%	100.00%	100.00%
Parties covered under ex-servicemen contributory health scheme	0.00%	0.00%	100.00%	100.00%	100.00%
Parties covered under central government health scheme	0.00%	0.00%	100.00%	100.00%	100.00%
Individuals	-	25.00%	100.00%	100.00%	100.00%

(iii) (a) Ageing of gross receivables - Malar, clinical establishment

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
0 - 6 months	457.49	151.31
More than 6 months	7.55	10.86
	<b>465.04</b>	<b>162.17</b>

(iii) (b) Ageing of gross receivables - Nagarbhavi hospital

Type of customers	(Amount in ₹ lakhs)				
	As at March 31, 2020				
	Less than 180 days	180 - 365 days	365 - 730 days	730 - 1095 days	More than 1095 days
Third party administrator	139.69	29.85	47.47	17.28	12.58
Corporates	18.51	6.63	3.84	3.28	1.06
Public sector units/Government	46.80	10.08	9.12	8.99	9.12
Individuals					
<b>Total</b>	<b>205.00</b>	<b>46.58</b>	<b>60.43</b>	<b>29.53</b>	<b>22.76</b>

(iii) (c) Ageing of gross receivables - Nagarbhavi hospital

Type of customers	(Amount in ₹ lakhs)				
	As at March 31, 2019				
	Less than 180 days	180 - 365 days	365 - 730 days	730 - 1095 days	More than 1095 days
Third party administrator	135.85	2.30	52.80	66.17	17.17
Corporates	2.56	0.15	0.71	(0.43)	1.29
Public sector units/Government	44.74	1.41	5.17	9.44	7.14
Individuals	3.33	-	-	-	-
<b>Total</b>	<b>186.48</b>	<b>3.86</b>	<b>58.68</b>	<b>75.18</b>	<b>25.60</b>

Movement in expected credit loss allowance

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
Balance at the beginning of the year	156.64	106.13
Creation of the allowance for expected credit loss	23.94	87.65
Utilisation of the allowance for expected credit loss	(12.78)	(37.14)
<b>Balance at the end of the year</b>	<b>167.80</b>	<b>156.64</b>

**15. Cash and cash equivalents**

For the purposes of the cash flow statement, cash and cash equivalents include cheques in hand, cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the statement of cash flow can be reconciled to the related items in the balance sheet as follows:

(a) Balances with Banks		
- in current accounts	89.96	120.92
(b) Cheques, drafts in hand	-	15.31
(c) Cash on hand	0.53	5.23
	<b>90.49</b>	<b>141.46</b>



Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>16. Equity share capital</b>		
<b>Authorised share capital:</b>		
3,500,000 (as at March 31, 2019: 3,500,000) equity shares of ₹ 10/- each	350.00	350.00
<b>Total authorised share capital</b>	<b>350.00</b>	<b>350.00</b>
<b>Issued, subscribed and fully paid up shares</b>		
2,500,000 (as at March 31, 2019: 2,500,000) equity shares of ₹ 10/- each	250.00	250.00
<b>Total issued, subscribed and fully paid up share capital</b>	<b>250.00</b>	<b>250.00</b>

(a) Reconciliation of the shares outstanding at the beginning and at the end of the year.

Equity Shares

Particulars	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number	(Amount in ₹ lakhs)	Number	(Amount in ₹ lakhs)
At the beginning of the year	2,500,000	250.00	2,500,000	250.00
At the end of the year	2,500,000	250.00	2,500,000	250.00

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

In the event of the 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 the shareholders.

(c) Shares held by the holding company

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Healthcare Limited*	1,300,000	52%	1,300,000	52%

Till January 14, 2019 shares of the Company were held by Fortis Global Healthcare Infrastructure Pte Limited. On January 15, 2019, these shares were acquired by Fortis Healthcare Limited (refer note 1(b)).

\* including 50 equity shares held by its nominees

(d) Details of shareholders holding more than 5% shares in the Company

Equity Shares

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Healthcare Limited#	1,300,000	52.00%	1,300,000	52.00%
International Hospital Limited*	1,200,000	48.00%	1,200,000	48.00%

Till January 14, 2019 shares of the Company were held by Fortis Global Healthcare Infrastructure Pte Limited. On January 15, 2019, these shares were acquired by Fortis Healthcare Limited (refer note 1(b)).

\* including 6 equity shares held by its nominees

# including 50 equity shares held by its nominees

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>17. Other equity</b>		
<b>(A) Securities premium</b>		
Opening balance	2,205.00	2,205.00
Closing balance	<b>2,205.00</b>	<b>2,205.00</b>
<b>(B) Retained earnings</b>		
Opening balance	(45,376.31)	(39,147.96)
Loss for the year	(7,840.81)	(6,224.37)
Other comprehensive income / (loss) arising from remeasurement of defined benefit obligation net of income tax	(5.15)	(3.98)
Closing balance	<b>(53,222.27)</b>	<b>(45,376.31)</b>
<b>Total (A+B)</b>	<b>(51,017.27)</b>	<b>(43,171.31)</b>



**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>18. Non-current borrowings</b>		
<b><u>Unsecured - at amortised cost</u></b>		
(a) Redeemable preference share capital (refer note 36(b)(ii) and 36(b)(iii))	24,401.93	21,890.74
	<b>24,401.93</b>	<b>21,890.74</b>
	<b>24,401.93</b>	<b>21,890.74</b>
<b>19. Other financial liabilities</b>		
<b><u>Non-current - unsecured</u></b>		
(a) Security deposits	-	5.10
(b) Technology renewal fund	10.85	13.97
	<b>10.85</b>	<b>19.07</b>
<b><u>Current - unsecured</u></b>		
(a) Capital creditors	30.74	15.93
(b) Security deposits	10.08	1.70
(c) Technology renewal fund	5.00	5.00
(d) Payable to related party	10.20	9.16
(e) Interest accrued and due on borrowings (refer note 36(b)(i), 36(b)(iv))	31,630.76	27,459.18
(f) Interest accrued but not due on borrowings (refer note 36(a)(i))	46.25	72.31
	<b>31,733.03</b>	<b>27,563.28</b>
<b>20. Provisions</b>		
<b><u>Non current</u></b>		
<b>Provision for employees benefits</b>		
(a) Provision for gratuity (refer note 37)	37.15	27.32
(b) Provision for compensated absences	17.65	16.38
	<b>54.80</b>	<b>43.70</b>
<b><u>Current</u></b>		
<b>Provision for employees benefits</b>		
(a) Provision for gratuity (refer note 37)	3.36	2.60
(b) Provision for compensated absences	4.29	3.63
	<b>7.65</b>	<b>6.23</b>
<b>21. Other non-current liabilities</b>		
(a) Lease equalisation reserve	-	183.25
(b) Deferred interest income	6.87	8.70
	<b>6.87</b>	<b>191.95</b>

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**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>22. Current borrowings</b>		
<b>Secured - at amortised cost</b>		
(a) Non- convertible debentures (refer note 36(a)(i))	1,160.00	1,160.00
<b>Unsecured - at amortised cost</b>		
(a) Optionally convertible debentures (refer note 36(b)(i))	54,195.00	54,195.00
(b) Loan from related party (refer note 36(b)(iv))	80.00	80.00
	<b>55,435.00</b>	<b>55,435.00</b>
<b>23. Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 40)	10.58	32.80
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	590.24	537.87
	<b>600.82</b>	<b>570.67</b>
<b>24. Other current liabilities</b>		
(a) Advance from patients/ customers	2.01	6.70
(b) Deferred interest income	1.83	1.83
(c) Statutory dues payable	303.99	86.92
(d) Lease equalisation reserve	-	2.07
(e) Others	-	0.64
	<b>307.83</b>	<b>98.16</b>

*(Handwritten signatures)*



**Fortis Health Management Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2020

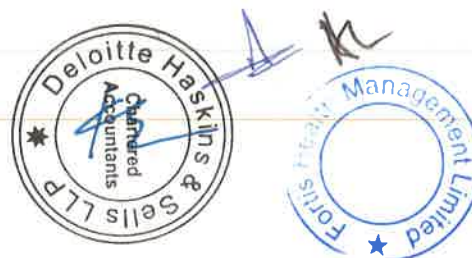
(Amount in ₹ lakhs)

Particulars	Year ended March 31, 2020	Year ended March 31, 2019
<b>25. Revenue from operations</b>		
<b>(a) Sale of services</b>		
i) Operating income - in patient department	2,854.50	2,633.82
ii) Operating income - out patient department	405.85	416.91
iii) Income from hospital and medical services	1,886.90	2,120.26
iv) Sale of drugs and pharmacy	19.78	9.42
	<b>5,167.03</b>	<b>5,180.41</b>
<b>(b) Other operating revenues</b>		
i) Rental income from outlets (refer note 34)	86.35	84.30
	<b>86.35</b>	<b>84.30</b>
<b>Total revenue from operations (a+b)</b>	<b>5,253.38</b>	<b>5,264.71</b>
<b>26. Other income</b>		
<b>(a) Interest income on</b>		
i) Loan to related party recognised at amortised cost (refer note 33(b))	27.14	30.29
ii) Income tax refund	-	87.93
iii) Others	6.42	8.35
<b>(b) Other non-operating income</b>		
i) Liabilities no longer required written back	57.88	6.43
ii) Rental income	-	2.77
ii) Miscellaneous income	12.25	13.01
<b>(c) Others gains and losses</b>		
i) Net gain arising on financial instrument designated at FVTPL	-	16.99
<b>Total other income (a+b+c)</b>	<b>103.69</b>	<b>165.77</b>
<b>27. Changes in inventories of medical consumable and drugs</b>		
(a) Inventory at the beginning of the year	34.78	35.72
(b) Inventory at the end of the year	37.21	34.78
<b>(Increase)/Decrease in inventories (a-b)</b>	<b>(2.43)</b>	<b>0.94</b>
<b>28. Employee benefits expense</b>		
(a) Salaries and wages	522.97	614.24
(b) Gratuity expense (refer note 37 b)	9.13	8.69
(c) Contribution to provident and other funds (refer note 37 a)	33.05	31.61
(d) Staff welfare expenses	20.31	19.68
	<b>585.46</b>	<b>674.22</b>



**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	(Amount in ₹ lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
<b>29. Finance costs</b>		
(a) Interest expense on:		
- Optionally convertible debentures (at amortised cost)	4,877.55	4,877.55
- Non- convertible debentures (at amortised cost)	165.88	165.88
- Intercorporate loan from related parties	8.40	9.63
- Bank overdraft	-	37.45
- Financial liabilities (at amortised cost)	2,663.42	2,249.39
	<b>7,715.25</b>	<b>7,339.90</b>
<b>30. Depreciation and amortisation expense</b>		
(a) Depreciation of property, plant and equipment (refer note 3)	199.13	207.23
(b) Amortisation of right of use (refer note 34)	127.92	-
(c) Amortisation of intangible assets (refer note 6)	0.32	0.28
	<b>327.37</b>	<b>207.51</b>
<b>31. Other expenses</b>		
(a) Contractual manpower	202.27	170.42
(b) Power, fuel and water	100.70	99.66
(c) Housekeeping expenses including consumables	110.15	105.78
(d) Patient food and beverages	50.50	43.42
(e) Pathology laboratory expenses	180.04	196.45
(f) Radiology expenses	349.11	356.62
(g) Consultation fees to doctors	210.91	233.72
(h) Professional charges to doctors	1,017.13	857.25
(i) Repairs and maintenance		
- Plant and machinery	133.45	75.09
- Others	3.66	57.46
(j) Rent		
- Buildings (refer note 34)	26.90	238.81
- Plant and equipment	16.35	15.84
- Others	2.86	17.06
(k) Legal and professional fee	16.74	24.28
(l) Travel and conveyance	18.10	18.49
(m) Rates and taxes	72.88	145.66
(n) Printing and stationery	24.07	21.55
(o) Communication expenses	11.35	11.44
(p) Directors' sitting fees	1.89	0.59
(q) Insurance	10.71	2.90
(r) Marketing and business promotion	27.67	28.30
(s) Loss on disposal of property, plant and equipment	4.11	1.52
(t) Payment to auditors (inclusive of goods and services tax/service tax)		
- Audit fee	15.78	18.34
- Certification and other services	3.55	11.96
- Out of pocket expenses	5.32	3.23
(u) Security expenses	111.30	105.49
(v) Bad debts written off	-	0.40
(w) Advance income tax written off	-	15.03
(x) Allowance created for expected credit loss	23.94	87.65
(y) Bank charges	11.15	9.74
(z) Miscellaneous expenses	9.32	8.89
	<b>2,771.91</b>	<b>2,983.04</b>
<b>32. Exceptional items</b>		
<b>Expenses/(income):</b>		
(a) Allowance for investment in equity shares of Hospitalia Eastern Private Limited (refer note 47)	6.99	-
(b) Allowance for investment in redeemable preference shares of Hospitalia Eastern Private Limited (refer note 47)	1,390.00	-
	<b>1,396.99</b>	<b>-</b>



**Fortis Health Management Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

**33. Related party disclosures**

**(a) Names of related parties and related party relationships**

Ultimate holding company	IHH Healthcare Berhad (w.e.f. January 15, 2019) RHT Health Trust (up to January 14, 2019)
Intermediate Holding Company	Integrated Healthcare Holdings Limited (w.e.f. January 15, 2019)
	Parkway Pantai Limited (w.e.f. January 15, 2019)
	Northern TK Venture Pte Ltd (w.e.f. January 15, 2019)
Holding company	Fortis Healthcare Limited (w.e.f. January 15, 2019)
	Fortis Global Healthcare Infrastructure Pte. Limited (up to January 14, 2019)
Subsidiary	Hospitalia Eastern Private Limited
Fellow subsidiaries (parties with whom transactions have taken place)	RHT Health Trust Services Pte. Limited (up to January 14, 2019)
	Fortis Hospitals Limited (w.e.f. January 15, 2019)
	SRL Limited (w.e.f. January 15, 2019)
	Fortis Malar Hospitals Limited (w.e.f. January 15, 2019)
	Fortis Hospotel Limited (w.e.f. January 15, 2019)
	Escorts Heart And Super Speciality Hospital Limited (w.e.f. January 15, 2019) International Hospital Limited (w.e.f. January 15, 2019)
Enterprise having significant influence	Fortis Healthcare Limited (up to January 14, 2019)
Group entities of enterprise having significant influence	Fortis Hospitals Limited (up to January 14, 2019)
	SRL Limited (up to January 14, 2019)
	Fortis Malar Hospitals Limited (up to January 14, 2019)
Associates	Fortis Hospotel Limited (up to January 14, 2019)
	Escorts Heart And Super Speciality Hospital Limited (up to January 14, 2019)
	International Hospital Limited (up to January 14, 2019)
Key management personnel	Mr. Munish Garg, Director (w.e.f. December 14, 2017) (up to January 14, 2019)
	Mr. Vishesh Verma, Director (up to January 14, 2019)
	Mr. Sunil Kumar Singla, Director (up to January 14, 2019)
	Ms. Aarti Singh, Independent Director (up to January 14, 2019)
	Mr. Sangeet Kumar Singla, Independent Director (up to January 14, 2019)
	Mr. Akshay Kumar Tiwari, Director (w.e.f. January 15, 2019)
	Mr. Anurag Kalra, Director (w.e.f. January 15, 2019)
	Mr. Ajey Maharaj, Director (w.e.f. January 15, 2019)
	Mr. Daljit Singh, Director (w.e.f. January 15, 2019 and up to May 07, 2019)
	Mr. Tituraj Das Kashyap Director (w.e.f. May 23, 2019)



**Fortis Health Management Limited**

Notes to the Ind AS financial statements as at and for the year ended March 31, 2020

**(b) Transaction with related parties**

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019			
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)
<b>Finance Cost</b>								
<b>On Optionally Convertible Debentures</b>								
International Hospital Limited	-	-	4,877.55	-	-	-	4,877.55	-
<b>On Non Convertible Debentures</b>								
RHT Health Trust Services Pte Limited	-	-	-	-	-	-	131.34	-
Fortis Healthcare Limited	165.88	-	-	-	34.54	-	-	-
<b>On Inter-corporate loan</b>								
International Hospital Limited	-	-	-	-	-	-	0.03	-
Fortis Hospital Limited	-	-	8.40	-	-	-	9.60	-
<b>On financial liabilities carried at amortised cost (redeemable preference shares)</b>								
International Hospital Limited	-	-	-	-	-	-	2,247.24	-
<b>Income from hospital and medical services</b>								
Fortis Malar Hospitals Limited	-	-	1,886.90	-	-	-	2,120.26	-
<b>Interest income on</b>								
<b>Inter-corporate loan</b>								
Hospitalia Eastern Private Limited	-	27.14	-	-	-	30.29	-	-
<b>Late receipt of Service fees</b>								
Fortis Malar Hospitals Limited	-	-	-	-	-	-	3.31	-
<b>Expenses incurred by the company on behalf of</b>								
Fortis Global Health Infrastructure Pte Limited	-	-	-	-	0.01	-	-	-
Fortis Malar Hospitals Limited	-	-	290.11	-	-	-	305.83	-
<b>Expenses incurred on behalf of the company by</b>								
Fortis Hospitals Limited	-	-	2.57	-	-	-	1.98	-
International Hospital limited	-	-	11.81	-	-	-	-	-



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**Fortis Health Management Limited**

**Notes to the Ind AS financial statements as at and for the year ended March 31, 2020**

**(b) Transaction with related parties**

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019			Key management personnel (KMP)
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	
<b>Compensation of key management personnel</b>							
<b>Sitting fees</b>							
Mr. Ajay Maharaj	-	-	-	0.59	-	-	-
Mr. Akshay Kumar Tiwari	-	-	-	0.83	-	-	-
Mr. Tituraj Kashyap Das	-	-	-	0.47	-	-	-
Ms. Aarti Singh	-	-	-	-	-	-	0.30
Mr. Sangeet Kumar Singla	-	-	-	-	-	-	0.30
<b>Inter-corporate loan given during the year</b>							
Hospitalia Eastern Private Limited	-	20.00	-	-	-	-	-
<b>Inter-corporate loan repaid during the year</b>							
International Hospital Limited	-	-	-	-	-	1.00	-
<b>Interest payment made during the year</b>							
Fortis Healthcare Limited	645.00	-	-	-	-	-	-
<b>Payments made on our behalf by</b>							
Fortis Malar Hospitals Limited	-	-	-	-	-	152.32	-
<b>Recovery of expenses</b>							
SRL Limited	-	-	2.07	-	-	-	-
<b>Pathology expenses</b>							
SRL Limited	-	-	160.79	-	-	161.57	-
<b>Allowance for investment made in 10% redeemable non cumulative preference shares</b>							
- Hospitalia Eastern Private Limited	-	1,390.00	-	-	-	-	-
<b>Allowance for investment made in equity shares</b>							
- Hospitalia Eastern Private Limited	-	6.99	-	-	-	-	-



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**Fortis Health Management Limited**

Notes to the Ind AS financial statements as at and for the year ended March 31, 2020

**(b) Transaction with related parties**

Particulars	For the year ended March 31, 2020			For the year ended March 31, 2019			(Amount in ₹ lakhs)	
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)
<b>Financial guarantee issued disposal</b>								
International Hospital Limited	-	-	42,760.00	-	-	-	2,600.00	-
Escorts Heart and Super Speciality Hospital Limited	-	-	31,304.00	-	-	-	1,500.00	-
Hospitalia Eastern Private Limited	-	7,000.00	-	-	-	-	-	-
<b>Financial guarantee received disposal</b>								
International Hospital Limited	-	-	-	-	-	-	700.00	-
Escorts Heart and Super Speciality Hospital Limited	-	-	-	-	-	-	700.00	-
Fortis Global Healthcare Infrastructure Pte. Limited	-	-	-	-	-	700.00	-	-

**Notes:**

- During the year 2018-19, the bank overdraft facility from IndusInd bank limited which was repaid by way of hypothecation on movable fixed assets of the Fortis Malar Hospital, Chennai, held by Fortis Health Management Limited; and (b) exclusive mortgage on immovable fixed assets of Fortis Malar Hospital, Chennai, held by Fortis Health Management Limited; and (c) Charge on bank account maintained at the corporate location w.e.f. January 15, 2019; and (d) financial guarantee by International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited and Fortis Global Healthcare Infrastructure Pte. Limited.
- International Hospital Limited, Fortis Hosptel Limited and Escorts Heart And Super Speciality Hospital Limited were associate entities of the Company up to January 14, 2019 and became the Fellow Subsidiaries w.e.f. 15 January 2019 (Refer note 1(b)). The transactions entered by the Company with these associate entities was reported for the year as a whole and was not been bifurcated in the transaction up to 14 January 2019 and from 15 January 2019 to 31 March 2019.
- Fortis Healthcare Limited was Group entities of enterprise having significant influence of the Company up to January 14, 2019 and became the Holding company w.e.f. 15 January 2019 (Refer note 1(b)). The transactions entered by the Company with Fortis Healthcare Limited was reported for the year as a whole and was not been bifurcated in the transaction up to 14 January 2019 and from 15 January 2019 to 31 March 2019.
- Fortis Malar Hospitals Limited and SRL Limited were Group entities of enterprise having significant influence of the Company up to January 14, 2019 and became the Fellow subsidiaries w.e.f. 15 January 2019 (Refer note 1(b)). The transactions entered by the Company with these Group entities was reported for the year as a whole and was not been bifurcated in the transaction up to 14 January 2019 and from 15 January 2019 to 31 March 2019.
- During the year 2018-19, the bank overdraft facility from IndusInd bank limited availed by International Hospital Limited and Super Speciality Hospital Limited which was secured by guarantee given by the Company was repaid and guarantee given was disposed off..
- During the current year the Company has created a provision on equity investment and redeemable preference shares in Hospitalia Eastern Private Limited, subsidiary (Refer note 47)



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**Fortis Health Management Limited**

**Notes to the Ind AS financial statements as at and for the year ended March 31, 2020**

**(c) Balance outstanding with related parties** (Amount in ₹ lakhs)

Particulars	As at March 31, 2020				As at March 31, 2019			
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)
<b>Investment in equity shares:</b>								
Hospitalia Eastern Private Limited	-	6.99	-	-	-	6.99	-	-
Fortis Hospital Limited	-	-	37,728.39	-	-	-	37,728.39	-
International Hospital Limited	-	-	10,946.28	-	-	-	10,946.28	-
Escorts Heart and Super Speciality Hospital Limited	-	-	3,375.34	-	-	-	3,375.34	-
<b>Investment in preference shares:</b>								
Hospitalia Eastern Private Limited	-	1,390.00	-	-	-	1,390.00	-	-
<b>Provision against investment in preference shares</b>								
Hospitalia Eastern Private Limited	-	1,390.00	-	-	-	-	-	-
<b>Provision against investment in equity shares</b>								
Hospitalia Eastern Private Limited	-	6.99	-	-	-	-	-	-
<b>Other financial liabilities- Non-current - Technology renewal fund</b>								
Fortis Malar Hospitals Limited	-	-	10.85	-	-	-	13.97	-



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**Fortis Health Management Limited**

**Notes to the Ind AS financial statements as at and for the year ended March 31, 2020**

**(c) Balance outstanding with related parties**

Particulars	As at March 31, 2020				As at March 31, 2019				Key management personnel (KMP)
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	
<b>Other financial liabilities- current</b>									
- Interest accrued but not due									
<b>On non convertible debentures</b>									
Fortis Healthcare Limited	46.25	-	-	-	541.96	-	-	-	-
<b>On optionally convertible debentures</b>									
International Hospital Limited	-	-	31,600.67	-	-	-	26,967.00	-	-
<b>On Intercompany loan</b>									
Fortis Hospital Limited	-	-	30.09	-	-	-	22.53	-	-
<b>Technology renewal fund</b>									
Fortis Malar Hospitals Limited	-	-	5.00	-	-	-	5.00	-	-
<b>Payable to related parties</b>									
Fortis Hospitals Limited	-	-	9.16	-	-	-	9.16	-	-
International Hospital Limited	-	-	1.04	-	-	-	-	-	-
<b>Non current borrowings</b>									
- Redeemable preference shares									
International Hospital Limited	-	-	24,401.93	-	-	-	21,890.74	-	-
<b>Current borrowings</b>									
-Optionally convertible debentures									
International Hospital Limited	-	-	54,195.00	-	-	-	54,195.00	-	-



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**Fortis Health Management Limited**  
**Notes to the Ind AS financial statements as at and for the year ended March 31, 2020**

**(c) Balance outstanding with related parties**

Particulars	As at March 31, 2020				As at March 31, 2019				Key management personnel (KMP)
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	
<b>-Non convertible debentures</b> Fortis Healthcare Limited	1,160.00	-	-	-	1,160.00	-	-	-	-
<b>-Intercorporate loan</b> Fortis Hospotel Limited	-	-	80.00	-	-	-	80.00	-	-
<b>Other non-current liabilities</b> Deferred interest	-	-	6.87	-	-	-	8.70	-	-
<b>Other current liabilities</b> Deferred interest	-	-	1.83	-	-	-	1.83	-	-
<b>Trade payables</b> SRL Limited	-	-	9.64	-	-	-	25.02	-	-
Fortis Hospitals Limited	-	-	37.37	-	-	-	36.06	-	-
<b>Other financial asset- non current</b> <b>- Intercorporate loan</b> Hospitalia Eastern Private Limited	-	272.40	-	-	-	-	-	-	-



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**Fortis Health Management Limited**

**Notes to the Ind AS financial statements as at and for the year ended March 31, 2020**

**(c) Balance outstanding with related parties**

Particulars	As at March 31, 2020				As at March 31, 2019				Key management personnel (KMP)
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	
<b>Other financial asset- current</b>									
- Intercorporate loan Hospitalia Eastern Private Limited	-	-	-	-	-	252.40	-	-	-
- Interest accrued but not due Hospitalia Eastern Private Limited	-	144.57	-	-	-	120.14	-	-	-
- Receivable for reimbursement for Fortis Malar Hospitals Limited	-	-	19.81	-	-	-	15.07	-	-
Hospitalia Eastern Private Limited	-	-	2.24	-	-	-	2.24	-	-
Fortis Healthcare Limited	-	-	3.54	-	0.39	-	-	-	-
<b>Trade receivables</b>									
Fortis Malar Hospitals Limited	-	-	439.49	-	-	-	131.84	-	-
- Interest accrued but not due Fortis Malar Hospitals Limited	-	-	-	-	-	-	-	-	-
<b>Financial guarantee issued on behalf of</b>									
International Hospital Limited	-	-	-	-	-	-	42,760.00	-	-
Escorts Heart and Super Speciality Hospital Limited	-	-	-	-	-	-	31,304.00	-	-
Hospitalia Eastern Private Limited	-	-	-	-	-	7,000.00	-	-	-
Fortis Hospital Limited	-	-	-	-	-	-	-	-	-



**Fortis Health Management Limited**

Notes to the Ind AS financial statements as at and for the year ended March 31, 2020

Particulars	(Amount in ₹ lakhs)											
	As at March 31, 2020					As at March 31, 2019						
	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)	Holding company	Subsidiary	Fellow Subsidiary	Key management personnel (KMP)
Financial guarantee received International Hospital Limited Escorts Heart and Super Speciality Hospital Limited	-	-	1,160.00	-	-	-	-	-	-	-	-	-

**Note:-**

1. During the current year the Company has created a provision on equity investment and redeemable preference shares investment made in Hospitalia Eastern Private Limited, subsidiary (Refer note 47)



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**34. Lease liabilities****(A) As a lessee**

Effective April 01, 2019, the Company adopted Ind AS 116 ('Leases') and applied the standard to all lease contracts existing on April 01, 2019 using the modified retrospective method. Accordingly, the Company has not restated the comparative information on initial application. On transition, the Company recorded the lease liability at the present value of the lease payments discounted at the incremental borrowing rate and corresponding right-of-use asset.

**34 (a) Right of Use Asset as at March 31, 2020**

(Amount in ₹ lakhs)	
Particulars	Total
<b>Gross block</b>	
As at April 01, 2019	1,260.73
Addition	-
Amortisation charge for the year	127.92
Deletions	-
<b>As at March 31, 2020</b>	<b>1,132.81</b>

**34 (b). Lease Liabilities included in the Balance Sheet as at March 31, 2020**

(Amount in ₹ lakhs)	
Particulars	As at March 31, 2020
Current lease liability	38.88
Non-current lease liabilities	1,328.85
<b>Total</b>	<b>1,367.73</b>

The movement of lease liabilities during the year ended March 31, 2020 is as follows:

(Amount in ₹ lakhs)	
Particulars	As at March 31, 2020
Balance at the beginning	1,391.49
Finance charges accrued during the period	150.33
Payment of lease liabilities	(174.09)
<b>Balance at end</b>	<b>1,367.73</b>

(Amount in ₹ lakhs)	
Maturity analysis - contractual undiscounted cash flows	As at March 31, 2020
Less than one year	172.96
One to five years	841.17
More than five years	1,342.97
<b>Total</b>	<b>2,357.10</b>

Rent expense recorded for short-term leases was INR 1.81 Lakhs for year ended 31 March 2020.



**Assets taken on operating lease**

The hospital premises and hostel for nurses at Nagarbhavi, Bengaluru and corporate office at Gurugram have been taken on operating lease. The agreements are further renewable at the option of the Company. There are escalation clauses in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total future minimum lease payments under the non-cancellable operating leases are as under:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	
<b>Minimum lease payments</b>		
Not later than one year	111.49	
Later than one year but not later than five years	10.48	
Later than five years	-	
<b>Total</b>	<b>121.97</b>	

The total lease payments in respect of such leases recognised in the statement of profit and loss for the year ended March 31, 2019 is ₹ 238.81 lakhs.

**(B) As a leaser****(a) Assets given on operating lease**

The Company has leased out some portion of hospital premises on operating lease. The agreements are further renewable at the option of Company. There are no restrictions imposed by leased agreement and the rent is not determined based on any contingency. The total lease payment received/receivable in respect of the above leases recognised in statement of profit and loss for the year are ₹ 86.35 lakhs (March 31, 2019: ₹ 84.30lakhs).

**(b) Revenue from HMSA**

The Company has entered into a Hospital and Medical Services Agreement (HMSA) with Hospital operating company wherein the Company is required to provide and maintain the Company's Clinical Establishments along with other services like out-patient diagnostics and radio diagnostic etc. The term of the individual HMSA is 15 years and the Company is entitled to receive composite service fee i.e. base and variable fee. The base fee is fixed with increment clause of 3% year on year. The variable fee is based on a percentage of hospital operating companies' net operating revenue, in accordance with the HMSA. Future minimum base fee receivable at the end of the reporting period is as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Minimum service fee</b>		
Less than one year	1,095.76	1,063.84
One to five years	4,721.76	4,584.23
More than five years	3,313.41	4,546.70
<b>Total</b>	<b>9,130.93</b>	<b>10,194.77</b>



**35. Commitments**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for: - Tangible assets (Net of capital advance of ₹ 17.35 lakhs) (as at March 31, 2019 ₹3.38 lakhs)	45.31	456.67

The Company has other commitments, for purchase orders which are issued after considering requirements as per operating cycle for purchase/sale of services, employee's benefits. The Company does not have any long-term commitments or material non-cancellable contractual commitments/contracts, for which there were any material foreseeable losses.

**36. Borrowings**

**(a) Secured borrowing**

**(i) Non-convertible debentures (NCD)**

- A. The Company had issued NCDs to RHT Health Trust Services Pte. Limited on October 14, 2015 which was sold to Fortis Healthcare Limited on January 15, 2019. The details are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Number of NCDs issued	116,000.00	116,000.00
Principal Amount (₹ in lakhs)	1,160.00	1,160.00
Rate of Interest (p.a.)	14.3%	14.3%
Payment of Interest (₹ in lakhs)	645.00	-
Accrued interest (₹ in lakhs)	46.25	541.96
Repayment term	The maturity date is 18 (eighteen) years from the date of issuance of the NCDs.	

As per the terms of the agreement dated October 14, 2015, debentures were not secured with any of the assets of the Company. On July 12, 2017, the debenture agreement has been amended wherein a charge been created against the debentures issued. As per the terms of the revised agreement, NCDs have been secured through Axis Trustee Services Limited by way of following:

1. first and exclusive charge over the Company's Investment in equity shares of Fortis Hospotel Limited, Hospitalia Eastern Private Limited, International Hospital Limited and Escorts Heart and Super Speciality Hospital Limited;
  2. pledging of Corporate bank account held with IndusInd Bank; and
  3. financial guarantee by International Hospital Limited and Escorts Heart and Super Speciality Hospital Limited.
- B. The principal amount of NCDs are repayable on October 13, 2033 and the interest on NCDs are payable on the half yearly basis i.e. July 13 and January 13 of every year.

As per the terms of the amended agreement dated July 12, 2017, consequent to the default in payment of interest, the outstanding principal and interest is repayable on demand. During the year ended March 31, 2019, the Company had defaulted in payment of interest and hence the outstanding liabilities was classified as current.

During the current year the Company has made the repayment of due interest amount.

However, subsequent to the year end, the Board of Directors of Fortis Healthcare Limited has confirmed through an extension letter dated June 12, 2020 that they will not call for the outstanding interest or/and principal till the time, the Company is in a position to make these payments.





**(b) Unsecured borrowings****(i) Optionally convertible debentures (OCDs)**

A. The Company issued OCDs to International Hospital Limited on September 17, 2012. The details of OCDs are summarised below:

Particulars	As at March 31, 2020	As at March 31, 2019
Number of OCDs issued	5,419,500.00	5,419,500.00
Principal Amount (₹ in lakhs)	54,195.00	54,195.00
Rate of Interest (p.a.)	9% to 22% depending upon earnings before interest and tax (EBIT) of the Company. For the year ended March 31, 2020, EBIT is less than ₹ 1,800 lakhs (for year ended March 31, 2019, EBIT is less than ₹ 1,200 lakhs), therefore, interest rate is 9% p.a. (for the year ended March 31, 2019 @ 9% p.a.)	
Accrued interest (₹ in lakhs)	31,600.67	26,967.00
Repayment terms	The maturity date of OCDs is September 16, 2030 or earlier by giving a six month notice	

B. In case of these OCDs, only the lender has the option to convert the outstanding amount into the equity shares of the Company. Also both the parties have option to early redeem the debentures by giving six months' notice. The interest on OCDs is payable on monthly basis or can be deferred upto a period of five years on a mutually agreed basis.

During the year ended March 31, 2019, the Company had defaulted in payment of interest. The Company continues with the default in the payment of interest in the current year. The principal amount has been classified as current due to the option of early redemption available with both the parties.

However, subsequent to the year end, the Board of Directors of International Hospital Limited has confirmed through an extension letter dated June 12, 2020 that they will not call for the outstanding interest or/and principal till the time, the Company is in a position to make these payments.

**(ii) Redeemable preference shares**

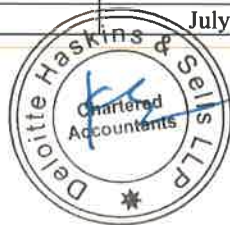
A. The Company issued redeemable preference shares to International Hospital Limited on October 20, 2012. The details are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Number of preference shares issued	62,803.00	62,803.00
Principal Amount (₹ in lakhs)	7,536.36	7,536.36
Rate of Interest using effective interest rate (p.a.)	11.43%	11.43%
Accrued interest (₹ in lakhs)	9,412.75	7,670.01
Repayment date	October 19, 2022	October 19, 2022

**(iii) Redeemable preference shares**

A. The Company issued redeemable preference shares to International Hospital Limited on July 27, 2011. The details are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Number of preference shares issued	29,000.00	29,000.00
Principal Amount (₹ in lakhs)	2,900.00	2,900.00
Rate of Interest using effective interest rate (p.a.)	11.46%	11.46%
Accrued interest (₹ in lakhs)	4,552.82	3,784.37
Repayment date	July 26, 2021	July 26, 2021



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**(iv) Loan from related party**

A. The Company obtained intercorporate loan from Fortis Hospotel Limited. The details are as follows:

<b>Particulars</b>	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Principal Amount (₹ in lakhs)	80.00	80.00
Rate of interest (p.a.)	10.50%	12%
Accrued interest (₹ in lakhs)	30.09	22.53

B. During the year ended March 31, 2019, the Company had defaulted in payment of amount of principal and interest as per the terms of the agreement. As per the agreement, consequent to the default in payment of amount of principal and interest, the outstanding principal and interest was repayable on demand.

Subsequent to the year end, the Company and Fortis Hospotel Limited has entered into a Memorandum of Understanding (“MOU”) dated June 16, 2020 to amend the term of the loan agreement dated March 31, 2017 and as per the amended agreement the principal amount of loan is repayable on March 31, 2022 and the interest on loan is payable on yearly basis. Also the rate of interest has been changed from 12% to 10.50% w.e.f April 1, 2019. As per the amended agreement the Company continues to default in payment of interest.

As on June 12, 2020 the Company has repaid all the outstanding principal and interest to Fortis Hospotel Limited. Therefore, the outstanding liabilities of outstanding principal and interest has been considered as current as at March 31, 2020.

**37. Employee benefits plan**

**a. Defined contribution plan**

Under the defined contribution plans, the Company makes provident fund (PF) and employee state insurance (ESI) contributions for qualifying employees. The Company is required to contribute a specified percentage of the salary to fund the benefits based on rates specified in the rules of the the Employees’ Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 respectively. During the year, the Company has recognised the following amounts in the statement of profit and loss under the defined contribution plans:

<b>Particulars</b>	<b>(Amount in ₹ lakhs)</b>	
	<b>For the year ended March 31, 2020</b>	<b>For the year ended March 31, 2019</b>
Contribution to provident fund	26.18	22.33
Contribution to employees state insurance	6.43	7.52

**b. Defined benefit plan**

The Company has a defined benefit gratuity plan, under which employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. Vesting occurs upon completion of 5 years of service. The gratuity plan is unfunded.

The following table summarises the components of net benefit expenses recognised in the statement of profit and loss and the amounts recognised in the balance sheet:

**i. Movement in net liability**

<b>Particulars</b>	<b>(Amount in ₹ lakhs)</b>	
	<b>As at March 31, 2020</b>	<b>As at March 31, 2019</b>
Present value of obligation at the beginning of the year	29.92	28.18
Current service cost	6.96	6.96
Interest cost	2.17	1.73



**Fortis Health Management Limited**
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

(Amount in ₹ lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Actuarial (gain) / loss recognised in other comprehensive income	5.15	3.98
Acquisition credit / (cost)	(1.70)	-
Benefits paid	(1.99)	(10.93)
<b>Present value of obligations at the end of the year</b>	<b>40.51</b>	<b>29.92</b>
Present value of obligations at the end of the year: Non-current	37.15	27.32
Present value of obligations at the end of the year: Current	3.36	2.60

**ii. Expense recognised in statement of profit and loss is as follows :**

(Amount in ₹ lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Service cost	6.96	6.96
Past service cost	-	-
Interest cost	2.17	1.73
<b>Amount charged to statement to profit and loss</b>	<b>9.13</b>	<b>8.69</b>

**iii. Expense recognised in other comprehensive income is as follows :**

(Amount in ₹ lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
Net actuarial (gain) / loss due to experience adjustment recognised during the year	2.90	3.71
Net actuarial (gain) / loss due to assumptions changes recognised during the year	2.25	0.27
<b>Amount charged/(credited) to other comprehensive loss /(income)</b>	<b>5.15</b>	<b>3.98</b>

The Principal assumptions used in determining gratuity and compensated absences obligation for the Company's plan is shown below:

Particulars	As at March 31, 2020	As at March 31, 2019
Discount rate	6.75%	7.60%
Expected rate of salary increase	7.5% for employees at Malar and Corporate office. 8% for employees at Nagarbhavi.	7.5% for employees at Malar and Corporate office. 8% for employees at Nagarbhavi.
Mortality table referred	Indian assured lives mortality (2006-08) (modified) Ult.	Indian assured lives mortality (2006-08) (modified) Ult.
Retirement age	60 Years	60 Years

**Withdrawal rate/employee turnover rate**

Particulars	As at March 31, 2020	As at March 31, 2019
<b>Hospital situated at Nagarbhavi, Bengaluru:</b>		
<b>Management</b>		
Up to 30 years	10%	10%
31- 40 years	5%	5%
41- 50 years	3%	3%



**Fortis Health Management Limited**

**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

Particulars	As at March 31, 2020	As at March 31, 2019
51- 58 years	2%	2%
<b>Nurses</b>		
Up to 30 years	30%	30%
31- 34 years	25%	25%
35- 44 years	20%	20%
45- 50 years	15%	15%
51- 54 years	10%	10%
55- 58 years	5%	5%
<b>Others</b>		
Up to 30 years	20%	20%
31- 34 years	15%	15%
35- 44 years	10%	10%
45- 50 years	3%	3%
51- 54 years	2%	2%
55- 58 years	1%	1%
<b>Malar and corporate office:</b>		
Up to 30 years	18%	18%
31- 44 years	6%	6%
45- 58 years	2%	2%

The gratuity scheme is a defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of services and paid lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

- Interest rate risk** - The defined benefit obligation is calculated using discount rate based on government bonds. If bond yield falls the defined benefit obligation will tend to increase.
- Salary inflation risk** - Higher than expected increases in salary will increase the defined obligation.
- Demographic risk** - This is the risk variability of results due to unsystematic nature of decrements that include mortality, withdrawal disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria. It is important not to overstate withdrawals because in the financial analyses the retirement benefit of a short career employee typically costs less per year as compared to a long service employee.

**Notes:**

- The estimates of future salary increases, considered in actuarial valuation, takes into account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary increase and mortality. The sensitivity analyses below has been determined based on reasonably possible changes of the respective assumptions at the end of the reporting period, while holding all other assumptions constant.
  - If the discount rate is 0.5% higher (lower), the defined benefit obligation would decrease by ₹ 1.65 lakhs (Increase by ₹ 1.53 lakhs) (as at March 31, 2019: decrease by ₹ 1.45 lakhs (increase by ₹ 1.33 lakhs)).
  - If the expected salary growth increases (decreases) by 1% the defined benefit obligation would increase by ₹ 3.36 lakhs (decrease by ₹ 2.95 lakhs) (as at March 31, 2019 by 1%: increase by ₹ 2.99 lakhs (decrease by ₹ 2.57 lakhs)).
  - If the withdrawal rate increases (decreases) by 5% the defined benefit obligation would decrease by ₹ 1.96 lakhs (increase by ₹ 1.59 lakhs) (as at March 31, 2019: decrease by ₹ 1.25 lakhs (decrease by ₹ 1.22 lakhs)).

**Method used for sensitivity analysis**

The above sensitivity results determine their individual impact on the plan's year end defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in





similar or opposite directions, while the plan's sensitivity to such changes can vary over time. Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet. There was no change in the methods and assumptions, except the discount rate used in the preparing the sensitivity analysis from prior year.

### 38. Financial Instruments

#### 38.1 Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

The Company's Board review the capital structure of the Company on need basis. The funding requirements are met through a mixture of internal fund generation, optionally convertible debt securities, and redeemable preference shares, borrowings from related parties and borrowing from banks. The Company has received support letter from its holding company, i.e. Fortis Healthcare Limited for continuous unconditional financial support enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS financial statements.

#### 38.2 Categories of financial instruments

Details of financial assets measured at amortised cost is as follows:

(Amount in ₹ lakhs)

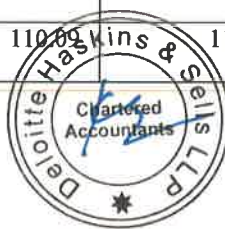
Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Cash and cash equivalents	90.49	90.49	141.46	141.46
Trade receivables	661.55	661.55	355.33	355.33
Other financial assets – current	40.07	40.07	48.18	48.18
Loan to related party non-current and current (including interest accrued)	416.97	416.97	372.54	372.54
Other financial assets – non-current	132.17	125.50	118.76	113.35
<b>Total</b>	<b>1,341.25</b>	<b>1,334.58</b>	<b>1,036.27</b>	<b>1,030.86</b>

Note 1- The carrying value of trade receivables, cash and cash equivalents, intercorporate loan from related parties and other financial assets (current and non-current) measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be received.

Details of financial liabilities measured at amortised cost is as follows:

(Amount in ₹ lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Optionally convertible debenture: Current (including interest accrued)	85,795.67	85,795.67	81,162.00	81,162.00
Lease liabilities non-current	1,328.85	1,328.85	-	-
Lease liabilities current	38.88	38.88	-	-
Redeemable preference share capital (including interest accrued)	24,401.93	20,415.74	21,890.74	18,812.46
Non-convertible debentures: Current (including interest accrued)	1,206.25	1,206.25	1,701.96	1,701.96
Loans from related parties: Current (including interest	110.09	110.09	102.53	102.53





(Amount in ₹ lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
accrued)				
Trade payables	601.86	601.86	570.67	570.67
Other financial liabilities – current	54.58	54.58	31.79	31.79
Other financial liabilities – non-current	10.85	10.03	19.07	14.63
<b>Total</b>	<b>113,548.96</b>	<b>109,561.95</b>	<b>105,478.76</b>	<b>102,396.04</b>

Note 1- The carrying value of intercorporate loan from related parties, trade payable and other financial liabilities (current and non-current) measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

### 38.3 Financial risk management objectives

The Company's financial liabilities mainly comprise of borrowings, trade payables and other payables. The Company's financial assets mainly comprise of cash and cash equivalents, loan to related parties and trade receivables and other financial assets. The Company's management provides services to the business, coordinates access to domestic financial markets, monitors and manages financial risks relating to operations of the Company. These risks include market risk, liquidity risk and credit risk.

Below mentioned disclosures summaries the Company's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

#### (i) 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. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk.

##### (a) Currency risk

The Company has no exposure from the international market as the Company operations are in India only. Hence the Company is not exposed to currency risk.

##### (b) Interest rate risk management

The Company is not exposed to interest rate risk because the Company had borrowed borrows at fixed interest rates.

#### (ii) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk arises primarily from trade receivables.

- **Trade receivable**

Majority of trade receivables at are from corporate client which are credit worthy parties and the management has carried out the assessment of the customer and doesn't foresee any default in the payment. Management carries a detailed analysis of the expected credit loss and creates adequate provision in the books of accounts. As at March 31, 2020: majority (66%) of trade receivable are from hospital operating company which is a related party wherein the chances of default are very low.



**Fortis Health Management Limited**
**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

- **Other financial assets**

For other financial assets including cash and bank balances, security deposits and loans, for which the Company minimises credit risk by dealing with creditworthy counterparties.

**(iii) Liquidity risk management**

The following tables give details of the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay (Refer note 51). The tables include both interest and principal cash flows.

**As at March 31, 2020**

(Amount in ₹ lakhs)					
Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
<b>Fixed interest rate instrument</b>					
Optionally convertible debenture (including accrued interest)	85,795.67	-	-	85,795.67	85,795.67
Redeemable preference shares (including accrued interest)	-	8,609.95	22,382.58	30,992.53	24,401.93
Non-convertible debentures (including accrued interest)	1,206.25	-	-	1,206.25	1,206.25
Lease liabilities non-current	-	180.29	2,003.84	2,184.13	1,328.85
Lease liabilities current	172.96	-	-	172.96	38.88
Inter-corporate loan from related party (including accrued interest)	110.09	-	-	110.09	110.09
<b>Other financial liabilities</b>					
Trade payables	601.86	-	-	601.86	601.86
Other financial liabilities – current	54.98	-	-	54.98	54.98
Other financial liabilities – non-current	-	5.00	13.33	18.33	10.85
<b>Total</b>	<b>87,941.81</b>	<b>22,567.87</b>	<b>10,627.12</b>	<b>121,136.80</b>	<b>113,549.36</b>

**As at March 31, 2019**

(Amount in ₹ lakhs)					
Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
<b>Fixed interest rate instrument</b>					
Optionally convertible debenture (including accrued interest)	81,162.00	-	-	81,162.00	81,162.00
Redeemable preference shares (including accrued interest)	-	-	30,992.53	30,992.53	21,890.74
Non-convertible debentures (including accrued interest)	1,701.96	-	-	1,701.96	1,701.96
Inter-corporate loan from related party (including accrued interest)	102.53	-	-	102.53	102.53
<b>Other financial liabilities</b>					
Trade payables	570.67	-	-	570.67	570.67
Other financial liabilities – current	31.79	-	-	31.79	31.79
Other financial liabilities – non-current	-	10.10	15.31	25.41	19.07
<b>Total</b>	<b>83,568.95</b>	<b>10.10</b>	<b>15.31</b>	<b>114,586.89</b>	<b>105,478.76</b>



## 39. Loss per share (EPS)

Particulars	Denomination	Year ended March 31, 2020	Year ended March 31, 2019
Loss as per statement of profit and loss	₹ in lakhs	(7,840.81)	(6,224.37)
Weighted average number of equity shares in calculating basic EPS	Numbers in lakhs	25	25
Weighted average number of equity shares in calculating diluted EPS	Numbers in lakhs	25	25
Basic and diluted EPS	₹	(313.63)	(248.97)

The Company has issued optionally convertible debentures to the International Hospital Limited (lender) on September 17, 2012. These debentures are convertible at the option of lender at any time on or prior to the maturity date as specified in the agreement in to such number of shares and at such price per share as the parties may mutually agree at the time of the conversion. Therefore, impact of these potential equity shares has not been considered while computing diluted earnings per share.

## 40. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

During the period ended December 31, 2006, Government of India has promulgated an Act namely, the Micro, Small and Medium Enterprises Development Act, 2006 which came into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the supplier. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act).

The disclosures pursuant to the said MSMED Act are as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
(a) Principal amount remaining unpaid to any supplier as at the end of the accounting year	10.58	32.80
(b) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	1.18
(c) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(d) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act	-	-
(e) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(f) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23	-	-

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditor.



41. Deferred tax

(a) Unrecognised deferred tax asset

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax liability</b>		
Difference between book base and tax base of property, plant and equipment	202.91	202.01
Right to use asset	285.11	-
<b>Total</b>	<b>488.02</b>	<b>202.01</b>
<b>Deferred tax assets</b>		
Defined benefit obligations	15.72	14.54
Allowance for doubtful debts	48.98	45.62
Lease liabilities	324.66	-
Unabsorbed depreciation and carry forward tax losses	2,974.01	8,209.77
<b>Total</b>	<b>3,363.37</b>	<b>8,269.93</b>
<b>Net deferred tax asset</b>	<b>2,875.35</b>	<b>8,067.92</b>
<b>Deferred tax assets recognised to the extent of deferred tax liability*</b>	<b>488.02</b>	<b>202.01</b>
<b>Unrecognised deferred tax asset</b>	<b>2,875.35</b>	<b>8,067.92</b>

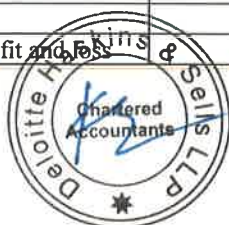
\*Deferred tax asset has been recognised only to the extent of the deferred tax liability as there is no reasonable certainty that there will be future taxable income against which such deferred tax asset will be adjusted.

(a) The unused tax losses and unabsorbed depreciation expire as detailed below:

(Amount in ₹ lakhs)				
Financial year	Business loss	Unabsorbed depreciation	Business loss can be carried forward up to financial year	Unabsorbed depreciation can be carried forward up to financial year
2010-11	-	252.62	-	Unlimited
2011-12	-	381.05	-	Unlimited
2012-13	-	558.34	-	Unlimited
2013-14	-	659.62	-	Unlimited
2014-15	-	571.85	-	Unlimited
2015-16	-	520.33	-	Unlimited
2016-17	-	461.90	-	Unlimited
2017-18	-	416.74	-	Unlimited
2018-19	3,683.79	378.47	2026-27	Unlimited
2019-20	3,604.67	327.24	2027-28	Unlimited
<b>Total</b>	<b>7,288.46</b>	<b>4,528.16</b>		

(b) A reconciliation of income tax expense applicable to accounting profits / (loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

(Amount in ₹ lakhs)		
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
Accounting loss before tax	(7,840.81)	(6,224.37)
Statutory income tax rate	25.168%	29.120%
Tax at statutory income tax rate	(1,973.38)	(1,812.53)
Effect of expenses that are not deductible in determining taxable profit	970.77	814.50
Effect of unused tax losses and tax offsets not recognised as deferred tax assets	(5,192.57)	988.12
Effect of change in Tax rate	272.57	-
Effect of Tax in relation to previous year	5,933.53	9.31
Others	(10.92)	0.60
<b>Total</b>	<b>1,973.38</b>	<b>1,812.53</b>
Tax expense recognised in statement of profit and loss	-	-





## 42. Segment reporting

A) Description of segment and principle activities

The Board of Directors of the Company have been identified as chief operating decision maker (CODM). Information reported to CODM for the purposes of resource allocation and assessment of segment performance focuses on the type of services delivered or provided. CODM have chosen to organise the Company around differences in services provided. The Company is engaged in the business of providing clinical establishment (CE) services at Malar and running hospital operations at Bengaluru.

The Company's reportable segments under Ind AS 108 are as follows:

- (a) Clinical establishment
- (b) Hospital operations

There are no geographical segments as all the operations of the Company are only in India.

The following table presents revenue and profit information regarding the Company's business segments:

For the year ended March 31, 2020		(Amount in ₹ lakhs)		
Particulars	Business segments			Total
	Clinical establishment	Hospital		
<b>Revenue</b>				
Segment revenue from operations	1,960.61	3,292.77		5,353.38
Segment - other income	-	71.17		71.17
Unallocated income	-	-		32.52
<b>Total revenue</b>	<b>1,960.61</b>	<b>3,363.94</b>		<b>5,357.07</b>
<b>Results</b>				
<b>Operating profit</b>	<b>908.27</b>	<b>745.78</b>		<b>1,654.05</b>
Unallocated income	-	-		32.52
Depreciation and amortisation	108.82	216.97		325.79
Unallocated depreciation and amortisation	-	-		1.57
Finance cost	-	150.33		150.33
Unallocated finance Cost	-	-		7,564.92
Unallocated corporate expenses	-	-		87.78
<b>Loss before exceptional item and tax</b>	<b>-</b>	<b>-</b>		<b>(6,443.82)</b>
Exceptional items	-	-		(1,396.99)
<b>Loss before tax</b>	<b>-</b>	<b>-</b>		<b>(7,840.81)</b>
Tax expense	-	-		-
<b>Profit/(loss) after tax</b>	<b>799.45</b>	<b>378.48</b>		<b>(7,840.81)</b>

Fortis Malar Hospitals Limited, a fellow subsidiary contributes more than 10% to the revenue of the Company. The revenue earned during the current year is ₹ 1,886.90 lakhs (for the year ended March 31, 2019 ₹ 2,120.26 lakhs).

For the year ended March 31, 2019		(Amount in ₹ lakhs)		
Particulars	Business segments			Total
	Clinical establishment	Hospital		
<b>Revenue</b>				
Segment revenue from operations	2,204.56	3,060.15		5,264.71
Segment - other income	7.56	17.86		25.42
Unallocated income	-	-		140.35
<b>Total revenue</b>	<b>2,212.12</b>	<b>3,078.01</b>		<b>5,430.48</b>



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For the year ended March 31, 2019		(Amount in ₹ lakhs)		
Particulars	Business segments			
	Clinical establishment	Hospital	Total	
<b>Results</b>				
<b>Operating profit</b>	<b>1,044.68</b>	<b>461.70</b>	<b>1,506.38</b>	
Depreciation and amortisation	122.50	85.29	205.79	
Finance cost	-	-	7,339.90	
Unallocated corporate expenses	-	-	185.06	
<b>Loss before tax</b>	-	-	<b>(6,224.37)</b>	
Tax expense	-	-	-	
<b>Profit/(loss) after tax</b>	<b>924.18</b>	<b>376.41</b>	<b>(6,224.37)</b>	

**43. Transfer pricing**

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since, during the year the Company has not entered in to any international transaction with the associated enterprises, provisions of Section 92E of Income Tax Act, 1961 are not applicable to the Company. The management is of the opinion that its international transactions entered during the earlier years were at arm's length, thus the aforesaid legislation will not have any impact on the Ind AS financial statements, particularly on the amount of tax expense and that of provision for taxation.

**44. Contingent liability**

**Claims against the company not acknowledged as debt**

		(Amount in ₹ lakhs)	
S.No.	Particulars	As at March 31, 2020	As at March 31, 2019
1	Litigation with respect to medical cases	20.00	20.00
2.	Demand raised by income tax department	0.20	-
3.	Demand for luxury tax and interest raised by department of commercial taxes	48.39	48.39

Based on a review of the legal position, the management believes that it is possible, but not probable, that the demands mentioned above will arise and accordingly no provision for any liability has been made in these Ind AS financial statements.

As at March 31, 2020, the Company has certain other outstanding assessments/litigations for tax, litigations with respect to medical cases and other legal matters pending with different authorities. Based on the management's own assessment, the Company believes that an unfavorable outcome is remote for these outstanding assessments/litigations. Hence, not disclosed as contingent liabilities.

Further, as per clause 7 of the sponsor agreement dated September 18, 2012 the Company is indemnified by Fortis Healthcare Limited for any losses suffered or to be suffered arising from outstanding assessments/ litigation relating to section 14A and section 36(1)(iii) of the Income Tax Act, 1961. Based on the management's own assessment, the Company believes that an unfavorable outcome is remote for the indemnified outstanding assessment/ litigation. Hence, not disclosed as contingent liabilities.

Further, as per the sponsor agreement/share purchase agreement dated September 18, 2012 and disclosure letter dated January 15, 2019, the Company is indemnified for any losses suffered or to be suffered arising out of outstanding assessments/litigations by Fortis Healthcare Limited.



**45. Financial guarantee contracts**

- (a) Details of the financial guarantees issued by the Company on behalf of related parties to the debenture trustee i.e. Axis Trustee Services Limited for non-convertibles debentures issued by following related parties. During the current year, financial guarantee has been withdrawn.

(Amount in ₹ lakhs)

Entity Name	Date of guarantee given	As at March 31, 2020	As at March 31, 2019
International Hospital Limited	12 July 2017	-	25,760.00
Escorts Heart and Super Speciality Hospital Limited	12 July 2017	-	31,304.00
International Hospital Limited	24 Oct 2017	-	17,000.00
Hospitalia Eastern Private Limited	24 Oct 2017	-	7,000.00
<b>Total</b>		-	<b>81,064.00</b>

**46. Disclosure as per Section 186 (4) of Companies Act, 2013**

- (i) The particulars of the loan given by the Company as required to be disclosed by Section 186 (4) of Companies Act, 2013 are as follows:

(Amount in ₹ lakhs)

Nature of the Instrument	Issuer's name	Rate of Interest/Premium on redemption	Redemption/Termination Date	Secured/Unsecured	Principal amount outstanding as at	
					March 31, 2020	March 31, 2019
Inter-Corporate Deposits	Hospitalia Eastern Private Limited	10.50% per annum	March 31, 2022	Unsecured	272.40	252.40

Note: During the year ended March 31, 2019, the Hospitalia Eastern Private Limited continues with the default in the payment of amount of principal and interest. As per the amended agreement, consequent to the default, the outstanding receivable on account of principal and Interest are receivable on demand.

Subsequent to the year end, the Company and Hospitalia Eastern Private Limited has entered into a Memorandum of Understanding ("MOU") dated June 16, 2020 to amend the term of the loan agreement dated March 31, 2017 and as per the amended agreement the principal amount of loan receivable is on March 31, 2022 and the interest receivable on loan receivable is on yearly basis. Also the rate of interest has been changed from 12% to 10.50% w.e.f April 1, 2019. As per the amended agreement the Hospitalia Eastern Private Limited has defaulted in payment of interest. The principal amount has been classified to non-current from current during the current year due to extension of the term of loan receivable.

- (ii) The particulars of the investments in equity shares by the company as required to be disclosed by Section 186 (4) of Companies Act, 2013 are as follows:

(Amount in ₹ lakhs)

Issuer's name	Redemption/Termination Date	Secured/Unsecured	Principal outstanding amount as at	
			March 31, 2020	March 31, 2019
Fortis Hospotel Limited	Not applicable	Unsecured	37,728.39	37,728.39
Hospitalia Eastern Private Limited (refer note below)	Not applicable	Unsecured	6.99	6.99
International Hospital Limited	Not applicable	Unsecured	10,946.28	10,946.28
Escorts Heart and Super Speciality Hospital Limited	Not applicable	Unsecured	3,375.34	3,375.34
Clover Energy Private Limited	At the time of termination of agreement	Unsecured	0.01	27.90

During the current year Company has impaired the equity investment made in subsidiary (refer note 47).



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**Fortis Health Management Limited****Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

- (iii) The particulars of the investments in redeemable preference shares by the Company as required to be disclosed by Section 186 (4) of Companies Act, 2013 are as follows

(Amount in ₹ lakhs)

Issuer's name	Premium on redemption	Redemption Date	Secured/Unsecured	Principal outstanding amount as at	
				March 31, 2020	March 31, 2019
Hospitalia Eastern Private Limited	Nil	September 30, 2022	Unsecured	40	40
Hospitalia Eastern Private Limited	₹1500 per share	April 3, 2021	Unsecured	1,350	1,350

Note: The redemption date specified above are the dates as per the terms of the agreement however, the Company has option for early redemption of preference shares by giving 30 days' notice. During the current year Company has impaired the above specified investments (refer note 47).

- (iv) The Company has issued financial guarantee to debenture trustee (Axis Trustee Services Limited) for Non convertibles Debentures issued by the borrower for expansion and development of business and for general corporate purpose for the related parties in the table given below. In accordance with the policy of the Company, the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified financial guarantees as contingent liabilities. Accordingly, there are no liabilities recognised in the balance sheet under these contracts. During the current year, financial guarantee has been withdrawn.

(Amount in ₹ lakhs)

Entity name	Date of guarantee given	As at March 31, 2020	As at March 31, 2019
International Hospital Limited	July 12, 2017	-	25,760.00
Escorts Heart and Super Speciality Hospital Limited	July 12, 2017	-	31,304.00
International Hospital Limited	October 21, 2017	-	17,000.00
Hospitalia Eastern Private Limited	October 24, 2017	-	7,000.00
<b>Total</b>		-	<b>81,064.00</b>

**47. Exceptional items**

The Company has an investment in equity shares aggregating to ₹ 6.99 lakhs in Hospitalia Eastern Private Limited which is a wholly owned subsidiary. The Company has also invested an amount of ₹ 1,390 lakhs as unsecured redeemable non-cumulative preference shares.

Considering the uncertainty in recoverability of the investment with no current foreseeable chances of recovery from the subsidiary, the Company has fully impaired its investment in equity shares and redeemable non-cumulative preference shares of the subsidiary.

**48. Note on COVID-19**

The COVID-19 pandemic is affecting major economic and financial markets, and virtually all industries and governments are facing challenges associated with the economic conditions resulting from efforts to address it. In many countries, there has been severe disruption in regular business operations due to lockdown, travel bans, quarantines and other emergency measures.

The Company is engaged in providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services as per the terms set out in Hospital and Medical Services Agreement (HMSA) with a hospital operating company i.e. Fortis Malar Hospitals Limited (FMHL), a fellow subsidiary of the Company. The Company also operates a hospital at Nagarbhavi, Bengaluru. The healthcare sector is exempted from lock down in India, however due to the lock down and travel restrictions, the business of the Fortis Healthcare Limited and its other subsidiaries providing hospital services (the "Group") and healthcare industry as a whole has also been impacted. Due to this, there have been proposed changes in respect of the base fees set out in HMSA.

For the year ended March 31, 2020, the Board of Directors have considered possible effects due to COVID 19 in its assessment of going concern assumption, the liquidity position for next one year and recoverability of assets comprising



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property, plant and equipment (PPE), goodwill, trade receivables, Investment in subsidiary and fellow subsidiaries through equity shares, investment in fellow subsidiary through preference shares, and other financial assets. While assessing the recoverable amount of PPE, goodwill, investments and other financial assets the Company has used significant assumptions such as occupancy rates, terminal growth rate and weighted average cost of capital. Management has taken certain cost savings initiatives subsequent to year ended March 31, 2020 which will have a positive impact going forward.

Management believes that it has taken into account the possible impact of known events arising from COVID 19 pandemic in the preparation of these financial statements. The associated economic impact of the pandemic is highly dependent on variables that are difficult to predict including the degree to which governments may further restrict business and other activities. The impact assessment of COVID 19 is a continuing process given the uncertainties associated with its nature and duration and actual results may differ materially from these estimates. The Company will continue to monitor any material changes to future economic conditions and impact, if any would be recognised in the financial statements when material changes to economic conditions arise. The management believes that it will not have any material negative impact on future cash flows and the financial position of the Company.

#### 49. Note on subsequent event

The outbreak of COVID -19 pandemic has adversely impacted cash flows of the hospital operating company. The hospital operating company is taking recourse to the *force majeure* provisions, as per the terms of HMSAs since in the prevailing circumstances they are unable to perform their payment obligations. In such unforeseen scenario which is beyond the control of all parties to the HMSAs, Fortis Healthcare Limited (FHL) which is the holding company has sought from its shareholders a resolution for approval for waiver of base service fee payable for at least two quarters i.e. April to June, 2020 and July to September, 2020 and to amend and waive of terms and conditions of the HMSAs with effect from April 1, 2020 including terminating the said HMSAs.

However, if the business does not recover to normal level in October 2020, then the waiver period may be extended until business becomes normal with the consent of hospital operating company and the Company.

All such amendment(s)/ waiver(s) such as but not limited to changes and waiver of base service fees, making further changes to the fee terms in future without requiring further amendment to the HMSAs, undertaken/ done during the two quarters April to June, 2020 and July to September, 2020 shall be effective from April 1, 2020. The approval from shareholders has been subsequently received.

The Board of Directors of holding company i.e. Fortis Healthcare Limited (FHL) and hospital operating company i.e. Fortis Malar Hospitals Limited (FMHL) have confirmed that the above said resolution with respect to the termination of HMSA is an enabling resolution and as of now Fortis Healthcare Limited and Fortis Malar Hospitals Limited do not have any plan to terminate the HMSA in the near future.

#### 50. Interest on delayed payment of service fees

The Company in terms of HMSA arrangement with the hospital operating company, receives service fee consideration from the Hospital operating company, as and when due. As per terms of the HMSA, in the event of any delay in payment of the Service Fee, an interest at a rate of State Bank of India base rate plus 2 % per annum (on a compounded monthly basis) shall be payable by hospital operating company to the Company. The Company was in discussion with hospital operating company (i.e. FMHL) on such terms of payment and received a letter from FMHL on July 9, 2020 for re-negotiate/re-consider the rate of interest stating the conditions due to COVID-19 pandemic. In continuity of the ongoing discussion since March, 2020 and aforesaid request by FMHL, the Company and FMHL has entered into an arrangement on August 7, 2020 wherein no interest would be charged/demanded for the delay in the payments on amounts under HMSA for the financial year 2019-20 on account of the severity of the COVID 19 pandemic and uncertainty in the improvement of the situation. Consequently, the Company has not recognised interest on the delayed payment of the service fees/technology renewal fund during the year ended March 31, 2020.

#### 51. Going concern

The Company has accumulated losses of ₹ 53,222.27 Lakhs as at March 31, 2020 including loss ₹ 7,840.81 lakhs incurred during the current year as against equity share capital of ₹ 250 lakhs. Further, the Company has current liabilities of ₹ 88,123.21 lakhs and current assets of ₹ 1,023.56 lakhs as at March 31, 2020. The Company's current liabilities exceeds its current assets by ₹ 87,099.65 lakhs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Company





**Fortis Health Management Limited**

**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

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proposes to fund its operations in near future primarily from funds committed by the Holding Company i.e., Fortis Healthcare Limited which has confirmed that it will provide continuous unconditional financial support to the Company enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS Balance Sheet. This will enable the Company to settle its obligations as and when they fall due and operate as a going concern. The management of the Company expects to generate positive operating cash flows in the foreseeable period. Accordingly, the Ind AS financial statements of the Company have been prepared using the going concern assumption.

**52. Approval of financial statements**

The Ind AS financial statements were approved for issue by the board of directors on August 11, 2020.

**For and on behalf of Board of Directors of  
Fortis Health Management Limited**



  
**Akshay Kumar Tiwari**  
Director  
DIN: 07930333

Place: Gurugram  
Date: August 11, 2020

  
**Anurag Kalra**  
Director  
DIN: 06987504

Place: Gurugram  
Date: August 11, 2020



