

**INDEPENDENT AUDITOR'S REPORT**

**To The Members of Fortis Hospotel Limited  
Report on the Audit of the Financial Statements**

**Opinion**

We have audited the accompanying financial statements of Fortis Hospotel Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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, 2019, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

**Basis for Opinion**

We conducted our audit of the 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 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 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 financial statements.

**Information Other than the 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 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 financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.



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

### **Management's Responsibility for the 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 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 financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the 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 Financial Statements**

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

### **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 Income, 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 financial statements comply with the Ind AS specified under Section 133 of the Act.
- e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, 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.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
    - i. The Company has certain pending litigations as on March 31, 2019. However, there is no impact on the financial position of the Company for the reasons stated in note 39.
    - 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.
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)



*A. Kotwal*  
**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: May 22, 2019

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) 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, 2019 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 (the "Guidance Note"). 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 and the Standards on Auditing prescribed under Section 143(10) of the Act, 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 of March 31, 2019, 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)

Place: Gurugram  
Date: May 22, 2019

**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 last physical verification of property, plant and equipment on March 31, 2018 and no material discrepancies were noticed on such physical verification.
- (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 or at perpetual lease, are held in the name of the Company as at the balance sheet date, except the following:

| <b>Particulars of the land and building</b>                     | <b>Carrying amount</b> | <b>Remarks</b>   |
|---|------------------------|--|
| Land held under perpetual lease located at Shalimar Bagh, Delhi | ₹ 6,910 lakhs          | The title deed is in the name of Oscar Biotech Private Limited |

- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to 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 in accordance with the terms of the loan agreement, the interest on inter corporate deposits granted were receivable on demand but have not been called for by the Company during the year.
- (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
- (c) There is no overdue amount remaining outstanding as at the year-end.
- (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, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income Tax which have not been deposited as on March 31, 2019 on account of dispute is given below:

| Name of Statute      | Nature of Dues                                   | Forum where Dispute is Pending | Period to which the amount relates | Amount Involved (₹) | Amount Unpaid (₹) |
|----------------------|--|--------------------------------|------------------------------------|---------------------|-------------------|
| Income Tax Act, 1961 | Disallowance under section 14A read with Rule 8D | High Court                     | AY 2011-12                         | 41.53 lakhs         | 41.53 lakhs       |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the dues to debenture holders.

The Company has not taken any loans or borrowings from financial institutions, banks 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.





**Deloitte  
Haskins & Sells LLP**

- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (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 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.
- (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)



**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: May 22, 2019

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**Fortis Hospotel Limited (CIN U74899HR1990PLC054770)**  
**Balance Sheet as at March 31, 2019**

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | Notes | As at             |                   |
|--|-------|-------------------|-------------------|
|  |       | March 31, 2019    | March 31, 2018    |
| <b>ASSETS</b>  |       |                   |                   |
| <b>A. Non-current assets</b>   |       |                   |                   |
| (a) Property, plant and equipment  | 4a    | 58,317.18         | 61,164.24         |
| (b) Capital work-in-progress   | 4b    | -                 | 103.38            |
| (c) Financial assets   |       |                   |                   |
| (i) Investments  |       |                   |                   |
| a) Investment in fellow subsidiaries   | 5     | 95,340.90         | 48,624.13         |
| b) Other investments   | 5a    | -                 | 46,716.77         |
| (ii) Loans   | 11    | -                 | 82.29             |
| (iii) Other financial assets   | 6     | 246.09            | 8,785.49          |
| (d) Non-current tax assets   | 7     | 3,480.05          | 3,432.39          |
| (e) Other non-current assets   | 8     | 129.13            | 152.96            |
| <b>Total non-current assets (A)</b>  |       | <b>157,513.35</b> | <b>169,061.65</b> |
| <b>B. Current assets</b>   |       |                   |                   |
| (a) Financial assets   |       |                   |                   |
| (i) Loans  | 11    | 82.29             | -                 |
| (ii) Trade receivables   | 9     | 10,466.77         | 7,724.44          |
| (iii) Cash and cash equivalents  | 10a   | 71.41             | 3,429.78          |
| (iv) Bank balances other than (ii) above   | 10b   | 71.10             | 69.73             |
| (v) Other financial assets   | 6     | 15,085.70         | 854.02            |
| (b) Other current assets   | 8     | 78.63             | 69.79             |
| <b>Total current assets (B)</b>  |       | <b>25,855.90</b>  | <b>12,147.76</b>  |
| <b>Total assets (A+B)</b>  |       | <b>183,369.25</b> | <b>181,209.41</b> |
| <b>EQUITY AND LIABILITIES</b>  |       |                   |                   |
| <b>A. Equity</b>   |       |                   |                   |
| (a) Equity share capital   | 12    | 56,117.02         | 29,377.02         |
| (b) Other equity   | 13    | 118,561.98        | 63,900.48         |
| <b>Total equity (A)</b>  |       | <b>174,679.00</b> | <b>93,277.50</b>  |
| <b>Liabilities</b>   |       |                   |                   |
| <b>B. Non-current liabilities</b>  |       |                   |                   |
| (a) Financial liabilities  |       |                   |                   |
| (i) Borrowings   | 14    | 392.45            | 81,047.57         |
| (b) Provisions   | 15    | 22.15             | 42.89             |
| (c) Deferred tax liabilities (Net)   | 16    | 1,639.91          | 1,521.14          |
| <b>Total non-current liabilities (B)</b>   |       | <b>2,054.51</b>   | <b>82,611.60</b>  |
| <b>C. Current liabilities</b>  |       |                   |                   |
| (a) Financial liabilities  |       |                   |                   |
| (i) Trade payables   |       |                   |                   |
| - Total outstanding dues of micro enterprises and small enterprises                      | 17    | 86.37             | 66.52             |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 17    | 780.45            | 968.91            |
| (ii) Other financial liabilities   | 18    | 5,000.32          | 569.29            |
| (b) Provisions   | 15    | 387.77            | 366.10            |
| (c) Other current liabilities  | 19    | 380.83            | 3,349.49          |
| <b>Total current liabilities (C)</b>   |       | <b>6,635.74</b>   | <b>5,320.31</b>   |
| <b>Total liabilities (B+C)</b>   |       | <b>8,690.25</b>   | <b>87,931.91</b>  |
| <b>Total equity and liabilities (A+B+C)</b>  |       | <b>183,369.25</b> | <b>181,209.41</b> |

See accompanying notes forming part of the Ind AS financial statements 1-41

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

*K. A.*  
Khazat A. Kotwal  
Partner



For and on behalf of the Board of Directors of  
Fortis Hospotel Limited

*Ashutosh*  
Ashutosh Raghuvanshi  
Chairman  
DIN: 02775637

*Gaurav*  
Gaurav Chugh  
Director  
DIN: 08283311

Anita Rastogi  
Company Secretary

*Mohit*  
Mohit Kumar  
Chief Financial Officer

Place : Gurugram  
Date : 22 MAY 2019

Place : Gurugram  
Date : 22 MAY 2019

Place : Gurugram  
Date : 22 MAY 2019

Fortis Hospotel Limited (CIN U74899HR1990PLC054770)  
Statement of Profit and Loss for the year ended March 31, 2019

| Particulars   | Notes | (Amount in ₹ lakhs except otherwise stated) |                                      |
|---|-------|---|--------------------------------------|
|   |       | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |
| <b>I Revenue from operations</b>  | 20    | 26,151.79                                   | 25,829.55                            |
| <b>II Other income</b>  | 21    | 7,607.26                                    | 7,736.21                             |
| <b>III Total income (I+II)</b>  |       | <b>33,759.05</b>                            | <b>33,565.76</b>                     |
| <b>IV Expenses</b>  |       |   |                                      |
| i) Purchases of medical consumable and drugs  |       | 161.82                                      | 188.60                               |
| ii) Employee benefits expense   | 22    | 454.31                                      | 393.83                               |
| iii) Finance cost   | 23    | 13,357.94                                   | 13,794.17                            |
| iv) Depreciation expense  | 24    | 3,019.93                                    | 3,059.65                             |
| v) Other expenses   | 25    | 3,872.09                                    | 3,690.52                             |
|   |       | <b>20,866.09</b>                            | <b>21,126.77</b>                     |
| <b>V Profit before tax (III-IV)</b>   |       | <b>12,892.96</b>                            | <b>12,438.99</b>                     |
| <b>VI Tax expense</b>   |       |   |                                      |
| i) Current tax  | 26    | 4,522.15                                    | 4,422.36                             |
| ii) Deferred tax  | 26    | (635.85)                                    | (606.25)                             |
|   |       | <b>3,886.30</b>                             | <b>3,816.11</b>                      |
| <b>VII Profit for the year (V-VI)</b>   |       | <b>9,006.66</b>                             | <b>8,622.88</b>                      |
| <b>VIII Other comprehensive income /(loss)</b>  |       |   |                                      |
| i) Items that will not be reclassified to profit or loss                              |       |   |                                      |
| (a) Remeasurements of the defined benefit plans                                       |       | 1.22  | (4.78)                               |
| ii) Income tax relating to items that will not be reclassified to profit or loss      |       | (0.43)                                      | 1.65                                 |
| <b>Total other comprehensive income /(loss) (VIII)</b>                                |       | <b>0.79</b>                                 | <b>(3.13)</b>                        |
| <b>IX Total comprehensive income for the year (VII+VIII)</b>                          |       | <b>9,007.45</b>                             | <b>8,619.75</b>                      |
| Earnings per share (nominal value of shares ₹ 10/- each (previous year ₹ 10/- each)): |       |   |                                      |
| i) Basic (in ₹)   | 33    | 1.60  | 2.94                                 |
| ii) Diluted (in ₹)  | 33    | 1.60  | 2.94                                 |

See accompanying notes forming part of the Ind AS financial statements

1-41

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 Hospotel Limited

Ashutosh Raghuvanshi  
Chairman  
DIN: 02775637

Gaurav Chugh  
Director  
DIN: 08283311

Anita Rastogi  
Company Secretary

Mohit Kumar  
Chief Financial Officer

Place : Gurugram  
Date :

22 MAY 2019

Place : Gurugram  
Date :

22 MAY 2019

Place : Gurugram  
Date :

22 MAY 2019

**Fortis Hospotel Limited (CIN U74899HR1990PLC054770)**  
**Statement of Cash Flows for the year ended March 31, 2019**

| Particulars   | (Amount in ₹ lakhs except otherwise stated) |                                      |
|---|---|--------------------------------------|
|   | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |
| <b>Cash flows from operating activities</b>                           |   |                                      |
| Profit before tax   | 12,892.96                                   | 12,438.99                            |
| <b>Adjustments for:</b>   |   |                                      |
| Net gain arising on sale of financial assets measured at FVTPL        | (142.88)                                    | (6.13)                               |
| Interest income   | (7,342.54)                                  | (7,710.29)                           |
| Finance costs   | 13,357.94                                   | 13,776.35                            |
| Liabilities no longer required written back                           | (121.72)                                    | (11.15)                              |
| (Profit) / loss on disposal of property, plant and equipment          | 91.66                                       | (8.56)                               |
| Allowance for trade receivables                                       | 17.26                                       | -                                    |
| Depreciation expense  | 3,019.93                                    | 3,059.65                             |
|   | <b>21,772.61</b>                            | <b>21,538.86</b>                     |
| <b>Movements in working capital:</b>                                  |   |                                      |
| Decrease / (increase) in trade receivables                            | (2,759.59)                                  | 1,207.02                             |
| Decrease / (increase) in other assets                                 | (27.84)                                     | 107.38                               |
| Decrease / (increase) in other financial assets                       | 693.76                                      | (9,503.72)                           |
| Increase / (decrease) in trade payables                               | (272.86)                                    | 300.36                               |
| Increase / (decrease) in other financial                              | (29.38)                                     | 44.11                                |
| Increase / (decrease) in provisions                                   | 2.15  | 2.97                                 |
| Increase / (decrease) in other liabilities                            | (2,968.66)                                  | 2,603.86                             |
| <b>Cash generated from operations</b>                                 | <b>16,410.19</b>                            | <b>16,300.84</b>                     |
| Income taxes paid (including tax deducted at source)                  | (3,815.62)                                  | (3,763.27)                           |
| <b>Net cash generated by operating activities (A)</b>                 | <b>12,594.57</b>                            | <b>12,537.57</b>                     |
| <b>Cash flows from investing activities</b>                           |   |                                      |
| Purchase of property, plant and equipment                             | (155.83)                                    | (329.43)                             |
| Fixed deposits placed with banks                                      | (1.37)                                      | (7.90)                               |
| Fixed deposits matured with banks                                     | -   | 4.22                                 |
| Loans and advances to related parties                                 | -   | (2,675.00)                           |
| Loans and advances repayments from related parties                    | -   | 2,982.71                             |
| Proceeds from sale of investments in mutual funds(Net)                | 142.88                                      | 6.13                                 |
| Interest received   | 956.50                                      | 10,417.71                            |
| <b>Net cash generated by investing activities (B)</b>                 | <b>942.18</b>                               | <b>10,398.44</b>                     |
| <b>Cash flows from financing activities*</b>                          |   |                                      |
| Repayment of non-current borrowings                                   | (196.60)                                    | (4,890.85)                           |
| (Repayment) / proceeds of current borrowings                          | -   | (951.59)                             |
| Interest paid   | (16,698.52)                                 | (13,776.35)                          |
| <b>Net cash used in financing activities (C)</b>                      | <b>(16,895.12)</b>                          | <b>(19,618.79)</b>                   |
| <b>Net increase / (decrease) in cash and cash equivalents (A+B+C)</b> | <b>(3,358.37)</b>                           | <b>3,317.22</b>                      |
| Cash and cash equivalents at the beginning of the year                | 3,429.78                                    | 112.56                               |
| <b>Cash and cash equivalents at the end of the year</b>               | <b>71.41</b>                                | <b>3,429.78</b>                      |

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

|  | As at<br>March 31, 2018 | Cash flows      | Non Cash Changes   | As at<br>March 31, 2019 |
|--|-------------------------|-----------------|--------------------|-------------------------|
| Borrowings - Non-current(refer note 1)             | 81,047.57               | (33.85)         | (80,621.27)        | 392.45                  |
| Other financial liabilities(refer note 2)          | 306.79                  | (162.75)        | (111.49)           | 32.55                   |
| <b>Total liabilities from financing activities</b> | <b>81,354.36</b>        | <b>(196.60)</b> | <b>(80,732.76)</b> | <b>425.00</b>           |

**Note :**

- During the year ended March 31, 2019, carrying value of liability component of compulsorily convertible debentures amounting to ₹ 80,666.84 lakhs has been converted into the equity shares (refer note 30(b)(i)) and ₹ 44.57 lakhs relates to the interest expense recognised for finance lease obligation.
- During the year ended March 31, 2019, carrying liability of long-term debt has been written back. (Refer note 30(a)).

See accompanying notes forming part of the Ind AS financial statements

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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 Hospotel Limited**

**Ashutosh Raghuvanshi**  
Chairman  
DIN: 02775637

**Gaurav Chugh**  
Director  
DIN: 08283311

**Anita Rastogi**  
Company Secretary

**Mohit Kumar**  
Chief Financial Officer

Place : Gurugram  
Date :

22 MAY 2019

Place : Gurugram  
Date :

22 MAY 2019

Place : Gurugram  
Date :

22 MAY 2019

| Particulars   |                  |
|---|------------------|
| <b>a. Equity share capital</b>                                      |                  |
| Balance at April 01, 2017   | 29,377.02        |
| Changes in equity share capital during the year                     | -                |
| <b>Balance at March 31, 2018</b>                                    | <b>29,377.02</b> |
| Changes in equity share capital during the year (refer note 30b(i)) | 26,740.00        |
| <b>Balance at March 31, 2019</b>                                    | <b>56,117.02</b> |

| Particulars  | Equity component of compound financial instrument | Reserve and surplus        |                   | Total other equity |
|--|---|----------------------------|-------------------|--------------------|
|  |   | Securities premium reserve | Retained earnings |                    |
| <b>Balance as at April 01, 2017</b>  | 6,758.47  | 11,289.07                  | 37,233.19         | 55,280.73          |
| Profit for the year  | -   | -                          | 8,622.88          | 8,622.88           |
| Other comprehensive loss for the year, net of tax<br>(a) Remeasurements benefit of defined benefit plan  | -   | -                          | (3.13)            | (3.13)             |
| <b>Balance as at March 31, 2018</b>  | <b>6,758.47</b>                                   | <b>11,289.07</b>           | <b>45,852.94</b>  | <b>63,900.48</b>   |
| Issue of equity shares on premium upon conversion of compulsorily convertible debentures (Refer note below)  | -   | 60,298.70                  | -                 | 60,298.70          |
| Re-classification of equity component of compound financial instrument to securities premium account (Refer note below)  | (6,758.47)  | 6,758.47                   | -                 | -                  |
| Difference between conversion value and carrying value of liability component of compound financial instrument adjusted in securities premium account (Refer note below) | -   | (14,530.17)                | -                 | (14,530.17)        |
| Profit for the year  | -   | -                          | 9,006.66          | 9,006.66           |
| Share issue expenses   | -   | -                          | (114.48)          | (114.48)           |
| Other comprehensive income for the year, net of tax<br>(a) Remeasurements benefit of defined benefit plan  | -   | -                          | 0.79              | 0.79               |
| <b>Balance as at March 31, 2019</b>  | <b>-</b>  | <b>63,816.07</b>           | <b>54,745.91</b>  | <b>118,561.98</b>  |

See accompanying notes forming part of the Ind AS financial statements

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**Note:** Pursuant to Master Purchase Agreement dated February 12, 2018, 8,704,000 Compulsorily Convertible Debentures (CCDs) of the original value of ₹ 87,040.00 lakhs issued by the Company to Fortis Global Healthcare Services Pte. Limited have been sold to Fortis Healthcare Limited on January 15, 2019. As per the terms of the original agreement these CCDs were due for conversion on or before 18 years from the date of issuance. On March 29, 2019, the Board of Directors of the Company passed a resolution to convert these CCDs into 267,400,000 equity shares of face value of ₹10 each at a premium of ₹22.25 aggregating ₹87,038.70 lakhs. The carrying value of liability component of compound financial instrument on March 29, 2019 was ₹72,508.53 lakhs.

Thereby, ₹6,758.47 lakhs appearing as equity component of the compound financial instrument have been transferred to securities premium reserve and the difference between conversion value and carrying value of liability component of Compound Financial instrument amounting to ₹14,530.17 lakhs has been adjusted in securities premium account.

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 Hospotel Limited

Ashutosh Raghuvanshi  
Chairman  
DIN: 02775637

Gaurav Chugh  
Director  
DIN: 08283311

Anita Rastogi  
Company Secretary

Mohit Kumar  
Chief Financial Officer

Place : Gurugram  
Date :

22 MAY 2019

Place : Gurugram  
Date :

22 MAY 2019

**1) Corporate information**

- a) Fortis Hospotel Limited (the “Company”) was incorporated in India on January 23, 1990. The Company is a subsidiary of Fortis Healthcare Limited and is engaged in the business of providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services. The ultimate holding company is IHH Healthcare Berhad. The Company has entered into a Hospital and Medical Services Agreements (HMSA) with Fortis Hospitals Limited (FHsL) and Fortis Healthcare Limited (FHL) (collectively referred to as ‘Hospital operating companies’) and shall provide FHsL and FHL on an exclusive principal to principal basis, hospital services including clinical establishment services, OPD services and radio diagnostic services and shall receive service fee in respect thereof.

The registered office of the Company is located at Fortis Memorial Research Institute, Sector-44, Gurugram-122002, Haryana, India 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. The Company operates through its clinical establishments situated at Gurugram, Haryana and Shalimar Bagh, Delhi.

- 2) Pursuant to the Master Purchase Agreement dated February 12, 2018, the CCD’s held by Fortis Global Healthcare Infrastructure Pte. Ltd. (FGHIPL) have been sold to Fortis Healthcare Limited on January 15, 2019.

**3) Significant accounting policies**

**3.1 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 lacs 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.

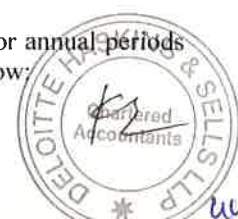
Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair 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.

**3.2 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, 2018. The nature and the impact of the amendment is described below:



**i. New Indian Accounting Standard 115 (Ind AS) effective during the year.**

**Ind AS 115 'Revenue from contracts with customers'** was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The adoption of above Ind AS does not have material effect on the Company's Ind AS financial statements.

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

**Amendments to Ind AS 12 - Recognition of deferred tax assets for unrealised losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

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

**Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the Ind AS financial statements of the reporting period in which the entity first applies the Appendix.

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

**Amendments to Ind AS 40 - Transfers of investment property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

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The Company does not have any investment property and thus, these amendments have no impact on Ind AS financial statements.

**Amendments to Ind 112 - Disclosure of interests in other entities: clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are not applicable to the Company.

**Ind AS 28 Investments in associates and joint ventures – clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments are not applicable to the Company.

### **3.3 Recent accounting pronouncements**

**(i) New Indian Accounting Standard (Ind AS) issued but not yet effective**

**Ind AS 116 Leases**

Ind AS 116 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term.

The new standard permit lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

Ind AS 116, was notified on March 30, 2019 by Ministry of Corporate Affairs and will be effective for periods beginning on or after April 1, 2019. This standard will replace the existing lease standard, Ind AS 17 *Leases*, and related interpretations. The Company is currently evaluating the impact that the adoption of this standard will have on its Ind AS financial statements.

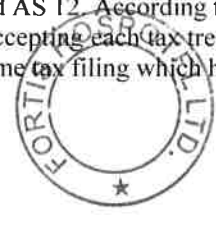
**(ii) Amendment to Ind AS issued but not yet effective**

**Ind AS 12 Appendix C, Uncertainty over Income Tax treatments**

On March 30, 2019, Ministry of Corporate Affairs has notified Ind AS 12 Appendix C. The amendment relates to uncertainty over income tax treatments which is to be applied while performing the determination of taxable profit (or loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. According to the appendix, companies need to determine the probability of the relevant tax authority accepting each tax treatment, or group of tax treatments, that the companies have used or plan to use in their income tax filing which has to be considered to compute the



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most likely amount or the expected value of the tax treatment when determining taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates.

The standard permits two possible methods of transition - i) Full retrospective approach – Under this approach, Appendix C will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors, without using hindsight and ii) Retrospectively with cumulative effect of initially applying Appendix C recognized by adjusting equity on initial application, without adjusting comparatives.

The effective date for adoption of Ind AS 12 Appendix C is annual periods beginning on or after April 1, 2019. The effect on adoption of Ind AS 12 Appendix C would be insignificant in the Company's Ind AS financial statements.

**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. The Company does not expect any impact from this pronouncement. 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 Company does not expect to have any impact of the amendment on its Ind AS financial statements.

**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 Company does not expect this amendment to have any material impact on its 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 Company does not expect this amendment to have any material impact on its 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 Company does not expect this amendment to have any material impact on its 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 Company does not expect this amendment to have any material impact on its 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 Company does not expect this amendment to have any impact on its Ind AS financial statements.

**3.4 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) Services fee**

Operating income from Hospital and Medical Services is recognised 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) Rental income**

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

**(c) 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.

**3.5 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

**The Company as lessee**

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in statement of profit and loss.

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease.

Leasehold lands are considered as finance lease where (i) change in economic value of the land is transferred to the Company, (ii) the Company has right to transfer the title of such lands and (iii) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Such leasehold land are presented under property, plant and equipment and depreciated over the primary lease period.



### The Company as lessor

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

### 3.6 Foreign currencies

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

**Transactions and translations:** In preparing the 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:

- Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- 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.
- 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 except for:

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustment to interest costs on those foreign currency borrowings.

### 3.7 Borrowing cost

Borrowing cost 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.

### 3.8 Employee benefits

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

#### (a) Defined benefit plan

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in 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.

Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability.

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'.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the Company's defined benefit plans.



**(b) Short-term and other long-term employee benefits**

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. 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 beyond 12 months after the end of the financial year. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

**(c) Defined contribution plan**

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and contribution to Employee State Insurance in accordance with Employees State Insurance Act 1948. Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.

**(d) Defined benefit plans**

The cost of the defined benefit plan and other long term employee 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 and mortality rates. 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.

**3.9 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.

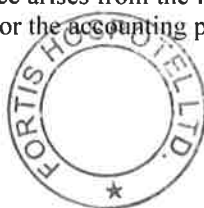
Current Income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income Tax Act, 1961 enacted in India.

**(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.

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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 part 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 taxes 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.

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

Land and building 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 and land under lease with perpetual lease term is not depreciated.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

**Components of costs**

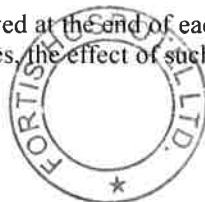
The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalization criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

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 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.

The useful life of property, plant and equipment are reviewed at the end of each financial 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.



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Depreciation is provided at the following rates based on the management’s estimates of the useful lives of the property, plant and equipment, which are different from 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.:

| <b>Property, plant and equipment</b> | <b>Useful lives</b> |
|--------------------------------------|---------------------|
| Building                             | 60 years            |
| Plant and equipment                  | 10 years            |
| Medical equipment                    | 3.5-8 years         |
| Computers                            | 3-6 years           |
| Furniture and fittings               | 10 years            |
| Office equipments                    | 5 years             |

**3.11 Impairment of tangible assets**

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication based on internal/ external factors 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.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

**3.12 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 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.

**3.13 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

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because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Ind AS financial statements.

### **3.14 Segment reporting**

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker i.e. Board of Directors. The Company operates only in one segment namely clinical establishment services and there are no reportable segments in accordance with Ind AS 108 on 'Operating Segments'.

The Company's business activity primarily falls within a single geographical segment.

### **3.15 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.

### **3.16 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.

### **3.17 Financial instrument**

Financial assets and financial liabilities are recognised when a 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 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.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (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 achieved both by collecting contractual cash flows and selling financial assets; 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.

#### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial assets 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 financial asset 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 re-measurement 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 applies the expected credit loss model (ECL) for recognising impairment loss on its financial assets measured at amortised cost.

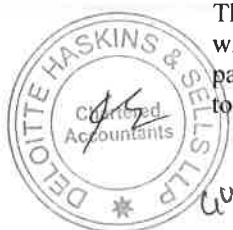
For the purpose of measuring lifetime ECL allowance for trade receivables, the Company use a practical expedient as permitted under Ind AS 109. This ECL allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

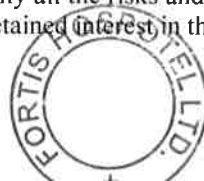
Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

#### **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



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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.

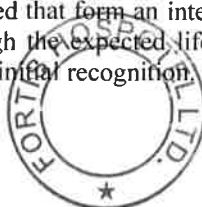
The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion 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 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**

All financial liabilities of the Company are subsequently measured at amortised cost. 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 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 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.

**3.18 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.

**3.19 Critical accounting judgement, estimates and assumptions**

The preparation of the 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 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 financial statements are included in the following accounting policies and/or notes:

**3.20.1 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) Defined benefit plans**

The cost of the defined benefit plan and 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.

**3.20.2 Significant judgement**

**(a) Accounting for Hospital and Medical Service Agreements (“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 Fortis Hospitals Limited and Fortis Healthcare Limited for Gurugram and Shalimar Bagh units respectively, wherein the Company is required to provide and maintain the Company's clinical establishment along with other services like out-patient 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 OPD 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 companies. 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 Hospitals Limited and Fortis Healthcare Limited for Gurugram and Shalimar Bagh units respectively, 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 increase 3% year on year. The variable fee is based on a percentage of the operating company net operating income in accordance with the HMSA.

The Company has analysed increase in base fee payments and has determined that such increase is to compensate the 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 term of HMSA.

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Fortis Hospotel Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

4a. Property, plant and equipment

| Particulars                                   | (Amount in ₹ lakhs except otherwise stated) |               |           |                     |                   |                        |           |                  |   |   | Total |           |
|---|---|---------------|-----------|---------------------|-------------------|------------------------|-----------|------------------|---|---|-------|-----------|
|   | Land under perpetual lease (refer note 28c) | Freehold land | Building  | Plant and equipment | Medical equipment | Furniture and fittings | Computers | Office equipment |   |   |       |           |
| <b>Gross Block</b>                            |   |               |           |                     |                   |                        |           |                  |   |   |       |           |
| As at April 01, 2017                          | 7,041.29                                    | 19,615.44     | 32,764.70 | 4,231.97            | 4,048.96          | 1,099.17               | 76.69     | 194.90           |   |   |       | 69,073.12 |
| Additions                                     | -   | -             | 891.70    | 222.34              | -                 | -                      | -         | -                | - | - | -     | 1,114.04  |
| Disposals                                     | -   | -             | (2.58)    | -                   | (25.69)           | (18.78)                | -         | -                | - | - | -     | (47.05)   |
| As at March 31, 2018                          | 7,041.29                                    | 19,615.44     | 33,653.82 | 4,454.31            | 4,023.27          | 1,080.39               | 76.69     | 194.90           |   |   |       | 70,140.11 |
| Additions                                     | -   | -             | 167.68    | -                   | -                 | 5.11                   | 0.69      | -                | - | - | -     | 173.48    |
| Disposals                                     | -   | -             | -         | (4.31)              | -                 | -                      | -         | -                | - | - | -     | (4.31)    |
| As at March 31, 2019                          | 7,041.29                                    | 19,615.44     | 33,821.50 | 4,450.00            | 4,023.27          | 1,085.50               | 77.38     | 194.90           |   |   |       | 70,309.28 |
| <b>Accumulated depreciation</b>               |   |               |           |                     |                   |                        |           |                  |   |   |       |           |
| As at April 01, 2017                          | -   | -             | 2,646.83  | 1,311.19            | 1,498.19          | 290.10                 | 43.61     | 152.80           |   |   |       | 5,942.72  |
| Charge for the year                           | -   | -             | 1,461.77  | 660.98              | 729.15            | 144.56                 | 21.13     | 42.04            |   |   |       | 3,059.63  |
| Disposals                                     | -   | -             | (0.50)    | -                   | (16.77)           | (9.21)                 | -         | -                |   |   |       | (26.48)   |
| As at March 31, 2018                          | -   | -             | 4,108.10  | 1,972.17            | 2,210.57          | 425.45                 | 64.74     | 194.84           |   |   |       | 8,975.87  |
| Charge for the year                           | -   | -             | 1,483.49  | 671.74              | 709.06            | 143.57                 | 12.01     | 0.06             |   |   |       | 3,019.93  |
| Disposals                                     | -   | -             | -         | (3.70)              | -                 | -                      | -         | -                |   |   |       | (3.70)    |
| As at March 31, 2019                          | -   | -             | 5,591.59  | 2,640.21            | 2,919.63          | 569.02                 | 76.75     | 194.90           |   |   |       | 11,992.10 |
| <b>Carrying amount (as at March 31, 2019)</b> | 7,041.29                                    | 19,615.44     | 28,229.91 | 1,809.79            | 1,103.64          | 516.48                 | 0.63      | -                |   |   |       | 58,317.18 |
| <b>Carrying amount (as at March 31, 2018)</b> | 7,041.29                                    | 19,615.44     | 29,545.72 | 2,482.14            | 1,812.70          | 654.94                 | 11.95     | 0.06             |   |   |       | 61,164.24 |

Notes :

(a) As at 31 March 2018, certain medical equipment were pledged to secure loan taken from the finance company under the mortgage. (refer note 30a(i)). The said loan has been repaid during the current year.

4b. Capital work-in-progress

| Particulars              | (Amount in ₹ lakhs except otherwise stated) |                      |
|--------------------------|---|----------------------|
|                          | As at March 31, 2019                        | As at March 31, 2018 |
| Capital work-in-progress | -   | 103.38               |



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**Fortis Hospotel Limited**
**Notes to Ind AS financial statements as at and for the year ended March 31, 2019**
**(Amount in ₹ lakhs except otherwise stated)**

| Particulars   | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|---|-------------------------|-------------------------|
| <b>5. Investment in fellow subsidiaries</b>   |                         |                         |
| <b>Non-current</b>  |                         |                         |
| <b>Unquoted</b>   |                         |                         |
| <b>Investment in debentures measured at amortised cost</b>  |                         |                         |
| Fortis Hospitals Limited (refer note 40)<br>Unquoted, 9.3 % Non convertible debentures (NCD's)<br>4,862,413 (as at March 31, 2018: 4,862,413) of ₹ 1,000/- each fully paid up | 48,624.13               | 48,624.13               |
| International Hospital Limited (refer note 40)<br>Unquoted, 9.3 % Non convertible debentures (NCD's)<br>4,671,677 (as at March 31, 2018: Nil) of ₹ 1,000/- each fully paid up | 46,716.77               | -                       |
| <b>Total investment in fellow subsidiaries</b>  | <b>95,340.90</b>        | <b>48,624.13</b>        |
| <b>5a. Other investments</b>  |                         |                         |
| <b>Non-current</b>  |                         |                         |
| <b>Unquoted</b>   |                         |                         |
| <b>Investment in debentures measured at amortised cost</b>  |                         |                         |
| International Hospital Limited (refer note 40)<br>Unquoted, 9.3 % Non convertible debentures (NCD's)<br>Nil (as at March 31, 2018: 4,671,677) of ₹ 1,000/- each fully paid up | -                       | 46,716.77               |
| <b>Total other investments</b>  | <b>-</b>                | <b>46,716.77</b>        |
| <b>6. Other financial assets</b>  |                         |                         |
| <b>Non-current- measured at amortised cost</b>  |                         |                         |
| <b>Unsecured, considered good</b>   |                         |                         |
| (a) Security deposits   | 192.21                  | 79.14                   |
| (b) Fixed deposit with banks held as margin money with original maturity of more than 12 months   | 53.88                   | 53.88                   |
| (c) Interest accrued but not due on investments and loans   | -                       | 8,652.47                |
|   | <b>246.09</b>           | <b>8,785.49</b>         |
| <b>Current- measured at amortised cost</b>  |                         |                         |
| <b>Unsecured, considered good</b>   |                         |                         |
| (a) Interest accrued but not due on investments and loans   | 15,038.51               | -                       |
| (b) Receivable from related parties   | 35.11                   | 829.28                  |
| (c) Others receivables  | 12.08                   | 24.74                   |
|   | <b>15,085.70</b>        | <b>854.02</b>           |
| <b>7. Non-current tax assets</b>  |                         |                         |
| <b>Non-current</b>  |                         |                         |
| <b>Unsecured</b>  |                         |                         |
| (a) Advance tax (net of provision for taxation of ₹ 11,540.94 lakhs) (as at March 31, 2018 ₹ 7,767.46 lakhs)  | 3,480.05                | 3,432.39                |
|   | <b>3,480.05</b>         | <b>3,432.39</b>         |
| <b>8. Other assets</b>  |                         |                         |
| <b>Non-current</b>  |                         |                         |
| <b>Unsecured</b>  |                         |                         |
| (a) Capital advances  | 14.63                   | 57.46                   |
| (b) Technology renewal fund   | 114.50                  | 95.50                   |
|   | <b>129.13</b>           | <b>152.96</b>           |
| <b>Current</b>  |                         |                         |
| <b>Unsecured</b>  |                         |                         |
| (a) Advance to vendors  | 22.20                   | 15.64                   |
| (b) Prepaid expenses  | 56.43                   | 54.15                   |
|   | <b>78.63</b>            | <b>69.79</b>            |



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**Fortis Hospotel Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(Amount in ₹ lakhs except otherwise stated)

| Particulars   | (Amount in ₹ lakhs except otherwise stated) |                         |
|---|---|-------------------------|
|   | As at<br>March 31, 2019                     | As at<br>March 31, 2018 |
| <b>9. Trade receivables</b>                                       |   |                         |
| <b>Current</b>  |   |                         |
| (a) Unsecured, considered good                                    | 10,466.77                                   | 7,724.44                |
| (b) Doubtful  | 18.99                                       | 2.26                    |
| (c) Allowance for doubtful debts (expected credit loss allowance) | (18.99)                                     | (2.26)                  |
|   | <b>10,466.77</b>                            | <b>7,724.44</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.

As per terms of HMSA, the average credit period allowed is 05-11 days. For the outlet vendor, average credit period is upto 30 days. Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the overdue balance (except balance pertaining to service fees), regardless of the age of the balance. The risk of non-payment from the customer is considered low as 99.04% of total balance are from related parties for which the default risk is considered low.

The Company uses judgements in making certain assumptions and selecting inputs 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 reporting year. The provision matrix used to compute the expected credit loss allowance for different categories of trade receivables is as follows:

| Expected credit loss - clinical establishment units | Expected credit allowance % |
|---|-----------------------------|
| 0 - 6 months  | -                           |
| More than 6 months                                  | 100.00%                     |

**Ageing of gross receivables**

(Amount in ₹ lakhs except otherwise stated)

| Particulars        | (Amount in ₹ lakhs except otherwise stated) |                         |
|--------------------|---|-------------------------|
|                    | As at<br>March 31, 2019                     | As at<br>March 31, 2018 |
| 0 - 6 months       | 10,466.77                                   | 7,724.44                |
| More than 6 months | 18.99                                       | 2.26                    |
|                    | <b>10,485.76</b>                            | <b>7,726.70</b>         |

**Movement in expected credit loss allowance**

(Amount in ₹ lakhs except otherwise stated)

| Particulars   | (Amount in ₹ lakhs except otherwise stated) |                                      |
|---|---|--------------------------------------|
|   | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |
| Balance at the beginning of the year                  | 2.26  | 43.85                                |
| Creation of the allowance for expected credit loss    | 17.26                                       | -                                    |
| Utilisation of the allowance for expected credit loss | (0.53)                                      | (41.59)                              |
| Balance at the end of the year                        | <b>18.99</b>                                | <b>2.26</b>                          |

**10a. Cash and cash equivalents**

For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Closing cash and cash equivalents as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

|   |              |                 |
|---|--------------|-----------------|
| (a) Balances with banks                               |              |                 |
| - in current accounts                                 | 70.49        | 3,429.07        |
| (b) Cash on hand                                      | 0.92         | 0.71            |
| <b>Cash and cash equivalents as per balance sheet</b> | <b>71.41</b> | <b>3,429.78</b> |

**10b. Other bank balances**

|   |              |              |
|---|--------------|--------------|
| (a) Deposits with original maturity of more than 3 months but less than 12 months | 71.10        | 69.73        |
| <b>Other bank balances as per balance sheet</b>                                   | <b>71.10</b> | <b>69.73</b> |

**11. Loans**
**Non-Current**
**Unsecured, considered good measured at amortised cost**

|  |   |              |
|--|---|--------------|
| (a) Loans to related parties (refer note 40(ii)) | - | 82.29        |
|  | - | <b>82.29</b> |

**Current**
**Unsecured, considered good measured at amortised cost**

|  |              |   |
|--|--------------|---|
| (a) Loans to related parties (refer note 40(ii)) | 82.29        | - |
|  | <b>82.29</b> | - |

Fortis Hospotel Ltd. stamp and Deloitte Haskins & Sells LLP stamp (Chartered Accountants) are visible. Handwritten signatures and initials are present below the stamps.

(Amount in ₹ lakhs except otherwise stated)

| Particulars   | (Amount in ₹ lakhs except otherwise stated) |                         |
|---|---|-------------------------|
|   | As at<br>March 31, 2019                     | As at<br>March 31, 2018 |
| <b>12. Equity share capital</b>   |   |                         |
| <b>Authorised share capital:</b>  |   |                         |
| 561,200,000 (March 31, 2018: 295,000,000) equity shares of ₹10 each                     | 56,120.00                                   | 29,500.00               |
|   | <b>56,120.00</b>                            | <b>29,500.00</b>        |
| <b>Issued, subscribed and fully paid up shares</b>                                      |   |                         |
| 561,170,160 (March 31, 2018: 293,770,160) equity shares of ₹10 each (refer note 30b(i)) | 56,117.02                                   | 29,377.02               |
|   | <b>56,117.02</b>                            | <b>29,377.02</b>        |

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting period

| Particulars  | For the year ended March 31, 2019 |                  | For the year ended March 31, 2018 |                  |
|--|-----------------------------------|------------------|-----------------------------------|------------------|
|  | Number                            | (₹ in lakhs)     | Number                            | (₹ in lakhs)     |
| At the beginning of the year                               | 293,770,160                       | 29,377.02        | 293,770,160                       | 29,377.02        |
| Add: Shares issued during the year upon conversion of CCDs | 267,400,000                       | 26,740.00        | -                                 | -                |
| <b>Closing balance</b>                                     | <b>561,170,160</b>                | <b>56,117.02</b> | <b>293,770,160</b>                | <b>29,377.02</b> |

(b) Terms / rights attached to equity shares

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

(c) Shares held by the holding company

| Name of shareholder       | As at March 31, 2019 |              | As at March 31, 2018 |              |
|---------------------------|----------------------|--------------|----------------------|--------------|
|                           | No. of shares held   | (₹ in lakhs) | No. of shares held   | (₹ in lakhs) |
| Fortis Healthcare Limited | 417,222,782          | 41,722.28    | 149,822,782          | 14,982.28    |

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

| Name of shareholders             | As at March 31, 2019 |              | As at March 31, 2018 |              |
|----------------------------------|----------------------|--------------|----------------------|--------------|
|                                  | No. of shares held   | % of holding | No. of shares held   | % of holding |
| Fortis Healthcare Limited*       | 417,222,782          | 74%          | 149,822,782          | 51           |
| Fortis Health Management Limited | 143,947,378          | 26%          | 143,947,378          | 49           |

\* including 6 equity shares held by its nominees

(Amount in ₹ lakhs except otherwise stated)

| Particulars | (Amount in ₹ lakhs except otherwise stated) |                                      |
|-------------|---|--------------------------------------|
|             | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |

**13. Other equity**

(A) Securities premium

|   |                  |                  |
|---|------------------|------------------|
| Opening balance   | 11,289.07        | 11,289.07        |
| Additions on account of issue of equity shares upon conversion of CCDs  | 60,298.70        | -                |
| Re-classification of equity component of compound financial instrument to securities premium account  | 6,758.47         | -                |
| Difference between conversion value and carrying value of liability component of compound financial instrument adjusted in securities premium account | (14,530.17)      | -                |
| <b>Closing balance (A)</b>  | <b>63,816.07</b> | <b>11,289.07</b> |

(B) Equity component of compound financial instrument (refer note 30b(i)(ii))

|  |            |                 |
|--|------------|-----------------|
| Opening balance  | 6,758.47   | 6,758.47        |
| Re-classification of equity component of compound financial instrument to securities premium account | (6,758.47) | -               |
| <b>Closing balance (B)</b>   | <b>-</b>   | <b>6,758.47</b> |

(C) Retained earnings

|   |                  |                  |
|---|------------------|------------------|
| Opening balance   | 45,852.94        | 37,233.19        |
| Profit for the year   | 9,006.66         | 8,622.88         |
| Share issue expenses  | (114.48)         | -                |
| Other comprehensive (loss) / income arising from remeasurement of defined benefit obligation, net of income tax | 0.79             | (3.13)           |
| <b>Net surplus in the statement of profit and loss (C)</b>  | <b>54,745.91</b> | <b>45,852.94</b> |

**Total (A+B+C)**

**118,561.98**      **63,900.48**

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**Fortis Hospotel Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>14. Non-current borrowings</b>  |                         |                         |
| <b>Non-current</b>   |                         |                         |
| <b>Unsecured - measured at amortised cost</b>                                |                         |                         |
| (a) Liability component of compound financial instrument (refer note 30b(i)) | -                       | 80,666.84               |
| (b) Long term maturity of finance lease obligation (refer note 28c)          | 392.45                  | 380.73                  |
|  | <b>392.45</b>           | <b>81,047.57</b>        |

**15. Provisions**

**Non-current**

**Provision for employees' benefits**

|   |              |              |
|---|--------------|--------------|
| (a) Provision for gratuity (refer note 31b) | 14.44        | 26.64        |
| (b) Provision for compensated absences      | 7.71         | 16.25        |
|   | <b>22.15</b> | <b>42.89</b> |

**Current**

**Provision for employees' benefits**

|   |       |      |
|---|-------|------|
| (a) Provision for gratuity (refer note 31b) | 13.92 | 4.09 |
| (b) Provision for compensated absences      | 14.28 | 2.44 |

**Others**

|                                  |               |               |
|----------------------------------|---------------|---------------|
| (a) Provision for contingencies* | 359.57        | 359.57        |
|                                  | <b>387.77</b> | <b>366.10</b> |

**\* Provision for contingencies :**

| Particulars                         | For the Year ended<br>March 31, 2019 | For the Year ended<br>March 31, 2018 |
|-------------------------------------|--------------------------------------|--------------------------------------|
| Opening balance                     | 359.57                               | 359.57                               |
| Add: provision made during the year | -                                    | -                                    |
| Less: utilised during the year      | -                                    | -                                    |
| <b>Closing balance</b>              | <b>359.57</b>                        | <b>359.57</b>                        |

\* Provision for contingencies - Provision is made against the claim made by a vendor in respect of capital work done at Gurugram unit. Management estimates that these claims are expected to be settled in the next financial year.

**16. Deferred tax liabilities (Net)**

**Net deferred tax recognised in relation to :**

**Deferred tax assets:**

|  |                 |                 |
|--|-----------------|-----------------|
| Defined benefit obligation                       | 14.90           | 17.27           |
| Provision for expected credit loss               | 6.64            | 0.79            |
| MAT credit entitlement                           | -               | 754.20          |
| Carry forward losses and unabsorbed depreciation | 0.04            | 0.04            |
| Amortisation of non convertible debentures       | 1,630.15        | 1,067.74        |
|  | <b>1,651.73</b> | <b>1,840.04</b> |

**Deferred tax liabilities in relation to:**

|                               |                 |                 |
|-------------------------------|-----------------|-----------------|
| Property, plant and equipment | 3,291.64        | 3,361.18        |
|                               | <b>3,291.64</b> | <b>3,361.18</b> |

**Deferred tax liabilities recognised in books**

|  |                   |                   |
|--|-------------------|-------------------|
|  | <b>(1,639.91)</b> | <b>(1,521.14)</b> |
|--|-------------------|-------------------|

*[Handwritten signatures]*





**Fortis Hospotel Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

The following is the analysis of deferred tax assets / (liabilities)

Recognised in statement of profit and loss account

Deferred tax assets / (liabilities) in relation to:  
2018-2019

|  | (Amount in ₹ lakhs except otherwise stated) |                        |                                       |   |                         |
|--|---|------------------------|---------------------------------------|---|-------------------------|
|  | As at<br>April 01, 2018                     | MAT credit<br>utilised | Credit/(charge) to<br>profit and loss | Credit to other<br>comprehensive income | As at<br>March 31, 2019 |
| Property, plant and equipment              | (3,361.18)                                  | -                      | 69.54                                 | -                                       | (3,291.64)              |
| Provision for expected credit loss         | 0.79  | -                      | 5.85                                  | -                                       | 6.64                    |
| Defined benefit obligation                 | 17.27                                       | -                      | (1.94)                                | (0.43)                                  | 14.90                   |
| Carried forward losses                     | 0.04  | -                      | -                                     | -                                       | 0.04                    |
| Amortisation of non convertible debentures | 1,067.74                                    | -                      | 562.41                                | -                                       | 1,630.15                |
| MAT credit entitlement                     | 754.20                                      | (754.20)               | -                                     | -                                       | -                       |
|  | <b>(1,521.14)</b>                           | <b>(754.20)</b>        | <b>635.85</b>                         | <b>(0.43)</b>                           | <b>(1,639.91)</b>       |

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

| Financial year | (Amount in ₹ lakhs except otherwise stated) |  |                         |  |
|----------------|---|--|-------------------------|--|
|                | Long term capital<br>loss                   | Business loss can be carried<br>forward up to financial year | Unabsorbed depreciation | Unabsorbed<br>depreciation can be<br>carried forward up to<br>financial year |
| 2011-12        | 0.11  | 2020-21  | -                       | Not applicable   |
| <b>Total</b>   | <b>0.11</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:

| Particulars  | (Amount in ₹ lakhs except otherwise stated) |                                      |
|--|---|--------------------------------------|
|  | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |
| Accounting profit before tax   | 12,892.96                                   | 12,438.99                            |
| Statutory income tax rate  | 34.94%                                      | 34.61%                               |
| Tax at statutory income tax rate   | 4,504.80                                    | 4,304.89                             |
| Effect of expenses that are not deductible in determining taxable profit | 15.42                                       | 4.07                                 |
| Effect of items on which deferred tax is not reversible                  | (633.92)                                    | (532.15)                             |
| Effect of change in future tax rate considered for deferred tax          | -   | 21.88                                |
| Charge in respect of previous years                                      | -   | 17.42                                |
| Others   | -   | -                                    |
| <b>Total</b>   | <b>3,886.30</b>                             | <b>3,816.11</b>                      |
| Tax expense recognised in the statement of profit and loss               | <b>3,886.30</b>                             | <b>3,816.11</b>                      |

*[Handwritten signatures]*



**Fortis Hospotel Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | As at           | As at           |
|--|-----------------|-----------------|
|  | March 31, 2019  | March 31, 2018  |
| <b>17. Trade payables</b>  |                 |                 |
| <b>Current - measured at amortised cost</b>  |                 |                 |
| (a) Total outstanding dues of micro enterprises and small enterprises (refer note 34)      | 86.37           | 66.52           |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 780.45          | 968.91          |
|  | <b>866.82</b>   | <b>1035.43</b>  |
| <b>18. Other financial liabilities</b>   |                 |                 |
| <b>Current - measured at amortised cost</b>  |                 |                 |
| <b>Secured</b>   |                 |                 |
| (a) Current maturities of long term debt (refer note 30a(i))                               | -               | 111.49          |
| (b) Current maturity of finance lease obligation (refer note 28c)                          | 32.55           | 195.30          |
| (b) Interest accrued on long term debt   | 4,772.16        | -               |
| <b>Unsecured</b>   |                 |                 |
| (a) Security deposits  | 95.94           | 65.86           |
| (b) Capital creditors  | 99.67           | 137.18          |
| (c) Payable to related parties   | -               | 59.46           |
|  | <b>5,000.32</b> | <b>569.29</b>   |
| <b>19. Other current liabilities</b>   |                 |                 |
| (a) Statutory dues payable   | 364.21          | 1,184.59        |
| (b) Advances from customer   | 16.62           | 2,164.90        |
|  | <b>380.83</b>   | <b>3,349.49</b> |

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**Fortis Hospotel Limited**
**Notes to Ind AS financial statements as at and for the year ended March 31, 2019**
**(Amount in ₹ lakhs except otherwise stated)**

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| <b>20. Revenue from operations</b>   |                                      |                                      |
| <b>(a) Sale of services</b>  |                                      |                                      |
| Income from hospital and medical services (refer note 27b)                           | 25,529.58                            | 25,224.85                            |
|  | <b>25,529.58</b>                     | <b>25,224.85</b>                     |
| <b>(b) Other operating revenues</b>  |                                      |                                      |
| Income from outlets (refer note 28a)   | 622.21                               | 604.70                               |
|  | <b>622.21</b>                        | <b>604.70</b>                        |
| <b>Total revenue from operations</b>   | <b>26,151.79</b>                     | <b>25,829.55</b>                     |
| <b>21. Other income</b>  |                                      |                                      |
| <b>(a) Interest income on:</b>   |                                      |                                      |
| i) Non convertible debentures measured at amortised cost                             | 7,257.25                             | 6,841.63                             |
| ii) Inter corporate deposits measured at amortised cost                              | 9.88                                 | 65.48                                |
| iii) Bank deposits   | 8.72                                 | 8.18                                 |
| iv) Late receipt of service fees   | 66.69                                | 795.00                               |
| <b>Total (A)</b>   | <b>7,342.54</b>                      | <b>7,710.29</b>                      |
| <b>(b) Other non-operating income</b>  |                                      |                                      |
| i) Liabilities no longer required written back                                       | 121.72                               | 11.15                                |
| ii) Profit on sale of property, plant and equipment                                  | -                                    | 8.56                                 |
| iii) Scrap sales   | 0.12                                 | 0.07                                 |
| iii) Miscellaneous income  | -                                    | -                                    |
| <b>Total (B)</b>   | <b>121.84</b>                        | <b>19.78</b>                         |
| <b>(c) Others gains and losses</b>   |                                      |                                      |
| i) Net gain on foreign currency transactions and translation                         | -                                    | 0.01                                 |
| ii) Net gain arising on sale of financial assets measured at FVTPL                   | 142.88                               | 6.13                                 |
| <b>Total (C)</b>   | <b>142.88</b>                        | <b>6.14</b>                          |
| <b>Total other income (A+B+C)</b>  | <b>7,607.26</b>                      | <b>7,736.21</b>                      |
| <b>22. Employee benefits expense</b>   |                                      |                                      |
| (a) Salaries and wages   | 420.88                               | 371.87                               |
| (b) Gratuity expense (refer note 31b)  | 7.26                                 | 5.10                                 |
| (c) Contribution to provident and other funds (refer note 31a)                       | 16.94                                | 16.34                                |
| (d) Staff welfare expenses   | 9.23                                 | 0.52                                 |
|  | <b>454.31</b>                        | <b>393.83</b>                        |
| <b>23. Finance cost</b>  |                                      |                                      |
| <b>(a) Interest expense on:</b>  |                                      |                                      |
| - Compulsorily convertible debentures measured at amortised cost (refer note 30b(i)) | 13,292.62                            | 13,694.36                            |
| - Bank overdraft   | -                                    | 31.15                                |
| - Term loan measured at amortised cost   | -                                    | 6.54                                 |
| - Interest on late payment of tax deducted at source                                 | 19.75                                | 17.82                                |
| <b>(b) Other borrowing costs</b>   |                                      |                                      |
| - Finance charges on finance lease obligation (refer note 28c)                       | 45.57                                | 44.30                                |
|  | <b>13,357.94</b>                     | <b>13,794.17</b>                     |
| <b>24. Depreciation expense</b>  |                                      |                                      |
| (a) Depreciation of property, plant and equipment (refer note 4a)                    | 3,019.93                             | 3,059.65                             |
|  | <b>3,019.93</b>                      | <b>3,059.65</b>                      |

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**Fortis Hospotel Limited**

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 |
|--|------------------------------|------------------------------|
| <b>25. Other expenses</b>  |                              |                              |
| (a) Power, fuel and water  | 30.25                        | 28.47                        |
| (b) Housekeeping expenses including consumables                                | 948.08                       | 921.43                       |
| (c) Radiology expenses   | 807.53                       | 773.58                       |
| (d) Consultation fees to doctors   | 611.68                       | 607.45                       |
| (e) Professional charges to doctors  | 272.06                       | 296.70                       |
| (f) Repairs and maintenance  |                              |                              |
| - Building   | 8.16                         | -                            |
| - Plant and equipment  | 466.67                       | 551.01                       |
| (g) Legal and professional fee   | 15.46                        | 10.39                        |
| (h) Rates and taxes  | 114.04                       | 116.91                       |
| (i) Insurance  | 18.11                        | 26.18                        |
| (j) Rent   | 34.27                        | -                            |
| (k) Provision for doubtful debts (expected credit loss)                        | 17.26                        | -                            |
| (l) Advances written off   | 4.24                         | -                            |
| (m) Travelling and conveyance  | 8.03                         | 0.68                         |
| (n) Property, plant and equipment written off                                  | 91.66                        | -                            |
| (o) Payment to auditors (inclusive of goods and services tax)                  |                              |                              |
| - Statutory Audit fee  | 28.03                        | 15.48                        |
| - Tax audit fee  | 1.33                         | 1.27                         |
| - Certification and other services   | 20.79                        | 4.12                         |
| - Out of pocket expenses   | 0.73                         | -                            |
| (p) Security expenses  | 365.40                       | 333.84                       |
| (q) Corporate social responsibility expenses (refer note 36)                   | -                            | -                            |
| (r) Bank charges   | 1.65                         | 0.54                         |
| (s) Miscellaneous expenses   | 6.66                         | 2.47                         |
|  | <b>3,872.09</b>              | <b>3,690.52</b>              |
| <b>26. Income tax</b>  |                              |                              |
| <b>Recognised in the statement of profit and loss account</b>                  |                              |                              |
| <b>Current tax</b>   |                              |                              |
| (a) In respect of the current year   | 4,522.15                     | 4,422.36                     |
|  | <b>4,522.15</b>              | <b>4,422.36</b>              |
| <b>Deferred tax (refer note 16)</b>  |                              |                              |
| (a) In respect of the current year   | (635.85)                     | (606.25)                     |
|  | <b>(635.85)</b>              | <b>(606.25)</b>              |
|  | <b>3,886.30</b>              | <b>3,816.11</b>              |
| <b>Tax expense recognised through the statement of profit and loss account</b> |                              |                              |
| <b>Recognised in other comprehensive income</b>                                |                              |                              |
| <b>Deferred tax</b>  |                              |                              |
| (a) In respect of the current year   | (0.43)                       | 1.65                         |
|  | <b>(0.43)</b>                | <b>1.65</b>                  |
| <b>Tax (credit)/charge recognised through other comprehensive income</b>       |                              |                              |

*M/h* *h* *h*



**27. Related party disclosures**

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

|   |   |
|---|---|
| Ultimate holding company  | IHH Healthcare Berhad (w.e.f. November 13, 2018)<br>RHC Holding Private Limited (up to February 16, 2018)<br>Fortis Healthcare Limited (w.e.f. February 17, 2018 up to November 12, 2018) |
| Intermediate Holding Company  | Integrated Healthcare Holdings Limited (w.e.f. January 15, 2019)  |
|   | Parkway Pantai Limited (w.e.f. November 13, 2018)   |
|   | Northern TK Venture Pte Ltd (w.e.f. November 13, 2018)  |
|   | Fortis Healthcare Holdings Private Limited (up to February 16, 2018)  |
| Holding company   | Fortis Healthcare Limited   |
| Fellow subsidiary (parties with whom transactions have taken place)                 | Fortis Hospitals Limited (w.e.f. October 13, 2016)  |
|   | Fortis Health Management Limited (w.e.f. January 15, 2019)  |
|   | RWL Healthworld Limited (up to February 16, 2018)   |
|   | International Hospital Limited (w.e.f. January 15, 2019)  |
|   | Hospitalia Eastern Private Limited (w.e.f. January 15, 2019)  |
|   | Escorts Heart and Super Specialty Hospital Limited (w.e.f. January 15, 2019)  |
| Key management personnel  | Ms. Shalini Tyagi, Whole time director (up to January 14, 2019)   |
|   | Mr. Vishesh Verma, Chief financial officer (up to January 14, 2019)   |
|   | Ms. Anita Rastogi, Company secretary (up to January 14, 2019)   |
|   | Dr. Virender Kumar Sobti, Director (up to January 14, 2019)   |
|   | Mr. Gaurav Chugh, Director (w.e.f. January 15, 2019)  |
|   | Ms. Ichika Grover (w.e.f. January 15, 2019)   |
|   | Mr. Daljit Singh, Director (w.e.f. January 15, 2019)  |
|   | Mr. Anurag Kalra, 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)   |
|   | Dr. Gurdeep Singh Sethi, Independent Director (up to January 14, 2019)  |
|   | Mr. Arun Kumar Tripathy, Independent Director (up to December 02, 2017)   |
|   | Col. Harinder Chehal, Director (w.e.f. January 15, 2019)  |
| Group entities of enterprise having significant influence over reporting enterprise | International Hospital Limited (up to January 14, 2019)   |
|   | Fortis Global Healthcare Infrastructure Pte. Limited (up to January 14, 2019)   |
|   | Escorts Heart and Super Specialty Hospital Limited (up to January 14, 2019)   |
|   | Fortis Hospitals Limited (up to October 12, 2016)   |
| Enterprise having significant influence over reporting enterprise                   | Fortis Health Management Limited (up to January 14, 2019)   |

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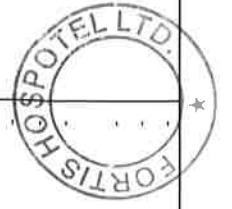


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Fortis Hospotel Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(b) Summary of transactions with related parties

| Particulars  | For the year ended March 31, 2019 |                     |                                |   |  | For the year ended March 31, 2018 |                     |                                |   |  |
|--|-----------------------------------|---------------------|--------------------------------|---|--|-----------------------------------|---------------------|--------------------------------|---|--|
|  | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| <b>Transactions during the year:</b>                   |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| <b>Income from hospital and medical services</b>       |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                               | 9,549.04                          | 15,980.54           | -                              | -   | -  | 9,269.35                          | 15,955.50           | -                              | -   | -  |
| Fortis Healthcare Limited                              | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Income from outlets</b>                             |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| RWL Healthworld Limited                                | -                                 | -                   | -                              | -   | -  | -                                 | 294.37              | -                              | -   | -  |
| <b>Interest income on late receipt of service fees</b> |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                               | -                                 | 66.69               | -                              | -   | -  | -                                 | 458.53              | -                              | -   | -  |
| Fortis Healthcare Limited                              | -                                 | -                   | -                              | -   | -  | 256.97                            | -                   | -                              | -   | -  |
| <b>Expenses incurred on behalf of the Company by</b>   |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                               | 66.72                             | 85.26               | -                              | -   | -  | 259.80                            | 221.41              | -                              | -   | -  |
| Fortis Healthcare Limited                              | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Expenses incurred by the company on behalf of</b>   |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                               | -                                 | 886.14              | -                              | -   | -  | -                                 | 810.07              | -                              | -   | -  |
| Fortis Healthcare Limited                              | 0.29                              | -                   | -                              | -   | -  | 161.44                            | -                   | -                              | -   | -  |
| RWL Healthworld Limited*                               | -                                 | -                   | -                              | -   | -  | -                                 | 0.87                | -                              | -   | -  |
| <b>Finance cost</b>                                    |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| <b>- On compulsorily convertible debentures</b>        |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Healthcare Limited                              | 6,779.23                          | -                   | -                              | -   | -  | 6,984.12                          | -                   | -                              | -   | -  |
| Fortis Global Healthcare Infrastructure Pte Limited    | -                                 | -                   | -                              | 6,513.39  | -  | -                                 | -                   | -                              | 6,710.24  | -  |
| <b>Interest income on</b>                              |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| <b>-on non convertible debentures</b>                  |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                               | -                                 | 3,701.22            | -                              | -   | -  | -                                 | 3,489.24            | -                              | -   | -  |
| International Hospital Limited                         | -                                 | 3,556.03            | -                              | -   | -  | -                                 | -                   | -                              | 3,352.39  | -  |
| <b>-loan recoverable on demand</b>                     |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| International Hospital Limited                         | -                                 | 0.16                | -                              | -   | -  | -                                 | -                   | -                              | 40.92   | -  |
| Fortis Health Management Limited                       | -                                 | 9.60                | -                              | -   | -  | -                                 | -                   | -                              | -   | 15.43  |
| Escons Heart and Super Speciality Hospital Limited     | -                                 | 0.12                | -                              | -   | -  | -                                 | -                   | -                              | 9.13  | -  |
| <b>Compensation of key management personnel</b>        |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| <b>Short term benefits</b>                             |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Ms. Shalini Tyagi                                      | -                                 | -                   | 35.52                          | -   | -  | -                                 | -                   | 22.69                          | -   | -  |
| Mr. Vishesh Verma                                      | -                                 | -                   | 45.74                          | -   | -  | -                                 | -                   | 37.56                          | -   | -  |
| Mr. Muntish Garg                                       | -                                 | -                   | 22.43                          | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Termination benefits</b>                            |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Ms. Shalini Tyagi                                      | -                                 | -                   | 6.10                           | -   | -  | -                                 | -                   | -                              | -   | -  |
| Mr. Vishesh Verma                                      | -                                 | -                   | 2.35                           | -   | -  | -                                 | -                   | -                              | -   | -  |
| Mr. Muntish Garg                                       | -                                 | -                   | 0.99                           | -   | -  | -                                 | -                   | -                              | -   | -  |



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Fortis Hospotel Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(b) Summary of transactions with related parties

| Particulars   | For the year ended March 31, 2019 |                     |                                |   |  | For the year ended March 31, 2018 |                     |                                |   |  |
|---|-----------------------------------|---------------------|--------------------------------|---|--|-----------------------------------|---------------------|--------------------------------|---|--|
|   | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| <b>Transactions during the year:</b>                |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| <b>Other long term benefits</b>                     |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Ms. Shalini Tyagi                                   | -                                 | -                   | -                              | -   | -  | -                                 | -                   | (0.30)                         | -   | -  |
| Mr. Vishesh Verma                                   | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 0.44                           | -   | -  |
| <b>Sitting fees</b>                                 |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Dr Gurdeep Singh Sethi                              | -                                 | -                   | 0.30                           | -   | -  | -                                 | -                   | 0.20                           | -   | -  |
| Mr Aarti Singh                                      | -                                 | -                   | 0.30                           | -   | -  | -                                 | -                   | 0.20                           | -   | -  |
| Mr Arun Kumar Tripathy                              | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 0.10                           | -   | -  |
| Mr Sangeet Kumar Singla                             | -                                 | -                   | 0.30                           | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Loan/ advances given</b>                         |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| International Hospital Limited                      | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 1,275.00                       | -   | -  |
| Fortis Health Management Limited                    | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| Escorts Heart and Super Speciality Hospital Limited | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 900.00                         | -   | 500.00   |
| <b>Loans received back during the year</b>          |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Health Management Limited                    | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| International Hospital Limited                      | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 1,633.71                       | -   | 420.00   |
| Escorts Heart and Super Speciality Hospital Limited | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 899.00                         | -   | -  |
| <b>Financial guarantee disposal</b>                 |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| International Hospital Limited                      | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| Escorts Heart and Super Speciality Hospital Limited | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 2,007.49                       | -   | -  |
| Fortis Health Management Limited                    | -                                 | -                   | -                              | -   | -  | -                                 | -                   | 901.15                         | -   | -  |
| <b>Total</b>  | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | 502.47   |

Notes:

Fortis Hospitals Limited, Escorts Heart and Super Speciality Hospital Limited and International Hospital Limited were the Group entities of the enterprise having the significant influence of the Company up to January 14, 2019 and has become the fellow subsidiaries w.e.f. January 15, 2019. The transactions entered by the Company with Fortis Hospitals Limited, Escorts Heart and Super Speciality Hospital Limited and International Hospital Limited has been reported for the year as a whole and not been bifurcated in the transaction up to January 14, 2019 and from January 15, 2019 to March 31, 2019.

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Fortis Hospotel Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(c) Closing balances

| Particulars   | As at March 31, 2019 |                     |                                |   |  | As at March 31, 2018 |                     |                                |   |  |
|---|----------------------|---------------------|--------------------------------|---|--|----------------------|---------------------|--------------------------------|---|--|
|   | Holding company      | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company      | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| <b>Balances outstanding at the year end:</b>            |                      |                     |                                |   |  |                      |                     |                                |   |  |
| <b>Financial assets</b>                                 |                      |                     |                                |   |  |                      |                     |                                |   |  |
| <b>Non-current</b>                                      |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Investment in non convertible debentures                | -                    | 48,624.13           | -                              | -   | -  | -                    | 48,624.13           | -                              | -   | -  |
| Fortis Hospitals Limited                                | -                    | 46,716.77           | -                              | -   | -  | -                    | 46,716.77           | -                              | -   | -  |
| International Hospital Limited                          | -                    | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| Trade receivables                                       | -                    | 6,190.20            | -                              | -   | -  | -                    | 7,538.32            | -                              | -   | -  |
| Fortis Hospitals Limited                                | -                    | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| Fortis Healthcare Limited                               | 4,194.95             | -                   | -                              | -   | -  | -                    | 137.16              | -                              | -   | -  |
| RWL Healthworld Limited                                 | -                    | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| <b>Other current financial asset</b>                    |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Interest accrued but not due on investments and loans   | -                    | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| International Hospital Limited                          | -                    | 7,357.58            | -                              | -   | -  | -                    | 4,235.88            | -                              | -   | -  |
| Fortis Hospitals Limited                                | -                    | 16,903.98           | -                              | -   | -  | -                    | 4,392.90            | -                              | -   | 13.89  |
| Fortis Health Management Limited                        | -                    | 22.53               | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| Escorts Heart and Super Speciality Hospital Limited     | -                    | 8.32                | -                              | -   | -  | -                    | -                   | 8.22                           | -   | -  |
| <b>Other non-current financial asset</b>                |                      |                     |                                |   |  |                      |                     |                                |   |  |
| <b>Loans</b>  |                      |                     |                                |   |  |                      |                     |                                |   |  |
| International Hospital Limited                          | -                    | 1.29                | -                              | -   | -  | -                    | 1.29                | -                              | -   | -  |
| Fortis Health Management Limited                        | -                    | 80.00               | -                              | -   | -  | -                    | -                   | -                              | -   | 80.00  |
| Escorts Heart and Super Speciality Hospital Limited     | -                    | 1.00                | -                              | -   | -  | -                    | -                   | 1.00                           | -   | -  |
| <b>Other receivables</b>                                |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Fortis Healthcare Limited                               | 13.97                | -                   | -                              | -   | -  | 256.97               | -                   | -                              | -   | -  |
| Fortis Hospitals Limited                                | -                    | 21.14               | -                              | -   | -  | -                    | 572.20              | -                              | -   | -  |
| <b>Other non-current assets</b>                         |                      |                     |                                |   |  |                      |                     |                                |   |  |
| <b>Technology renewable fund</b>                        |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Fortis Hospitals Limited                                | -                    | 72.50               | -                              | -   | -  | -                    | 59.50               | -                              | -   | -  |
| Fortis Healthcare Limited                               | 42.00                | -                   | -                              | -   | -  | 36.00                | -                   | -                              | -   | -  |
| <b>Financial liabilities</b>                            |                      |                     |                                |   |  |                      |                     |                                |   |  |
| <b>Non current borrowings</b>                           |                      |                     |                                |   |  |                      |                     |                                |   |  |
| <b>Compulsorily convertible debentures</b>              |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Fortis Global Healthcare Infrastructure Pre Limited     | -                    | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| Fortis Healthcare Limited                               | -                    | -                   | -                              | -   | -  | 39,837.21            | -                   | -                              | -   | -  |
| <b>Other current financial liabilities</b>              |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Interest accrued on compulsorily convertible debentures | -                    | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |
| Fortis Healthcare Limited                               | 4,772.16             | -                   | -                              | -   | -  | -                    | -                   | -                              | -   | -  |

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Fortis Hospital Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

(c) Closing balances

| Particulars  | As at March 31, 2019 |                     |                                |   |  | As at March 31, 2018 |                     |                                |   |  |
|--|----------------------|---------------------|--------------------------------|---|--|----------------------|---------------------|--------------------------------|---|--|
|  | Holding company      | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company      | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| <b>Balances outstanding at the year end:</b>           |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Payable to related parties<br>Fortis Hospitals Limited | -                    | -                   | -                              | -   | -  |                      | 59,46               |                                |   |  |
| <b>Other current liabilities</b>                       |                      |                     |                                |   |  |                      |                     |                                |   |  |
| Advances from customer<br>Fortis Healthcare Limited    | -                    | -                   | -                              | -   | -  | 2,164.44             |                     |                                |   |  |

Fortis Hospitals Limited, Escorts Heart and Super Speciality Hospital Limited and International Hospital Limited were the Group entities of the enterprise having the significant influence of the Company up to January 14, 2019 and has become the fellow subsidiaries w.e.f. January 15, 2019. The transactions entered by the Company with Fortis Hospitals Limited, Escorts Heart and Super Speciality Hospital Limited and International Hospital Limited has been reported for the year as a whole and not been bifurcated in the transaction up to January 14, 2019 and from January 15, 2019 to March 31, 2019

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28. Leases

(a) Assets given on operating lease

The Company has leased out some portions of clinical establishments on operating lease. The agreements are further renewable at the option of the 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 the statement of profit and loss for the year is ₹622.21 lakhs (March 31, 2018 is ₹604.70 lakhs).

(b) Revenue from HMSA

The Company has entered into a Hospital and Medical Services Agreement (HMSA) with hospital operating companies 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. 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 and it increases by 3% year on year. The variable fee is based on a percentage of hospital operating companies' net operating income in accordance with the HMSA. Future minimum base fee receivable at the end of the year is as follows:

| Particulars                                       | (Amount in ₹ lakhs except otherwise stated) |                         |
|---|---|-------------------------|
|   | As at<br>March 31, 2019                     | As at<br>March 31, 2018 |
| <b>Minimum service fee:</b>                       |   |                         |
| Not later than one year                           | 21,074.85                                   | 20,461.02               |
| Later than one year but not later than five years | 90,814.40                                   | 88,169.33               |
| Later than five years                             | 80,994.07                                   | 104,714.00              |
| <b>Total</b>                                      | <b>192,883.32</b>                           | <b>213,344.35</b>       |

(c) Asset taken on finance lease

The Company holds land at Shalimar Bagh, Delhi under finance lease. The lease term is the perpetual lease.

| Particulars                                       | (Amount in ₹ lakhs except otherwise stated) |                         |   |                         |
|---|---|-------------------------|---|-------------------------|
|   | As at<br>March 31, 2019                     | As at<br>March 31, 2018 | As at<br>March 31, 2019                 | As at<br>March 31, 2018 |
|   | Minimum lease payments                      |                         | Present value of minimum lease payments |                         |
| Not later than one year                           | 32.55                                       | 32.55                   | 29.86                                   | 29.86                   |
| Later than one year but not later than five years | 130.20                                      | 130.20                  | 84.62                                   | 84.62                   |
| Later than five years                             | 971.64                                      | 971.64                  | 971.64                                  | 971.64                  |
| <b>Present value of minimum lease payments</b>    | <b>971.64</b>                               | <b>971.64</b>           | <b>971.64</b>                           | <b>971.64</b>           |

Note:

- Under the lease agreement, the Company is required to pay annual lease rental of ₹ 32.55 lakhs till December 31, 2032. Rent shall be revised thereafter at the end of each successive period of 30 years and such increase shall not at each such time exceed one-half of the increase in the letting value of land as assessed by collector or additional collector of Delhi. The finance lease obligation represents the perpetuity value of annualised lease payment, which is ₹ 971.64 lakhs and will remain same till perpetuity. The finance charge will be ₹ 32.55 lakhs on annual basis till perpetuity. Also, the finance charges have been paid till date.



## 29. Commitments

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| Estimated amount of contracts remaining to be executed on capital account and not provided for:<br>Tangible assets (net of capital advances of ₹ 14.63 lakhs (March 31, 2018 ₹ 57.46 lakhs)) | 24.83                   | 912.14                  |

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

## 30. Borrowings

## (a) Secured loans

## (i) Term loan from Philips Electronic India Limited

(Amount in ₹ lakhs except otherwise stated)

| Particulars                                      | As at<br>March 31, 2019   | As at<br>March 31, 2018   |
|--|---|---|
| Principal amount including interest (₹ in lakhs) | -   | 111.49  |
| Non-current                                      | -   | -   |
| Current  | -   | 111.49  |
| Rate of interest (p.a.)                          | -   | 9% per annum (first year)<br>SBI base rate plus (+) 50 BP<br>for subsequent years |
| Repayment terms                                  | -   | March 31, 2019  |
| Secured by                                       | The loan is secured by first charge by way of hypothecation of certain medical equipment of the Company |   |

During the current year, the Company have written back the liability on settlement.

## (b) Unsecured loans

## (i) Compulsory convertible debentures (CCDs)

The Company originally issued 8,704,000 Compulsorily Convertible Debentures CCDs for an aggregate consideration of ₹ 87,040.00 lakhs to Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL), which were transferred to Fortis Healthcare Limited (FHL) on January 15, 2019 (refer note 2 for details). These CCDs were convertible into 267,400,000 equity shares of the Company at a price ₹ 32.55 per share. The investor of CCDs had a right to convert each CCDs into equity share at any time on or prior to the maturity date is 18 (eighteen) years from the date of issuance of the CCDs. These CCDs carried interest @ 17.5% per annum which is payable on quarterly basis (or such other periods as mutually agreed between the parties).

The CCD's contained two components:

- Financial liability i.e. repayment of accrued interest as per contractual arrangement. Interest has been charged using effective interest rate of 18.14% per annum and included under finance cost. Interest accrued has been calculated after deducting interest paid as per contract from interest charged using effective interest rate and included in interest accrued on long-term debt under current financial liabilities amounting to ₹ 4,772.16 lakhs (as at March 31, 2018: ₹ 385.31 lakhs included in liability component of compound financial instrument under non-current borrowings).
- Equity i.e. contractual right of conversion into a fixed number of equity shares of the Company. Equity component has been calculated as follows and included under other equity (refer note 13).

|                             |                     |
|-----------------------------|---------------------|
| Proceeds of issue of shares | : ₹ 87,040.00 lakhs |
| Less - Liability component  | : ₹ 80,281.53 lakhs |
| Equity component            | : ₹ 6,758.47 lakhs  |



On March 29, 2019, the Board of Directors of the Company passed a resolution to convert these CCDs into 267,400,000 equity shares of face value of ₹10 each at a premium of ₹22.25 aggregating ₹87,038.70 lakhs. The carrying value of liability component of compound financial instrument on March 29, 2019 was ₹72,508.53 lakhs.

Thereby, ₹6,758.47 lakhs appearing as equity component of the compound financial instrument have been transferred to securities premium reserve and the difference between conversion value and carrying value of liability component of Compound Financial Instrument amounting to ₹14,530.17 lakhs has been adjusted in securities premium account.

### 31. 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 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:

(Amount in ₹ lakhs except otherwise stated)

| Particulars         | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|---------------------|--------------------------------------|--------------------------------------|
| Contribution to PF  | 15.44                                | 14.49                                |
| Contribution to ESI | 0.43                                 | 0.65                                 |

#### (b) Defined benefit plan

The Company has a defined benefit gratuity plan, wherein the 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 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.

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | As at<br>March 31, 2019 | As at<br>March 31, 2018 |
|--|-------------------------|-------------------------|
| <b>(i) Movement in net liability</b>                             |                         |                         |
| Present value of obligation at the beginning of the year         | 30.73                   | 21.54                   |
| Current service cost   | 5.24                    | 3.60                    |
| Interest cost  | 2.02                    | 1.50                    |
| Actuarial (Gain)/loss recognised in other comprehensive income   | (1.22)                  | 4.78                    |
| Plan amendments cost   | -                       | -                       |
| Benefits paid  | (8.41)                  | (0.69)                  |
| <b>Present value of obligations at the end of the year</b>       | <b>28.36</b>            | <b>30.73</b>            |
| Present value of obligations at the end of the year- Non-Current | 14.44                   | 26.64                   |
| Present value of obligations at the end of the year- Current     | 13.92                   | 4.09                    |

(Amount in ₹ lakhs except otherwise stated)

| Particulars  | For the year ended<br>March 31, 2019 | For the year ended<br>March 31, 2018 |
|--|--------------------------------------|--------------------------------------|
| <b>(ii) Expenses recognised in statement of profit and loss is as follows:</b> |                                      |                                      |
| Service cost   | 5.24                                 | 3.60                                 |
| Past service cost  | -                                    | -                                    |
| Interest cost  | 2.02                                 | 1.50                                 |
| <b>Amount charged to statement of profit and loss</b>                          | <b>7.26</b>                          | <b>5.10</b>                          |

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| Particulars   | (Amount in ₹ lakhs except otherwise stated) |                                      |
|---|---|--------------------------------------|
|   | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |
| <b>(iii) Expense recognised in other comprehensive income is as follows:</b>      |   |                                      |
| Net actuarial (gain)/loss due to experience adjustment recognised during the year | (1.39)                                      | 5.85                                 |
| Net actuarial loss/(gain) due to assumptions changes recognised during the year   | 0.17  | (1.07)                               |
| <b>Amount (credited)/charged to other comprehensive income</b>                    | <b>(1.22)</b>                               | <b>4.78</b>                          |

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

| Particulars                         | Year ended<br>March 31, 2019                                | Year ended<br>March 31, 2018                                |
|-------------------------------------|---|---|
| Rate for discounting liabilities    | 7.50%   | 7.60%   |
| Expected salary increase rate       | 7.50%   | 7.50%   |
| Withdrawal / employee turnover rate |   |   |
| Age up to 30 years                  | 18%   | 18%   |
| Age from 31 to 44 years             | 6%  | 6%  |
| Age above 44 years                  | 2%  | 2%  |
| Mortality table used                | Indian assured lives mortality<br>(2006-08) (modified) Ult. | Indian assured lives mortality<br>(2006-08) (modified) Ult. |

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 the discount rate based on government bonds. If bond yields fall 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.

**Notes:**

- The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- 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 ₹ 0.89 lakhs (increase by ₹ 0.82 lakhs), (as at March 31, 2018: decrease by ₹ 1.98 lakhs (increase by ₹ 1.07 lakhs)).
  - If the expected salary growth increases (decreases) by 1% (previous year 0.5%) the defined benefit obligation would increase by ₹ 1.85 lakhs (decrease by ₹ 1.59 lakhs), (as at March 31, 2018: increase by ₹ 1.06 lakhs (decrease by ₹ 0.98 lakhs)).
  - If the withdrawal rate increases (decreases) by 5% the defined benefit obligation would decrease by ₹ 0.15 lakhs (increase by ₹ 0.15 lakhs), (as at March 31, 2018: decrease by ₹ 0.34 lakhs (increase by ₹ 0.33 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 year, 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.

**32. Financial instruments**

**(a) 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, convertible debt securities, borrowings from banks and other borrowings from related parties. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

**(b) Categories of financial instruments**

(Amount in ₹ lakhs except otherwise stated)

| Financial assets   | As at March 31, 2019 |                  | As at March 31, 2018 |                   |
|--|----------------------|------------------|----------------------|-------------------|
|  | Amortised cost       | Fair value       | Amortised cost       | Fair value        |
| <b>Measured at amortised cost</b>                                    |                      |                  |                      |                   |
| Investment in non-convertible debenture (including accrued interest) | 110,338.46           | 70,732.16        | 95,340.90            | 95,340.90         |
| Cash and cash equivalents  | 71.41                | 71.41            | 3,429.78             | 3,429.78          |
| Other bank balances  | 71.10                | 71.10            | 69.73                | 69.73             |
| Loans to related party: non-current (including accrued interest) *   | -                    | -                | 106.13               | 106.13            |
| Loans to related party: current * (including accrued interest)       | 115.02               | 115.02           | -                    | -                 |
| Trade receivables  | 10,466.77            | 10,466.77        | 7,724.44             | 7,724.44          |
| Other financial assets – current                                     | 55.41                | 55.41            | 854.02               | 854.02            |
| Other financial assets – non-current                                 | 246.09               | 246.09           | 8,761.65             | 8,761.65          |
| <b>Total</b>   | <b>121,364.26</b>    | <b>81,757.96</b> | <b>116,286.65</b>    | <b>116,286.65</b> |

\* During the year ended March 31, 2019, intercorporate loan given to International Hospital Limited, Fortis Health Management Limited and Escorts Heart and Super Speciality Hospital Limited and accrued interest thereon has been re-classified from non-current to current on account of the reasons stated in note no. 40(ii) of this Ind AS financial statements. The carrying value of financial assets measured at amortised cost in these 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.




(Amount in ₹ lakhs except otherwise stated)

| Financial liabilities                                | As at March 31, 2019 |                 | As at March 31, 2018 |                  |
|--|----------------------|-----------------|----------------------|------------------|
|  | Amortised cost       | Fair value      | Amortised cost       | Fair value       |
| <b>Measured at amortised cost</b>                    |                      |                 |                      |                  |
| Liability component of compound financial instrument | -                    | -               | 80,666.84            | 80,666.84        |
| Long term maturity of finance lease obligation       | 392.45               | 392.45          | 380.73               | 380.73           |
| Trade payables                                       | 866.82               | 866.82          | 1,035.43             | 1,035.43         |
| Short term Maturity of finance lease obligation      | 32.55                | 32.55           | 195.30               | 195.30           |
| Other financial liabilities – current                | 4,967.77             | 4,967.77        | 373.99               | 373.99           |
| <b>Total</b>   | <b>6,259.59</b>      | <b>6,259.59</b> | <b>82,652.29</b>     | <b>82,652.29</b> |

**(c) 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 investments in debt instrument of related companies, cash and cash equivalents, other balances with banks, loan to related parties and trade receivables and other receivables.

The Company's management provides services to the business, co-ordinates access to domestic financial markets, monitors and manages financial risks relating to operations of the Company. These risks include market risk, credit risk and liquidity 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.

**(d) 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: interest rate risk, currency risk and other price risk. The Company has no exposure from the international market as the Company's operations are in India only. Financial instruments affected by interest rate risk includes borrowings and other financial liability. The Company is not exposed to other price risk.

**(e) 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. The risk of non-payment from these customers is considered low as most of these balances relate to parties for which the default risk is considered low.

**Trade receivable**

Majority of trade receivables is receivable at the clinical establishment at Shalimar Bagh, Delhi and Gurugram, Haryana from hospital operating company which is related party. For other trade receivables at clinical establishment, majority of them represents corporate clients which are credit worth parties. Concentration of credit risk other than related party does not exceed 2% of total balance of trade receivable. As at March 31, 2019, 98% (as at March 31, 2018: 98%), of the total trade receivables were due from hospital operating companies.

**Other financial assets**

For other financial assets includes investments in debt instrument of related companies, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables, the Company minimises credit risk by dealing with creditworthy counterparties.

**(f) Interest rate risk management**

The Company is not exposed to interest rate risk as the Company does not have any borrowings outstanding as at the date of the Balance Sheet.

**(g) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors for company's short-term, medium-term and long-term funding and liquidity requirements. The Company manages liquidity risk by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

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The following tables give details of 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.

The tables include both interest and principal cash flows.

(Amount in ₹ lakhs except otherwise stated)

| Particulars                        | Within 1 year   | 1-2 year     | More than 2 years | Total            | Carrying amount |
|------------------------------------|-----------------|--------------|-------------------|------------------|-----------------|
| <b>As at March 31, 2019</b>        |                 |              |                   |                  |                 |
| <b>Other financial liabilities</b> |                 |              |                   |                  |                 |
| Finance lease obligation*          | 32.55           | 32.55        | 4,198.95          | 4,264.05         | 425.00          |
| Trade payables                     | 866.82          | -            | -                 | 866.82           | 866.82          |
| Other financial liabilities        | 4,967.77        | -            | -                 | 4,967.77         | 4,967.77        |
| <b>Total</b>                       | <b>5,867.14</b> | <b>32.55</b> | <b>4,198.95</b>   | <b>10,098.64</b> | <b>6,259.59</b> |

(Amount in ₹ lakhs except otherwise stated)

| Particulars                              | Within 1 year    | 1-2 year         | More than 2 years | Total              | Carrying amount  |
|--|------------------|------------------|-------------------|--------------------|------------------|
| <b>As at March 31, 2018</b>              |                  |                  |                   |                    |                  |
| <b>Variable interest rate Instrument</b> |                  |                  |                   |                    |                  |
| Term loan from Philips Electronics       | 111.49           | -                | -                 | 111.49             | 111.49           |
| Bank overdraft                           | -                | -                | -                 | -                  | -                |
| <b>Fixed interest rate instrument</b>    |                  |                  |                   |                    |                  |
| Compulsorily Convertible Debentures      | 15,232.00        | 15,232.00        | 159,330.89        | 189,794.89         | 80,666.84        |
| <b>Other financial liabilities</b>       |                  |                  |                   |                    |                  |
| Finance lease obligation*                | 195.30           | 32.55            | 4,198.95          | 4,426.80           | 576.03           |
| Trade payables                           | 1,035.43         | -                | -                 | 1,035.43           | 1,035.43         |
| Other financial liabilities              | 262.50           | -                | -                 | 262.50             | 262.50           |
| <b>Total</b>                             | <b>16,836.72</b> | <b>15,264.55</b> | <b>163,529.84</b> | <b>1,95,631.11</b> | <b>82,652.29</b> |

\* Finance lease obligation stands for perpetual lease so the exact date of settlement cannot be ascertained.

### 33. Earnings per share

| Earnings per share (EPS)  | Denomination      | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
|---|-------------------|-----------------------------------|-----------------------------------|
| Profit as per statement of profit and loss                          | ₹ in lakhs        | 9,006.66                          | 8,622.88                          |
| Weighted average number of equity shares in calculating basic EPS   | Number (in lakhs) | 5,611.70                          | 2,937.70                          |
| Weighted average number of equity shares in calculating diluted EPS | Number (in lakhs) | 5,611.70                          | 2,937.70                          |
| Basic and diluted EPS   | ₹                 | 1.60                              | 2.94                              |

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The following potential equity shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of diluted earnings per share.

| Particulars  | (Number of shares)                |                                   |
|--|-----------------------------------|-----------------------------------|
|  | For the year ended March 31, 2019 | For the year ended March 31, 2018 |
| Shares to be issued on conversion of compulsory convertible debentures | -                                 | 2,67,400,000                      |

**34. Details of dues to Micro and Small Enterprises as per MSMED Act, 2006**

During the year 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 except otherwise stated) |                      |
|--|---|----------------------|
|  | As at March 31, 2019                        | As at March 31, 2018 |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year*  | 91.13                                       | 66.52                |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year*   | 0.43  | 0.32                 |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day  | -   | -                    |
| (iv) 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                                  | -   | -                    |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -   | -                    |
| (vi) 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 | -   | -                    |

\* this also includes amount due to capital creditors of ₹ 4.76 (as at March 31, 2018 : Nil)

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 auditors.

**35. Fair value measurement**

The carrying amount of financial assets and financial liabilities measured at amortised cost in these 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 or settled.

**36. Corporate social responsibility**

As per section 135 of the Companies Act, 2013 and Rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of CSR expenditures, as certified by the management are as follows:

| Particulars                                      | (Amount in ₹ lakhs except otherwise stated) |                                      |
|--|---|--------------------------------------|
|  | For the year ended<br>March 31, 2019        | For the year ended<br>March 31, 2018 |
| Amount required to be spent for the current year | 199.18                                      | 159.37                               |
| Spent during the year                            | -   | -                                    |

**37. Segment reporting**

The Board of Directors of the Company, which have been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. There are no geographical segments as all the operations of the Company are in India. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments".

**38. 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 the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by the due date under the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that 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.

**39. Contingent liability**

Claims against the company not acknowledged as debt

| S. No. | Particulars                    | (Amount in ₹ lakhs except otherwise stated) |                      |
|--------|--------------------------------|---|----------------------|
|        |                                | As at March 31, 2019                        | As at March 31, 2018 |
| 1      | Claim raised by project vendor | 1,262.42                                    | 1,262.42             |

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, 2019, the Company has certain other outstanding assessments/litigations for tax 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 assessments/ litigations. Hence, not disclosed in the table above.

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

(i) The particulars of investments made by the Company as required to be disclosed by Section 186(4) of Companies Act, 2013 are as below:

| Nature of the instrument         | Issuer's name                  | Rate of interest | Redemption date  | Secured/ unsecured | Principal outstanding amount (₹ in lakhs) as at |                |
|----------------------------------|--------------------------------|------------------|------------------|--------------------|---|----------------|
|                                  |                                |                  |                  |                    | March 31, 2019                                  | March 31, 2018 |
| Non-convertible debentures (NCD) | Fortis Hospitals Limited       | 9.3% per annum   | October 12, 2026 | Unsecured          | 48,624.13                                       | 48,624.13      |
| Non-convertible debentures (NCD) | International Hospital Limited | 9.3% per annum   | October 12, 2026 | Unsecured          | 46,716.77                                       | 46,716.77      |

Note: The above investment has been made for the purpose of business expansion.

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

| Nature of the instrument                                | Name of the party                                   | Rate of interest | Redemption/ Termination Date | Secured/ unsecured | Principal outstanding amount (₹ in lakhs) as at |                |
|---|---|------------------|------------------------------|--------------------|---|----------------|
|   |   |                  |                              |                    | March 31, 2019                                  | March 31, 2018 |
| Inter corporate deposit (short-term)-Refer Note 1 below | International Hospital Limited                      | 12% per annum    | March 31, 2019               | Unsecured          | 1.29  | 1.29           |
| Inter corporate deposit (short-term)-Refer Note 2 below | Fortis Health Management Limited                    | 12% per annum    | March 31, 2019               | Unsecured          | 80.00   | 80.00          |
| Inter corporate deposit (short-term)-Refer Note 3 below | Escorts Heart and Super Speciality Hospital Limited | 12% per annum    | March 31, 2019               | Unsecured          | 1.00  | 1.00           |

The above loan has been given for meeting the working capital requirement.

**Note 1:** As per the terms of the loan agreement dated March 31, 2017, principal amount is receivable on March 31, 2019 and the interest is receivable on demand or as mutually agreed between the parties. During the previous year ended March 31, 2018, the Board of Directors of the Company had agreed to extend the amount of principal and interest receivable as long as International Hospital Limited is not in a position to make these payments. The Company did not expect to receive the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding receivables as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the letter provided by the Company had been revoked and hence, the outstanding receivable on account of principal and interest as at March 31, 2019 has been re-classified from non-current to current.

**Note 2:** As per the terms of the loan agreement dated March 31, 2017, principal amount is receivable on March 31, 2019 and the interest is receivable on demand or as mutually agreed between the parties. During the previous year ended March 31, 2018, the Board of Directors of the Company had agreed to extend the amount of principal and interest receivable as long as Fortis Health Management Limited is not in a position to make these payments. The Company did not expect to receive the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding receivables as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

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During the current year ended March 31, 2019, the letter provided by the Company had been revoked and hence, the outstanding receivable on account of principal and interest as at March 31, 2019 has been re-classified from non-current to current.

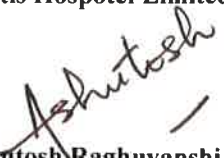
**Note 3:** As per the terms of the loan agreement dated March 31, 2017, principal amount is receivable on March 31, 2019 and the interest is receivable on demand or as mutually agreed between the parties. During the previous year ended March 31, 2018, the Board of Directors of the Company had agreed to extend the amount of principal and interest receivable as long as Escorts Heart and Super Speciality Hospital Limited is not in a position to make these payments. The Company did not expect to receive the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding receivables as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the letter provided by the Company had been revoked and hence, the outstanding receivable on account of principal and interest as at March 31, 2019 has been re-classified from non-current to current.

**41. Approval of Ind AS financial statements**

The Ind AS financial statements were approved for issue by the Board of Directors on May 22, 2019.

**For and on behalf of Board of Directors of  
Fortis Hospital Limited**

  
**Ashutosh Raghuvanshi**  
Chairman  
DIN: 02775637

  
**Gaurav Chugh**  
Director  
DIN: 08283311



**Anita Rastogi**  
Company Secretary

  
**Mohit Kumar**  
Chief Financial Officer

Place : Gurugram  
Date :

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