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Independent Auditor's Report

To the Members of Fortis Health Management Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Fortis Health Management Limited (the "Company") which comprise the balance sheet as at 31 March 2024, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including material 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 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2024, and its loss and other comprehensive loss, changes in equity and its cash flows for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under Section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities 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 together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the Code of Ethics. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the financial statements.

Other Information

The Company's Management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's directors' report, but does not include the financial statements and auditor's report thereon.

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 and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Management's and Board of Directors' Responsibilities for the Financial Statements

The Company's Management and Board of Directors are 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 state of affairs, profit/ loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of 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 statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are 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 the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities 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 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 with reference to financial statements 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 and Board of Directors.

- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting in preparation of financial statements 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.

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 the Companies (Auditor's Report) Order, 2020 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2 A. As required by Section 143(3) of the Act, we report that:

   a. We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b. In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books except for the matter stated in the paragraph 2(B)(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   c. The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows 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 31 March 2024 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2024 from being appointed as a director in terms of Section 164(2) of the Act.

   f. the modification relating to the maintenance of accounts and other matters connected therewith are as stated in the 2A(b) above on reporting under Section 143(3)(b) and 2B(f) below on reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014.

   g. With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

B. 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, in our opinion and to the best of our information and according to the explanations given to us:

   a. The Company has disclosed the impact of pending litigations as at 31 March 2024 on its financial position in its financial statements - Refer Note 41 to the financial statements.

   b. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   d (i) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 46(iv) to the financial statements, no funds have been advanced or loaned or invested (either from borrowed funds or share premium or any other sources or kind of funds) by the Company to or in any other person or entity, including foreign entities ("Intermediaries"), with the understanding, whether recorded in writing or otherwise, that the Intermediary shall directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Company ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

   (ii) The management has represented that, to the best of it's knowledge and belief, as disclosed in the Note 46(iii) to the financial statements, no funds have been received by the Company from any person or entity, including foreign entities ("Funding Parties"), with the understanding, whether recorded in writing or otherwise, that the Company shall directly or indirectly, lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Parties ("Ultimate Beneficiaries") or provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries.

(iii) Based on the audit procedures performed that have been considered reasonable and appropriate in the circumstances, nothing has come to our notice that has caused us to believe that the representations under sub-clause (i) and (ii) of Rule 11(e), as provided under (i) and (ii) above, contain any material misstatement.

e. The Company has neither declared nor paid any dividend during the year.

f. Based on our examination which included test checks, except for the instances mentioned below, the Company has used accounting software for maintaining its books of account, which have a feature of recording audit trail (edit log) facility and the same has operated throughout the year for all relevant transactions recorded in the respective software:

i. in the absence of an independent auditor's report in relation to controls at service organisation for accounting software used for maintaining the books of account relating to general ledger and related records, which is operated by a third-party software service provider, we are unable to comment whether audit trail feature at the database level of the said software was enabled to log any direct data changes and operated throughout the year for all relevant transactions. Further, the feature of recording audit trail (edit log) facility was not enabled for the period from 1 April 2023 to 22 May 2023 for certain tables relating to the supplier module.

ii. in respect of accounting software used for maintaining payroll records (operational for the period from 1 April 2023 to 15 August 2023), in the absence of supporting evidence on account of deactivation post 15 August 2023, we are unable to comment whether audit trail feature of the said software was enabled.

iii. the feature of recording audit trail (edit log) facility was not enabled on certain non-editable fields/ tables of the accounting software used for maintaining the books of account relating to revenue and consumption records.

Further, for the periods where audit trail (edit log) facility was enabled and operated for the respective accounting software, we did not come across any instance of the audit trail feature being tampered with.

C. With respect to the matter to be included in the Auditor's Report under Section 197(16) of the Act:

In our opinion and according to the information and explanations given to us, the Company has not paid any remuneration to its directors during the year. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) of the Act which are required to be commented upon by us.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Rajesh Arora

Partner

Membership No.: 076124

ICAI UDIN:24076124BKHBLT3576

Place: Gurugram

Date: 21 May 2024

Annexure A to the Independent Auditor's Report on the Financial Statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024**

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) (A) The Company has maintained proper records showing full particulars, including quantitative details and situation of Property, Plant and Equipment.

(B) The Company has maintained proper records showing full particulars of intangible assets.

(i) (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its Property, Plant and Equipment by which all property, plant and equipment are verified at least once over a period of two years. In accordance with this programme, certain property, plant and equipment were verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. No material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties (other than immovable properties where the Company is the lessee and the leases agreements are duly executed in favour of the lessee) disclosed in the financial statements are held in the name of the Company.

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not revalued its Property, Plant and Equipment (including Right of Use assets) or intangible assets or both during the year.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there are no proceedings initiated or pending against the Company for holding any benami property under the Prohibition of Benami Property Transactions Act, 1988 and rules made thereunder.

(ii) (a) The inventory has been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable and procedures and coverage as followed by management were appropriate. No discrepancies were noticed on verification between the physical stocks and the book records that were more than 10% in the aggregate of each class of inventory.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been sanctioned any working capital limits in excess of five crore rupees in aggregate from banks and financial institutions on the basis of security of current assets at any point of time of the year. Accordingly, clause 3(ii)(b) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any Investments, provided guarantee or security or granted any advances in the nature of loans, secured or unsecured to companies, firms, limited liability partnership or any other parties during the year. The Company has granted unsecured loan to a Company during the year, in respect of which the requisite information is as below. The Company has not granted any loans, secured or unsecured, to firms, limited liability partnership or any other parties.

Annexure A to the Independent Auditor's Report on the Financial Statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024** (Continued)

(a) Based on the audit procedures carried on by us and as per the information and explanations given to us the Company has granted unsecured loan, to any other entity as below:

Particulars	Loans (Rupees in lacs)
Aggregate amount during the year – Subsidiary*	83.00
Balance outstanding as at balance sheet date – Subsidiary*	618.10

*As per Companies Act, 2013

(b) According to the information and explanations given to us and based on the audit procedures conducted by us, in our opinion the loans granted during the year and the terms and conditions of the grant of loan provided during the year are, prima facie, not prejudicial to the interest of the Company.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in the case of loans given, in our opinion the repayment of principal and payment of interest has been stipulated and the receipts have been regular except for the following payment of interest:

Name of the entity	Amount (Rs. in lacs)	Due Date	Extent of delay	Remarks, if any
Hospitalia Eastern Pvt Ltd	56.02	31-Mar-24	51 days	

(d) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no overdue amount for more than ninety days in respect of loans given. Further, the Company has not given any advances in the nature of loans to any party during the year. Also refer to clause (e) below.

(e) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there is no loan or advance in the nature of loan granted falling due during the year, which has been renewed or extended or fresh loans granted to settle the overdues of existing loans given to same parties.

(f) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any loans or advances in the nature of loans either repayable on demand or without specifying any terms or period of repayment.

(iv) According to the information and explanations given to us and on the basis of our examination of records of the Company, in respect of investments made and loans, guarantees and security given by the Company, in our opinion the provisions of Section 185 and 186 of the Companies Act, 2013 ("the Act") have been complied with.

(v) The Company has not accepted any deposits or amounts which are deemed to be deposits from the public. Accordingly, clause 3(v) of the Order is not applicable.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for the products and services provided by it. Accordingly, clause 3(vi) of the Order is not applicable.

Annexure A to the Independent Auditor's Report on the Financial Statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024** (Continued)

(vii) (a) The Company does not have liability in respect of Service tax, Duty of excise, Sales tax and Value added tax during the year since effective 1 July 2017, these statutory dues has been subsumed into GST.

According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion amounts deducted / accrued in the books of account in respect of undisputed statutory dues including Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues have generally been regularly deposited with the appropriate authorities, though there have been slight delays in a few cases of Provident Fund (PF) and Employees State Insurance (ESI).

According to the information and explanations given to us and on the basis of our examination of the records of the Company, no undisputed amounts payable in respect of Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues were in arrears as at 31 March 2024 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, statutory dues relating to Goods and Service Tax, Provident Fund, Employees State Insurance, Income-Tax, Duty of Customs or Cess or other statutory dues which have not been deposited on account of any dispute are as follows:

Name of the statute	Nature of the dues	Amount (Rupees in Lacs)	Amount Paid under Protest (Rupees in Lacs)	Period to which the amount relates	Forum where dispute is pending
Income Tax Act, 1961	Income Tax and interest thereon	5.77	0.27	AY 2018-19	Commissioner of Income tax (Appeals) New Delhi
The Karnataka Tax On Luxuries Act, 1979	Luxury Tax	12.96	-	FY 2015-16	High Court, Karnataka
The Finance Act, 1994	Service Tax	4.74	0.20	FY 2015-16, FY 2016-17, FY 2017-18 (upto June 17)	Customs, Excise and Service Tax Appellate Tribunal
Income Tax Act, 1961	Income Tax and interest thereon	288.08	-	AY 2022-23	Commissioner of Income tax (Appeals) New Delhi

(viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not surrendered or disclosed any transactions, previously unrecorded as income in the books of account, in the tax assessments under the Income Tax Act, 1961 as income during the year.

Annexure A to the Independent Auditor's Report on the Financial Statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024** (Continued)

(ix) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans and borrowing or in the payment of interest thereon to banks or financial institutions or any other lender, except those mentioned below:

Nature of borrowing including debt securities	Name of lender	Amount not paid on due date (Rupees in Lacs)	Whether principal or interest	No. of days delay or unpaid
Optionally convertible debentures	International Hospital Limited (IHL)	45,453.36	Interest	51 days to 3,841 days

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not been declared a wilful defaulter by any bank or financial institution or government or government authority.

(c) According to the information and explanations given to us by the management, the Company has not obtained any term loans during the year. Accordingly, clause 3(ix)(c) of the Order is not applicable.

(d) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that no funds raised on short-term basis have been used for long-term purposes by the Company.

(e) According to the information and explanations given to us and on an overall examination of the financial statements of the Company, we report that the Company has not taken any funds from any entity or person on account of or to meet the obligations of its subsidiary, associate or joint venture as defined under the Act.

(f) According to the information and explanations given to us and procedures performed by us, we report that the Company has not raised loans during the year on the pledge of securities held in its subsidiaries, joint ventures or associate companies (as defined under the Act).

(x) (a) The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Accordingly, clause 3(x)(a) of the Order is not applicable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, clause 3(x)(b) of the Order is not applicable.

(xi) (a) Based on examination of the books and records of the Company and according to the information and explanations given to us, no fraud by the Company or on the Company has been noticed or reported during the course of the audit for the current year.

(b) According to the information and explanations given to us, no report under sub-section (12) of Section 143 of the Act has been filed by the auditors in Form ADT-4 as prescribed under Rule 13 of the Companies (Audit and Auditors) Rules, 2014 with the Central Government.

(c) As represented to us by the management, there are no whistle blower complaints received by the Company during the year.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, clause 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with Section 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards. According to the information and explanations given to us, the provisions of Section 177 of the Act are not applicable to the Company.

(xiv) (a) In our opinion and based on the information and explanations provided to us, the Company does not have an Internal Audit system and is not required to have an internal audit system as per Section 138 of the Act.

(a) In our opinion and based on the information and explanations provided to us, the Company does not have an internal audit system and is not required to have an internal audit system as per Section 138 of the Act. Accordingly, clause 3(xiv)(b) of the Order is not applicable.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with its directors or persons connected to its directors and hence, provisions of Section 192 of the Act are not applicable to the Company.

(xvi) (a) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(a) of the Order is not applicable.

(b) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, clause 3(xvi)(b) of the Order is not applicable.

(c) The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India. Accordingly, clause 3(xvi)(c) of the Order is not applicable.

(d) According to the information and explanations provided to us, there is no core investment company within the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016). Accordingly, clause 3(xvi)(d) of the Order is not applicable. We have not, however, separately evaluated whether the information provided by the management is accurate and complete.

(xvii) The Company has incurred cash losses of Rs 7,735.33 lacs in the current financial year and Rs 6,544.47 lacs in the immediately preceding financial year.

(xviii) There has been no resignation of the statutory auditors during the year. Accordingly, clause 3(xviii) of the Order is not applicable.

(xix) We draw attention to Note 43 to the financial statements which explains that the Company has incurred losses in current year and previous year and has accumulated losses as at 31 March 2024. Further, the Company's current liabilities exceed its current assets as at 31 March 2024 by Rs. 100,875.28 lacs.

As per the management's forecast, while the Company will generate positive operating cash flows, it expects to incur losses (including cash losses) and expects a cash deficit position in foreseeable future. These events or conditions cast significant doubts on the Company's ability to continue as a going concern. The Company proposes to fund its operations in near future primarily through continuous unconditional financial and operational support from its Intermediate Holding Company i.e. Fortis Healthcare Limited (FHL) enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the approval of the financial statements. Further, the Company is also evaluating various options to settle its debt obligations payable to group companies. Till the financial condition of the Company improves, FHL (Intermediate Holding Company) and IHL (fellow subsidiary) have extended the period upto 2033 for repayment of principal and interest liability outstanding in books as at year end in respect to preference shares and debentures. This continued financial support will enable the Company to settle its obligations as and when they fall due and operate as a going concern. Accordingly, the Ind AS financial statements of the Company as at and for the year ended 31 March 2024 have been prepared using the going concern assumption.

Annexure A to the Independent Auditor's Report on the Financial Statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024** (Continued)

On the basis of the above and according to the information and explanations given to us, on the basis of the financial ratios, ageing and expected dates of realisation of financial assets and payment of financial liabilities, other information accompanying the financial statements, our knowledge of the Board of Directors and management plans and based on our examination of the evidence supporting the assumptions, nothing has come to our attention, which causes us to believe that any material uncertainty exists as on the date of the audit report that the Company is not capable of meeting its liabilities existing at the date of balance sheet as and when they fall due within a period of one year from the balance sheet date. We, however, state that this is not an assurance as to the future viability of the Company. We further state that our reporting is based on the facts up to the date of the audit report and we neither give any guarantee nor any assurance that all liabilities falling due within a period of one year from the balance sheet date, will get discharged by the Company as and when they fall due.

(xx) The requirements as stipulated by the provisions of Section 135 are not applicable to the Company. Accordingly, clauses 3(xx)(a) and 3(xx)(b) of the Order are not applicable.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Rajesh Arora

Partner

Membership No.: 076124

ICAI UDIN:24076124BKHBLT3576

Place: Gurugram

Date: 21 May 2024

Annexure B to the Independent Auditor's Report on the financial statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024**

Report on the internal financial controls with reference to the aforesaid financial statements under Clause (i) of Sub-section 3 of Section 143 of the Act

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

Opinion

We have audited the internal financial controls with reference to financial statements of Fortis Health Management Limited ("the Company") as of 31 March 2024 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2024, based on the internal financial controls with reference to financial statements 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").

Management's and Board of Directors' Responsibilities for Internal Financial Controls

The Company's Management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in 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 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 Act.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements 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 with reference to financial statements. 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 with reference to financial statements were 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 with reference to financial statements and their operating effectiveness. Our audit of internal financial controls with reference to financial statements included obtaining an understanding of internal financial controls with reference to financial statements, 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 with reference to financial statements.

Annexure B to the Independent Auditor's Report on the financial statements of **Fortis Health Management Limited** for the **year** ended **31 March 2024** (Continued)

Meaning of Internal Financial Controls with Reference to Financial Statements

A company's internal financial controls with reference to financial statements 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 controls with reference to financial statements include 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 with Reference to Financial Statements

Because of the inherent limitations of internal financial controls with reference to financial statements, 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 with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

For **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No.:101248W/W-100022

Rajesh Arora

Partner

Membership No.: 076124

ICAI UDIN:24076124BKHBLT3576

Place: Gurugram

Date: 21 May 2024

FORTIS HEALTH MANAGEMENT LIMITED
BALANCE SHEET AS AT MARCH 31, 2024

Particulars	Notes	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	4(a)	3,648.51	6,941.66
(b) Capital work-in-progress	4(b)	150.96	2,040.65
(c) Right-of-use assets	32	634.42	763.85
(d) Goodwill	5	707.13	707.13
(e) Other intangible assets	6(a)	4.57	3.72
(f) Intangible assets under development	6(b)	2.89	-
(g) Financial assets			
(i) Investment in subsidiary	7	-	-
(ii) Investments in associates and/ or fellow subsidiaries	8	52,050.01	52,050.01
(iii) Other investments	9	0.01	0.01
(iv) Loans	10	618.10	535.10
(v) Other financial assets	11	89.09	122.49
(h) Non-current tax assets (net)	12	867.72	690.02
(i) Deferred tax asset (net)	39	-	-
(j) Other non-current assets	13	14.43	99.33
Total non-current assets (A)		**58,787.84**	**63,953.97**
B. Current assets			
(a) Inventories	14	94.50	104.17
(b) Financial assets			
(i) Investment in subsidiary	7	-	-
(ii) Trade receivables	15	546.58	917.10
(iii) Cash and cash equivalents	16	667.25	4.20
(iv) Other financial assets	11	710.29	182.75
(c) Other current assets	13	156.37	52.24
Total current assets (B)		**2,174.99**	**1,260.46**
Total assets (A+B)		**60,962.83**	**65,214.43**
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	17	250.00	250.00
(b) Other equity		(81,159.81)	(72,751.79)
Total equity (A)		**(80,909.81)**	**(72,501.79)**
Liabilities			
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	37,739.94	33,860.38
(ii) Lease liabilities	32	1,021.64	1,130.58
(b) Provisions	21	60.79	64.31
Total non-current liabilities (B)		**38,822.37**	**35,055.27**
C. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	19	55,535.25	55,419.62
(ii) Lease liabilities	32	119.30	110.21
(iii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	22	199.76	83.72
- Total outstanding dues of creditors other than micro enterprises and small enterprises	22	889.26	685.68
(iv) Other financial liabilities	20	45,669.94	45,761.46
(b) Provisions	21	11.71	8.43
(c) Other current liabilities	23	625.05	591.83
Total current liabilities (C)		**103,050.27**	**102,660.95**
Total liabilities (B+C)		**141,872.64**	**137,716.22**
Total equity and liabilities (A+B+C)		**60,962.83**	**65,214.43**

See accompanying notes forming integral part of the financial statements 1-47

In terms of our report attached

For B S R & Co. LLP
Chartered Accountants
Firm Registration No 101248W/W-100022

Rajesh Arora
Partner
Membership No: 076124
Place : Gurugram
Date : May 21, 2024

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

Anil Vinayak
Director
DIN: 02407380
Place : Gurugram
Date : May 21, 2024

Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : May 21, 2024

Fortis Health Management Limited

FORTIS HEALTH MANAGEMENT LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2024

	Particulars	Notes	For the year ended March 31, 2024 (Rupees in lacs)	For the year ended* March 31, 2023 (Rupees in lacs)
	Continuing operations			
I	Revenue from operations	24	8,464.84	5,041.41
II	Other income	25	29.93	75.20
III	**Total income (I+II)**		**8,494.77**	**5,116.61**
IV	**Expenses**			
	i) Purchases of medical consumable and drugs		1,318.48	662.63
	ii) Changes in inventories of medical consumable and drugs	26	(12.59)	(28.61)
	iii) Employee benefits expense	27	1,016.97	685.29
	iv) Finance costs	28	9,091.26	8,737.12
	v) Depreciation and amortisation expense	29	553.97	250.03
	vi) Other expenses	30	4,073.82	2,395.15
	Total expenses		**16,041.91**	**12,701.61**
V	**Loss before tax from continuing operations (III-IV)**		**(7,547.14)**	**(7,585.00)**
VI	**Tax expense related to continuing operations**			
	i) Current tax		-	-
	ii) Deferred tax	39	-	-
	Total tax expense related to continuing operations		-	-
VII	**Loss for the year from continuing operations (V - VI)**		**(7,547.14)**	**(7,585.00)**
VIII	**(Loss) / profit before tax from discontinued operations**	**45**	**(859.18)**	**665.61**
IX	**Tax expense related to discontinued operations**	**39**	-	-
X	**(Loss) / profit for the year from discontinued operations (VIII - IX)**		**(859.18)**	**665.61**
XI	**Total Loss for the year (VII + X)**		**(8,406.32)**	**(6,919.39)**
XII	**Other comprehensive loss**			
	i) Items that will not be reclassified to profit and loss			
	(a) Remeasurement of the defined benefit liabilities		(1.70)	(3.58)
	(b) Income tax relating to items that will not be reclassified to profit and loss		-	-
	Total other comprehensive loss		**(1.70)**	**(3.58)**
XIII	**Total comprehensive loss for the year (XI+XII)**		**(8,408.02)**	**(6,922.97)**
	Basic and Diluted Earnings per equity share (in Rs.)			
	From continuing operations	37	(301.89)	(303.40)
	From discontinued operations	37	(34.37)	26.62
	From continuing and discontinued operations	37	(336.26)	(276.78)

*Statement of profit and loss for the previous year is re-presented on account of discontinued operations. (Refer note 45)

See accompanying notes forming integral part of the financial statements 1-47

In terms of our report attached

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Partner
Membership No: 076124
Place : Gurugram
Date : May 21, 2024

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

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Director
DIN: 02407380
Place : Gurugram
Date : May 21, 2024

Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : May 21, 2024

Fortis Health Management Limited

FORTIS HEALTH MANAGEMENT LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2024

Particulars	Notes	For the year ended March 31, 2024 (Rupees in lacs)	For the year ended March 31, 2023 (Rupees in lacs)
Cash flows from operating activities			
Loss before tax			
- Continuing operations		(7,547.14)	(7,585.00)
- Discontinued operations		(859.18)	665.61
Loss before tax including discontinued operations		**(8,406.32)**	**(6,919.39)**
Adjustments for:			
Depreciation and amortisation expense		553.97	250.03
Balances no longer required written back		(17.52)	(35.54)
Finance costs		9,056.76	8,721.69
Net loss on sale of property, plant and equipment		3.20	5.44
Net loss on disposal of discontinued operations (refer note 45)		1,225.10	-
Interest income		(12.58)	(41.38)
(Reversal) / allowance for expected credit loss		(15.93)	42.74
Adjustments related to discontinued operations		112.24	125.55
		2,498.92	**2,149.14**
Working capital adjustments:			
Decrease / (Increase) in trade receivables		275.49	(274.69)
Increase in inventories		(12.65)	(18.93)
Increase in other financial assets		(543.26)	(0.42)
(Increase) / Decrease in other current assets		(86.01)	48.87
Increase in other financial liabilities		22.05	5.54
Increase in other current liabilities		46.02	485.76
Increase in provisions		8.31	8.47
Increase in trade payables		619.39	196.07
Cash generated from operating activities		**2,828.26**	**2,599.81**
Income taxes paid (net)		(230.96)	(97.12)
Net cash generated from operating activities (A)		**2,597.30**	**2,502.69**
Cash flows from investing activities			
Proceeds on sale of property, plant and equipment		5.47	1.30
Proceeds from disposal of discontinued operations (net of cost of transfer) (refer note 45)		4,987.97	-
Purchase of property, plant and equipment and intangible asset		(1,953.70)	(1,884.27)
Loans given		(83.00)	(152.70)
Interest received		6.86	5.64
Net cash generated from / (used in) investing activities (B)		**2,963.60**	**(2,030.03)**
Cash flows from financing activities (refer note 18)			
Repayment of lease liabilities		(99.85)	(77.91)
Interest paid (including interest on lease liabilities amounting to Rs. 129.39 lacs (previous year: Rs. 139.23 lacs))		(4,913.63)	(880.54)
Net cash used in financing activities (C)		**(5,013.48)**	**(958.45)**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**547.42**	**(485.79)**
Cash and cash equivalents at the beginning of the year		(60.42)	425.37
Cash and cash equivalents at the end of the year	16	**487.00**	**(60.42)**

Notes:

1. The cash flow statement has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash flows".
2. The Company has not made any payment towards Corporate Social Responsibility (CSR) expenditure for the year ended March 31, 2024 and March 31, 2023. (Refer note 47)

See accompanying notes forming integral part of the financial statements 1-47

In terms of our report attached

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Rajesh Arora
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Membership No: 076124
Place : Gurugram
Date : May 21, 2024

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

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Director
DIN: 02407380
Place : Gurugram
Date : May 21, 2024

Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : May 21, 2024

Fortis Health Management Limited

FORTIS HEALTH MANAGEMENT LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2024

(Rupees in lacs)

Particulars	Equity	Other Equity		Total
	Equity share capital	Securities premium reserve*	Retained earnings	
Balance at April 01, 2022	250.00	2,205.00	(68,033.82)	(65,578.82)
Loss for the year**	-	-	(6,919.39)	(6,919.39)
Other comprehensive loss for the year net of income tax	-	-	(3.58)	(3.58)
Total comprehensive loss for the year	-	-	**(6,922.97)**	**(6,922.97)**
Balance at March 31, 2023	**250.00**	**2,205.00**	**(74,956.79)**	**(72,501.79)**
Balance at April 01, 2023	250.00	2,205.00	(74,956.79)	(72,501.79)
Loss for the year**	-	-	(8,406.32)	(8,406.32)
Other comprehensive loss for the year, net of income tax	-	-	(1.70)	(1.70)
Total comprehensive loss for the year	-	-	**(8,408.02)**	**(8,408.02)**
Balance at March 31, 2024	**250.00**	**2,205.00**	**(83,364.81)**	**(80,909.81)**

*The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act 2013.
**Including loss from discontinued operations.

See accompanying notes forming integral part of the financial statements 1-47

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Rajesh Arora
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Place : Gurugram
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Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : May 21, 2024

Fortis Health Management Limited

1. Corporate information

Fortis Health Management Limited ("the Company") ('CIN: U85190DL2011PLC217462') was incorporated in India in the year 2008 and is a subsidiary of Fortis Healthcare Limited. The Company is engaged in the business of providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services at Malar, Chennai and running hospital operations in Nagarbhavi, Bengaluru. The ultimate holding company is IHH Healthcare Berhad. The Company has entered into a Hospital and Medical Services Agreement (HMSA) with Fortis Malar Hospitals Limited (FMHL) (hereinafter referred as 'hospital operating company') and shall provide FMHL on an exclusive principal to principal basis, hospital services including clinical establishment services, Out Patient Department (OPD) services and radio diagnostic services and shall receive service fee in respect thereof.

During the current year, FHML has entered into Business Transfer Agreement ("BTA") with MGM Healthcare Private Limited ("MGM") to divest its business operations pertaining to Malar Hospital (which also inter alia include land and building on which Malar Hospital is situated) to MGM, as a going concern, on a slump sale basis. Consequently, HMSA entered into between FHML and FMHL, shall be deemed to be automatically terminated pursuant to such BTA entered into by FHML with MGM.

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

2. Material accounting policies

This note provides a list of the material accounting policies adopted in the preparation of these financial statements. The accounting policies adopted are consistent with the previous financial year.

(a) Basis of preparation

(i) *Statement of compliance*

These financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 as amended from time to time, notified under Section 133 of Companies Act, 2013, ("the Act") and other relevant provisions of the Act. All the amounts included in the financial statements are reported in lacs of Indian Rupees and are rounded to the nearest lac to two decimals, except per share data.

Also refer note 43 of these financial statements.

The financial statements have been authorized for issue by the Company's Board of Directors on May 21, 2024.

(ii) *Functional and presentation currency*

These financial statements are presented in Indian Rupees (₹), which is also the Company's functional currency.

(iii) *Basis of Measurement*

The financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. 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.

(iv) Consolidated financial statements

The Company has opted for exemption from preparation of consolidated financial statements under Rule 6 of the Companies (Accounts) Rules, 2014, as amended, and accordingly prepared only standalone financial statements.

(b) Current versus non-current classification

Based on the time involved between the acquisition of assets for processing and their realization in cash and cash

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Fortis Health Management Limited

equivalents, the Company has identified twelve months as its operating cycle for determining current and non-current classification of assets and liabilities in the balance sheet.

(c) Measurement of fair values

A number of the accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities. Fair values are categorized into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Company has an established control framework with respect to the measurement of fair values. This includes a finance team that has overall responsibility for overseeing all significant fair value measurements, including Level 3 fair values.

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

(d) Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

The cost of an item of property, plant and equipment shall be recognized as an asset if, and only if it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Freehold land is carried at cost. All other items of property, plant and equipment are stated at cost, which includes capitalized finance costs, less accumulated depreciation and any accumulated impairment loss. The cost of an item of Property, Plant and Equipment comprises its purchase price, including import duties and other non-refundable taxes or levies, freight, any directly attributable cost of bringing the asset to its working condition for its intended use and estimated cost of dismantling and restoring onsite; any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent costs are included in the asset's carrying amount or recognized 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 of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.

If significant parts of an item of property, plant and equipment have different useful lives, then they are accounted for as separate items (major Components) of property, plant and equipment.

(ii) Goodwill and other intangible assets

a) Recognition and measurement

- For measurement of goodwill that arises from business combination, refer note 2(e). Subsequent measurement is at cost less any accumulated impairment losses.

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Fortis Health Management Limited ★

- Internally generated goodwill is not recognized as an asset. With regard to other internally generated intangible assets:

  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognized in the statement of profit and loss as incurred.

  - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of property, plant and equipment). Other development expenditure is recognized in the Statement of Profit and Loss as incurred.

- Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is recognised at fair value at the date of acquisition. An intangible asset is recognised only if it is probable that future economic benefits attributable to the asset will flow to the Company and the cost of the asset can be measured reliably. After initial recognition, other intangible assets, including those required by the company in a business combination and have finite lives are measured at cost less accumulated amortization and any accumulated impairment loss.

b) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates and the cost of the asset can be measured reliably. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in profit or loss as incurred.

c) Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful lives and is generally recognised in depreciation and amortisation in Statement of profit and loss. Goodwill is not amortised.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(iii) Depreciation and amortization methods, estimated useful lives and residual value

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of property, plant and equipment as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the certain classes of property, plant and equipment which are depreciated based on the internal technical assessment of the management. The details of useful life are as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Buildings	10-60 years	60 years
Plant and machinery	3-45 years	15 years
Medical equipment	1-20 years	13 years
Computers	4-6 years	3 years
Furniture and fittings	6-16 years	10 years
Office equipment	2-19 years	5 years
Vehicles	9-11 years	8 years

Freehold land is not depreciated.

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Fortis Health Management Limited

Depreciation on leasehold assets is provided over the lease term or expected useful life of the asset, whichever is lower.

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. Estimated useful lives of the other intangible assets are as follows:

Category of assets	Management estimate of useful life
Computer software	5 years

Depreciation and amortization on property, plant and equipment and intangible assets added/disposed off during the year has been provided on pro-rata basis with reference to the date/month of addition/disposal.

Depreciation and amortization methods, useful lives and residual values are reviewed at the end of each reporting period and adjusted if appropriate.

(iv) Derecognition

A property, plant and equipment and intangible assets is derecognized on disposal or when no future economic benefits are expected from its use and disposal. Losses arising from retirement and gains or losses arising from disposal of a tangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss.

(e) Business combinations

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships; such amounts are generally recognized in the Statements of Profit or Loss. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognized in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose, comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved, and they appear in the financial statements of the Company in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve (if credit) or revenue reserves (if debit) and if there are no reserves or inadequate reserves, to an amalgamation deficit reserve (if debit), with disclosure of its nature and purpose in the notes to the consolidated financial statements.

(f) Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortization and are tested annually for impairment, or more frequently if events or changes in circumstances indicate that they might be impaired. The Company's non-financial assets other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

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

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

An impairment loss is recognized if the carrying amount of an asset or CGU exceeds its estimated recoverable amount. Impairment loss recognized in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amount of the other assets of the CGU (or company of CGUs) on a pro rata basis.

An impairment loss in respect of goodwill is not subsequently reversed. In respect of other assets for which impairment loss has been recognized in prior periods, the Company reviews at reporting date whether there is any indication that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. Such a reversal is made only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

(g) Financial instrument

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Initial recognition and measurement

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

A financial asset (unless it is a trade receivable without a significant financing component) or financial liability is initially measured at fair value plus or minus, for an item not at FVTPL, transaction costs that are directly attributable to its acquisition or issue. A trade receivable without a significant financing component is initially measured at the transaction price.

Financial assets

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset. Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the trade date, i.e., the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in four categories:

- Debt instruments at amortized cost
- Debt instruments at fair value through other comprehensive income (FVOCI)
- Debt instruments, derivatives and equity instruments at fair value through profit or loss (FVPL)
- Equity instruments measured at fair value through other comprehensive income (FVOCI)

Debt instruments at amortized cost

A 'debt instrument' is measured at the amortized cost if the asset is held within a business model whose objective is to hold assets for collecting contractual cash flows, and contractual terms of the asset give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

After initial measurement, such financial assets are subsequently measured at amortized cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts

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through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortized cost of the financial liability. Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognized in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

Debt instrument at FVOCI

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognized in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVTOCI debt instrument is reported as interest income using the EIR method.

Debt instrument at FVPL

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortized cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

Debt instruments included within the FVPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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.

Equity investments

Equity investments in subsidiaries and associates are carried at cost less accumulated impairment losses, if any. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down immediately to its recoverable amount. On disposal of investments in such entities, the difference between net disposal proceeds and the carrying amounts are recognized in the Statement of Profit and Loss.

All other equity investments which are in scope of Ind AS 109 are measured at fair value. Equity instruments which are held for trading and contingent consideration recognized by an acquirer in a business combination to which Ind AS 103 applies are classified as at FVPL. For all other equity instruments in scope of Ind AS 109, the Company may make an irrevocable election to present in other comprehensive income subsequent changes in the fair value. The Company makes such election on an instrument-by-instrument basis. The classification is made on initial recognition and is irrevocable.

If the Company decides to classify an equity instrument as at FVOCI, then all fair value changes on the instrument, excluding dividends, are recognized in the OCI. There is no recycling of the amounts from OCI to the Statement of Profit and Loss, even on sale of investment. However, the Company may transfer the cumulative gain or loss to retained earnings.

Equity instruments included within the FVPL category are measured at fair value with all changes recognized in the Statement of Profit and Loss.

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Impairment of financial assets

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognized as an impairment gain or loss in the Statement of Profit and Loss.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortized cost and debt securities at FVOCI are credit-impaired. A financial asset is 'credit-impaired' when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes the following observable data:

- significant financial difficulty of the debtor;
- a breach of contract such as a default;
- the restructuring of a loan or advance by the Company on terms that the Company would not consider otherwise;
- it is probable that the debtor will enter bankruptcy or other financial reorganization; or
- the disappearance of an active market for a security because of financial difficulties.

Presentation of allowance for ECL in the balance sheet
Loss allowances for financial assets measured at amortized cost are deducted from the gross carrying amount of the assets.

Derecognition of financial assets

A financial asset (or, where applicable, a part of a financial asset or part of a company of similar financial assets) is primarily derecognized (i.e., removed from the Company's balance sheet) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognizes an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

Write-off of financial assets

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Company's procedures for recovery of amounts due.

Financial liabilities

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

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Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognized in the Statement of Profit and Loss.

Offsetting

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

(h) Cash and cash equivalents

Cash and cash equivalents include cash in hand, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less.

For the purpose of cash flow statement, cash and cash equivalent includes cash in hand, in banks, demand deposits with banks and other short-term highly liquid investments with original maturities of three months or less, net of outstanding bank overdrafts that are repayable on demand and are considered part of the cash management system.

(i) Contingent liabilities and contingent assets

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 recognized 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 recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the consolidated financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably. A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of

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continuing with the contract. Before such a provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that the outflow of resources would be required to settle the obligation, the provision is reversed.

(k) Revenue recognition

Income from hospital and medical services

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

In patient department ('IPD') / Out-patient department ('OPD') / Pharmacy income

Hospital Income is recognized when services are rendered to the patients in the Hospital. Operating income from hospital services is recognized as and when the services are rendered/pharmacy items (Medical consumables and drugs) are sold. Revenue from sale of goods is recognized when it satisfies the performance obligation by transferring the promised services to customers at amount that will be the consideration to which the Company expects to be entitled in exchange for those services.

Contracts with customers could include promises to transfer multiple services/ products to a customer. The Company assesses the product/ services promised in a contract and identifies distinct performance obligation in the contract. Revenue towards satisfaction of a performance obligation is measured at the amount of transaction price (net of variable consideration) allocated to that performance obligation. The transaction price of services rendered and goods sold is net of variable consideration on account of various discounts and schemes offered by the Company as part of the contract including claims. Further, the Company also determines whether the performance obligation is satisfied at a point in time or over a period of time. These judgments and estimations are based on various factors including contractual terms and historical experience.

Revenue in-patient hospital services is recognised over the period of time, as and when services are performed. Revenue from out-patient hospital services is recognised at a point in time when patient has actually received the service. Revenue from sale of products is recognised at the point in time upon transfer of control of products to customers at the time of delivery of goods to the customers.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Excess of revenue earned over billings on contracts is recognised as unbilled revenue. Unbilled revenue is classified as trade receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

Other operating revenue comprises revenue from rental income which is recognized in accordance with terms of agreements entered into with the respective lessees.

(l) Employee benefits

Short-term employee benefits

All employee benefits falling due within twelve months of the end of the period in which the employees render the related services are classified as short-term employee benefits, which include benefits like salaries, wages, short term compensated absences, performance incentives, etc. and are recognized as expenses in the period in which the employee renders the related service and measured accordingly. Short term employee benefits are measured on an undiscounted basis.

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Post-employment benefits

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a) Gratuity

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognized in the books of account based on actuarial valuation by an independent actuary.

b) Provident fund

The Company makes contribution to the Regional Provident Fund Commissioner in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 for its employees.

The Company's contribution to the provident fund is charged to Statement of Profit and Loss.

Other long-term employee benefits:

As per the Company's policy, eligible leaves can be accumulated by the employees and carried forward to future periods to either be utilized during the service, or encashed. Encashment can be made during service, on early retirement, on withdrawal of scheme, at resignation and upon death of the employee. Accumulated compensated absences are treated as other long-term employee benefits.

Termination benefits are recognized as an expense when, as a result of a past event, the Company has a present obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Actuarial valuation

The liability in respect of all defined benefit plans and other long-term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining *the* present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long-term benefits are recognized in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognized in the period in which they occur, directly in other comprehensive income. They are recognized immediately in the Statement of Changes in Equity with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognized immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognized as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

Past service cost is recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the average period until the benefits become vested. To the extent that the benefits are already vested immediately following the introduction of, or changes to, a defined benefit plan, the past service cost is recognized immediately in the Statement of Profit and Loss. Past service cost may be either positive (where benefits are introduced or improved) or negative (where existing benefits are reduced).

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(m) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds including interest expense on lease liability Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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

(n) Income tax

Income tax expense comprises current and deferred tax. It is recognized in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognized directly in equity or in OCI. Interest and penalties related to income taxes, including uncertain tax treatments, do not meet the definition of income taxes, and therefore accounted for them under Ind AS 37 Provisions, Contingent Liabilities and Contingent Assets.

Current taxes

Current tax comprises the best estimate of expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received after considering uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognized amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

Deferred taxes

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is also recognized in respect of carried forward tax losses and tax credits. Deferred tax is not recognized for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that
    - o is not a business combination and
    - o at the time of transaction (i) affects neither accounting nor taxable profit or loss and (ii) does not give rise to equal taxable and deductible temporary differences;
- temporary differences related investments in fellow subsidiaries, and
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognized for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. Unrecognized deferred tax assets are reassessed at each reporting date and recognized to the extent that it has become probable that future taxable profits will be available against which they can be used. Deferred tax is measured at the tax rates that are expected to be applied to the period when the asset is realized or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Company expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

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

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(o) Leases

At inception of a contract, the company assesses whether a contract is, or contains, a lease. A contract is, or contains , a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset, the company assesses whether:

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and
- the Company has the right to direct the use of the asset. The Company has this right when it has the decision- making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
    - the Company has the right to operate the asset; or
    - the Company designed the asset in a way that predetermines how and for what purpose it will be used

An entity shall reassess whether a contract is, or contains, a lease only if the terms and conditions of the contract are changed.

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

(i) As a lessee

The Company accounts for assets taken under lease arrangement in the following manner:

The Company recognizes a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

The right of use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term. The estimated useful lives of right-of-use are determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Company's incremental borrowing rate.

Lease payments included in the measurement of the lease liability comprise the fixed payments, including in-substance fixed payments.

The lease liability is measured at amortized cost using the effective interest method. It is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in Company's estimate of the amount expected to be payable under a residual value guarantee, or if the Company changes its assessment of whether it will exercise a purchase, extension or termination option.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

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Short-term leases and leases of low-value assets

The Company has elected not to recognized right-of use assets and lease liabilities for short term leases that have a lease term of 12 months or less and leases of low value assets. The Company recognizes the lease payments associated with these leases as an expense on a straight- line basis over the lease term.

(ii) As a lessor

The Company accounts for assets given under lease arrangement in the following manner:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Assets subject to operating leases are included in property, plant and equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognized on a straight-line basis over the lease term.

To classify each lease, the Company makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, the Company considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

The Company recognizes lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

(p) Foreign currency translation

(i) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at balance sheet date exchange rates are generally recognized in Statement of Profit and Loss.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognized in other comprehensive income (OCI).

(q) Statement of cash flows

Cash flows are reported using the indirect method, whereby net profit before tax is adjusted for the effects of transactions of a non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

(r) Inventories

Inventories are valued at lower of cost or net realizable value except scrap, which is valued at net estimated realizable value.

The Company uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable.

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Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs necessary to make the sale. The comparison of cost and net realizable value is made on an item-by-item basis.

(s) Operating segments

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

The Company is primarily engaged in the business of healthcare services which is the only reportable segment

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:
- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:
- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

(u) Non-current assets held for sale and discontinued operations

Non-current assets (or disposal groups) are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. The appropriate level of management must be committed to a plan to sell, an active programme to locate a buyer and complete the plan has been initiated, the sale is considered highly probable and is expected within one year from the date of classification.

Non-current assets (or disposal groups) held for sale are measured at the lower of their carrying amount and fair value less costs to sell. Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the balance sheet. Property, plant and equipment and intangible assets once classified as held for sale are not depreciated or amortised.

A discontinued operation is a component of the Company that either has been disposed of, or is classified as held for sale, and:

a. represents a separate major line of business or geographical area of operations,
b. is part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or
c. is a subsidiary acquired exclusively with a view to resale.

Discontinued operations are excluded from the results of continuing operations and are presented separately in the statement of profit and loss.

(v) Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly, disclosed in the consolidated financial statements.

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3. (a) Critical estimates and judgements

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

Judgments

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

i. Leasing arrangement (classification and accounting)- Refer note 2(o) and note 32

ii. Property, plant and equipment / investment property- 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:

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

The Company has entered into Hospital and Medical Services Agreements ("HMSA") with Fortis Malar Hospitals Limited 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.

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment is included in the following notes:

- Lease arrangement (classifications) - Note 32
- Financial instruments - Note 36
- Fair value measurement – Note 36(d)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(d)(iii)
- Measurement of ECL allowance for trade receivables and other assets – Note 2(g)
- Recognition and estimation of tax expense including deferred tax– Note 39
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 35
- Estimated impairment of financial assets and non-financial assets – Note 5, 7, 15

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(b) Changes in material accounting policies

Material accounting policy information

The Company adopted Disclosure of Accounting Policies (Amendments to Ind AS 1) from 1 April 2023. Although the amendments did not result in any changes in the accounting policies themselves, they impacted the accounting policy information disclosed in the financial statements.
The amendments require the disclosure of 'material' rather than 'significant' accounting policies. The amendments also provide guidance on the application of materiality to disclosure of accounting policies, assisting entities to provide useful, entity-specific accounting policy information that users need to understand other information in the financial statements.

(c) Recent Pronouncements

Ministry of Corporate Affairs ("MCA") notifies new standards or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. For the year ended March 31, 2024, MCA has not notified any new standards or amendments to the existing standards applicable to the Company.

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4(a) Property, plant and equipment

(Rupees in lacs)

Particulars	Freehold land	Buildings	Leasehold improvements	Plant and machinery	Medical equipment	Furniture and fittings	Computers	Office equipment	Vehicles	Total
Gross block										
As at April 01, 2022	4,610.00	1,526.61	94.09	879.10	738.55	113.89	54.06	114.08	17.68	8,148.06
Additions	-	18.58	76.63	39.42	239.99	36.11	3.88	11.40	6.13	432.14
Disposals	-	-	-	-	(40.88)	(9.60)	(3.45)	-	-	(53.93)
As at March 31, 2023	4,610.00	1,545.19	170.72	918.52	937.66	140.40	54.49	125.48	23.81	8,526.27
Additions	-	28.15	1,058.14	728.50	1,726.31	24.06	77.51	10.95	-	3,653.62
Disposals	-	(0.81)	(79.94)	(27.11)	(142.12)	(27.48)	(12.90)	(29.33)	(4.00)	(323.69)
Disposal on account of discontinued operations (refer note 45)	(4,610.00)	(1,564.03)	-	(842.82)	(191.99)	(54.41)	-	(65.02)	-	(7,328.27)
As at March 31, 2024	-	8.50	1,148.92	777.09	2,329.86	82.57	119.10	42.08	19.81	4,527.93
Accumulated depreciation										
As at April 01, 2022	-	428.54	27.81	288.45	481.38	60.54	35.41	60.32	10.29	1,392.74
Charge for the year:										
- Continuing Operations	-	-	14.69	8.13	66.44	13.52	4.04	5.07	2.28	114.17
- Discontinued Operations	-	56.02	-	45.21	7.51	-	5.20	10.95	-	124.89
Disposals	-	-	-	-	(38.61)	(5.13)	(3.45)	-	-	(47.19)
As at March 31, 2023	-	484.56	42.50	341.79	516.72	68.93	41.20	76.34	12.57	1,584.61
Charge for the year										
- Continuing Operations	-	-	169.12	60.46	158.12	5.80	21.70	5.55	2.62	423.38
- Discontinued Operations	-	48.24	-	39.04	11.78	8.41	-	9.84	-	117.31
Disposals	-	(0.82)	(78.29)	(23.06)	(140.42)	(26.91)	(12.90)	(29.33)	(3.29)	(315.02)
Disposal on account of discontinued operations (refer note 45)	-	(530.34)	-	(321.67)	(32.95)	(10.57)	-	(35.33)	-	(930.86)
As at March 31, 2024	-	1.64	133.33	96.56	513.25	45.66	50.00	27.07	11.90	879.42
Carrying amount										
As at March 31, 2023	4,610.00	1,060.63	128.22	576.73	420.94	71.47	13.29	49.14	11.24	6,941.66
As at March 31, 2024	-	6.86	1,015.59	680.53	1,816.61	36.91	69.10	15.01	7.91	3,648.51

Note:

(a) The Company has not revalued its property, plant and equipment during the current and previous year.

(b) The Company does not have any Benami property, where any proceeding has been initiated or pending against the Company for holding any Benami property.

(c) The Company did not have any immovable property, whose title deeds are not held in the name of the Company and no immovable property is jointly held with others.

4(b) Capital work-in-progress

(Rupees in lacs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	2,040.65	235.92
Additions*	1,763.93	2,236.87
Transfer to property, plant and equipment	(3,653.62)	(432.14)
Closing balance	150.96	2,040.65

*The Company accounts for all capitalization of property, plant and equipment through capital work in progress and therefore the movement in capital work in progress is the difference between closing and opening balance of capital work in progress as adjusted for additions to property, plant and equipment.

Ageing schedule for Capital-work-in progress is as follows:

Capital work-in-progress	Amount in CWIP for the year March 31, 2024				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	150.96	-	-	-	150.96
Projects temporarily suspended	-	-	-	-	-
Total	150.96	-	-	-	150.96

There is no project whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2024.

Ageing schedule for Capital-work-in progress is as follows:

Capital work-in-progress	Amount in CWIP for the year March 31, 2023				
	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
Projects in progress	1,807.96	220.86	-	11.83	2,040.65
Projects temporarily suspended	-	-	-	-	-
Total	1,807.96	220.86	-	11.83	2,040.65

Following are the Capital work-in-progress completion schedule of projects whose completion is overdue to its original plan as at March 31, 2023:

Capital work-in-progress	To be completed in			
	Less than 1 year	1-2 years	2-3 years	More than 3 years
Nagarbhavi Hospital Project	232.69	-	-	-

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5 **Goodwill**

(Rupees in lacs)

Particulars	Goodwill
Gross carrying amount	
As at April 01, 2022	707.13
Additions	-
Disposals	-
As at March 31, 2023	707.13
Additions	-
Disposals	-
As at March 31, 2024	707.13
Impairment	
As at April 01, 2022	-
Additions	-
Disposals	-
As at March 31, 2023	-
Additions	-
Disposals	-
As at March 31, 2024	-
Carrying value	
As at March 31, 2023	707.13
As at March 31, 2024	707.13

Note:

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

(b) At cash generating unit (CGU) level the goodwill is tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired.

The Company made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management. Cash flow projections were developed covering a seven-year period as at March 31, 2024 and March 31, 2023 which reflects a more appropriate indication/trend of future track of business of the Company. Cash flows beyond the seven year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using post-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Key assumptions used for value in use calculations are as follows:

Particulars	As at March 31, 2024	As at March 31, 2023
Average net sales growth rate for seven year period (p.a.)	7%-8%	6%-7%
Growth rate used for extrapolation of cash flow projections beyond seven year period (p.a.)	4%	4%
Discount rate - Post tax rate (p.a.)	14.12%	14.12%
Discount rate - Pre tax rate (p.a.)	19.56%	19.56%

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Discount rates - Management estimates discount rates using post-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports.

6(a) **Other intangible assets**

(Rupees in lacs)

Particulars	Software
Gross block	
As at April 01, 2022	**14.15**
Additions	-
Disposal	-
As at March 31, 2023	**14.15**
Additions	2.01
Disposals	-
As at March 31, 2024	**16.16**
Accumulated amortisation	
As at April 01, 2022	**8.92**
Charge for the year	1.51
Disposals	-
As at March 31, 2023	**10.43**
Charge for the year	1.16
Disposals	-
As at March 31, 2024	**11.59**
Carrying amount	
As at March 31, 2023	**3.72**
As at March 31, 2024	**4.57**

(a) The Company has not revalued it's intangible assets during the current and previous year.

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6(b) Intangible assets under development

(Rupees in lacs)

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	-	-
Additions*	4.90	-
Transfer to intangible assets	(2.01)	-
Closing balance	2.89	-

*The Company accounts for all capitalisation of intangible assets through intangible assets under development and therefore the movement in intangible assets under development is the difference between closing and opening balance of intangible assets under development as adjusted for additions to intangible assets.

Ageing schedule for Intangible assets under development is as follows:
As at March 31, 2024

Intangible assets under development	Amount in intangible assets under development for a period of				Total
	Less than 1 year	1-2 years	2-3 years	More than 3 years	
Projects in progress	2.89	-	-	-	2.89
Total	2.89	-	-	-	2.89

There is no project whose completion is overdue or has exceeded its cost compared to its original plan as at March 31, 2023 and March 31, 2024.

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Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
7 Investment in subsidiary		
Non-current (Unquoted)		
(a) Investment in equity instruments measured at cost		
Hospitalia Eastern Private Limited 51,000 (as at March 31, 2023: 51,000) fully paid equity shares of ₹ 10 each (of the above, 6 shares held through nominees) (Refer note 42(ii))	6.99	6.99
Less: Impairment in value of Investment [refer note 42 (ii)]	(6.99)	(6.99)
(b) Investment in redeemable preference shares measured at amortised cost		
Hospitalia Eastern Private Limited 90,000 (as at March 31, 2023: 90,000) 10% redeemable non-cumulative preference shares of ₹ 10 each (Refer note 42(iii))	1,350.00	1,350.00
Less: Impairment in value of Investment [refer note 42 (iii)]	(1,350.00)	(1,350.00)
Hospitalia Eastern Private Limited 400,000 (as at March 31, 2023: 400,000) 10% redeemable non-cumulative preference shares of ₹ 10 each (Refer note 42(iii))	40.00	-
Less: Impairment in value of Investment [refer note 42 (iii)]	(40.00)	-
Aggregate gross value of unquoted non-current investments in subsidiary	**1,396.99**	**1,356.99**
Aggregate carrying value of unquoted non-current investments in subsidiary	-	-
Aggregate amount of impairment in value of non-current investments in subsidiary	**1,396.99**	**1,356.99**
Current (Unquoted)		
(a) Investment in redeemable preference shares measured at amortised cost		
Hospitalia Eastern Private Limited 400,000 (as at March 31, 2023: 490,000) 10% redeemable non-cumulative preference shares of ₹ 10 each (Refer note 42(iii))	-	40.00
	-	**40.00**
Less: Impairment in value of Investment [refer note 42 (iii)]	-	(40.00)
Aggregate gross value of unquoted current investments in subsidiary	-	**40.00**
Aggregate carrying value of unquoted current investments in subsidiary	-	-
Aggregate amount of impairment in value of current investments in subsidiary	-	**40.00**
8 Investments in associates and/ or fellow subsidiaries		
Non-current (Unquoted)		
Investment in equity instruments measured at cost		
Fortis Hospotel Limited (Associate/ fellow subsidiary) 143,947,378 (as at March 31, 2023, 143,947,378) fully paid equity shares of ₹ 10 each (Refer note 42(ii))	37,728.39	37,728.39
International Hospital Limited (Associate/ fellow subsidiary) 7,335,826 (as at March 31, 2023: 7,335,826) fully paid equity shares of ₹ 10 each (of the above, 606 shares held through nominees) (Refer note 42(ii))	10,946.28	10,946.28
Escorts Heart and Super Speciality Hospital Limited (Fellow subsidiary) 4,455,166 (as at March 31, 2023: 4,455,166) fully paid equity shares of ₹ 10 each (Refer note 42(ii))	3,375.34	3,375.34
Aggregate gross value of unquoted non-current investments in associates and/ or fellow subsidiaries	**52,050.01**	**52,050.01**
Aggregate carrying value of unquoted non-current investment in associates and/ or fellow subsidiaries	**52,050.01**	**52,050.01**
Aggregate amount of impairment in value of unquoted non-current investment in associates and/ or fellow subsidiaries	-	-
9 Other investments		
Unquoted equity instruments measured at amortized cost		
Clover Energy Private Limited 100 units (as a March 31, 2023: 100 units) of ₹ 10 each fully paid equity shares (Refer note 42(ii))	0.01	0.01
Aggregate gross value of unquoted non-current equity instruments	**0.01**	**0.01**
Aggregate carrying value of unquoted non-current equity instruments	**0.01**	**0.01**
Aggregate amount of impairment in value of non-current equity instruments	-	-

Note: The Company had entered into an energy purchase agreement with Clover Energy Private Limited ("the issuer"). As per terms of the agreement, the Company needs to keep the money invested in the equity shares of issuer till the period electricity would be purchased from the issuer. The shares would be redeemed at the time of termination of the contract upon mutual consent by the parties. The Company cannot sell these shares in active market. Given these facts, the Company has accounted these instruments at cost.

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Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
10 Loans		
Non-current		
Unsecured, considered good-measured at amortised cost		
(a) Loan to related party (refer note 31 and 42(i))	618.10	535.10
	618.10	**535.10**
11 Other financial assets		
Non-current		
Unsecured, considered good-measured at amortised cost		
(a) Security deposits	89.09	122.49
	89.09	**122.49**
Current		
Unsecured, considered good-measured at amortised cost		
(a) Interest accrued and due on inter-corporate loan (refer note 31 and 42(i))	180.31	180.31
(b) Receivable from related parties for reimbursement of expenses (refer note 31)	2.25	2.44
(c) Government grant receivables	3.89	-
(d) Other receivables*	523.84	-
	710.29	**182.75**
*It pertains to amount receivable on account of disposal of discontinued operations.(Refer note 45)		
12 Non-current tax assets (net)		
Advance income tax (net of provision for taxation)	867.72	690.02
	867.72	**690.02**
Provision for taxation	-	-
13 Other assets (unsecured)*		
Non-current		
Considered good		
(a) Capital advances	2.03	60.55
(b) Prepaid expenses	12.40	38.78
	14.43	**99.33**
Considered doubtful		
Capital advances	-	26.80
Less: Loss allowance	-	(26.80)
	-	-
	14.43	**99.33**
Current		
Considered good		
(a) Advances to vendors	2.52	42.32
(b) Prepaid expenses	153.85	9.92
	156.37	**52.24**
*Refer note 45		
14 Inventories*		
(Valued at lower of cost and net realisable value)		
Medical consumables and drugs	94.50	104.17
	94.50	**104.17**
*Refer note 45		

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Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
15 Trade receivables*		
Current		
(unsecured, unless stated otherwise)		
Considered good		
From Others		
-Billed	516.93	405.59
-Unbilled	83.92	64.49
From Related Parties (refer note 31)	-	559.32
Less: Loss allowance	(54.27)	(112.30)
	546.58	**917.10**

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.

*Refer note 45

(i) Trade receivables- Income from hospital and medical services & income from rent:

As per terms of Hospital and Medical Services Agreement ('HMSA'), the average credit period allowed is 5-11 days.
These receivables are unsecured and are majorly derived from revenue earned from providing clinical establishment and other ancillary services. The risk of non-payment from the customer is considered low, as majority of the total balances are due from a related party for which the default risk is considered low. The Company uses its 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 period. During the year, the HSMA has been terminated (Refer note 32). The provision matrix used to compute the expected credit loss allowance for trade receivables as at March 31, 2023 are as follows:

Ageing bucket	Expected credit allowance (%) As at March 31, 2023
0 - 6 months	0%
More than 6 months	100%

(ii) Trade receivables- IPD and OPD income (Nagarbhavi hospital)

For Hospital at Nagarbhavi, the average credit period agreed with the third party administrator is 30 days, corporates is 60 days and with public sector undertakings/ government companies is 90 days. Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the payments. The provision matrix takes into account historical credit loss experience and adjusted for forward- looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit loss allowance %	
	March 31, 2024	March 31, 2023
0 - 1 year	2% - 37%	2% - 37%
1 - 2 year	15% - 55%	14% - 59%
2 - 3 year	28% - 73%	20% - 68%
More than 3 years	100%	100%

The movement in Expected Credit Loss during the year is as follows:

Particulars	For the year ended March 31, 2024 (Rupees in lacs)	For the year ended March 31, 2023 (Rupees in lacs)
Balance at the beginning of the year	112.30	119.18
(Reversal) / creation of the allowance for expected credit loss (refer note 24 and 30)	(15.93)	42.74
Utilisation of the allowance for expected credit loss	(42.10)	(49.62)
Balance at the end of the year	**54.27**	**112.30**

The Company does not have any significant concentration of exposures to specific category of customer.
The Company does not required collateral in respect of trade receivables. The Company does not have trade receivables for which no loss allowance is recognised because of collateral.

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15 Trade Receivables (Contd..)

Trade Receivables ageing schedule

As at March 31, 2024

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	344.82	60.39	61.19	33.66	12.66	4.21	516.93
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Trade Receivable	**344.82**	**60.39**	**61.19**	**33.66**	**12.66**	**4.21**	**516.93**
Less: Loss allowance for doubtful trade receivables - billed							(54.27)
							462.66
Trade receivable - Unbilled							**83.92**
							546.58

As at March 31, 2023

Particulars	Not due	Outstanding for following periods from due date of payment					Total
		Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	
Undisputed Trade receivables – considered good	26.53	797.27	36.23	59.04	7.16	38.68	964.91
Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Undisputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Trade Receivable	**26.53**	**797.27**	**36.23**	**59.04**	**7.16**	**38.68**	**964.91**
Less: Loss allowance for doubtful trade receivables - Billed							(112.30)
							852.61
Trade receivable - Unbilled							**64.49**
							917.10

Note: Trade receivables are pledged against bank overdraft facility availed by the Company. (Refer note 34)

16 **Cash and cash equivalents**

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

Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
(a) Balances with Banks		
- in current accounts	-	0.07
(b) Cash on hand	7.25	4.13
(c) Deposits with original maturity of less than 3 months	660.00	-
Cash and cash equivalents as per balance sheet	**667.25**	**4.20**
Bank Overdraft (refer note 19)	(180.25)	(64.62)
Cash and cash equivalents as per statement of cash flows	**487.00**	**(60.42)**

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Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
17 Equity share capital		
Authorised share capital:		
3,500,000 (as at March 31, 2023: 3,500,000) equity shares of Rs. 10 each	350.00	350.00
Total authorised share capital	**350.00**	**350.00**
Issued, subscribed and fully paid up shares		
2,500,000 (as at March 31, 2023: 2,500,000) equity shares of Rs. 10 each	250.00	250.00
Total issued, subscribed and fully paid up share capital	**250.00**	**250.00**

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

Equity Shares

Particulars	For the year ended March 31, 2024		For the year ended March 31, 2023	
	Number	(Rupees in lacs)	Number	(Rupees in lacs)
At the beginning of the year	2,500,000	250.00	2,500,000	250.00
Issued during the year	-	-	-	-
At the end of the year	2,500,000	250.00	2,500,000	250.00

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rs. 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders. In the current and previous year, there has been no dividend proposed by the Board of Directors.

(c) Shares held by the holding/ ultimate holding company and/ or their subsidiaries

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	Rupees in Lacs	No. of shares held	Rupees in Lacs
Fortis Healthcare Limited (Intermediate holding company) #	1,300,000	130.00	1,300,000	130.00
International Hospital Limited (Associate/ fellow subsidiary)*	1,200,000	120.00	1,200,000	120.00

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

Equity shares

Name of Shareholder	As at March 31, 2024		As at March 31, 2023	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Healthcare Limited (Intermediate holding company) #	1,300,000	52.00%	1,300,000	52.00%
International Hospital Limited (Associate/ fellow subsidiary)*	1,200,000	48.00%	1,200,000	48.00%

including 50 equity shares held by its nominees
* including 6 equity shares held by its nominees

(e) Details of shares held by the promoters

As at March 31, 2024

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Fortis Healthcare Limited (Intermediate holding company)	1,300,000	-	1,300,000	52.00%	-
International Hospital Limited (Associate/fellow subsidiary)	1,200,000	-	1,200,000	48.00%	-
Total	**2,500,000**	-	**2,500,000**	**100.00%**	-

As at March 31, 2023

Promoter Name	No. of shares at the beginning of the year	Change during the year	No. of shares at the end of the year	% of Total Shares	% change during the year
Fortis Healthcare Limited (Intermediate holding company)	1,300,000	-	1,300,000	52.00%	-
International Hospital Limited (Associate/fellow subsidiary)	1,200,000	-	1,200,000	48.00%	-
Total	**2,500,000**	-	**2,500,000**	**100.00%**	-

(f) For the period of five years immediately preceding the date of the balance sheet, there were no share allotment made for consideration other than cash and also no bonus shares were issued. Further, there has been no buyback of shares during the period of five years preceding the date of balance sheet.

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18 **Changes in liabilities arising from financing activities**

(Rupees in lacs)

	Lease Liabilities	Interest accrued	Short term borrowings	Current maturity of long term borrowings	Long term borrowings
As at April 01, 2022	**1,318.70**	**40,942.73**	**55,355.00**	**21,044.85**	**9,279.81**
Reclassification [refer note 34(iii) and 34(iv)]	-	-	-	(21,044.85)	21,044.85
Reclassification of bank overdraft*	-	-	64.62	-	-
Finance cost	139.23	5,047.40	-	-	3,535.72
Finance cost paid	(139.23)	(741.31)	-	-	-
Repayment	(77.91)	-	-	-	-
As at March 31, 2023	**1,240.79**	**45,248.82**	**55,419.62**	**-**	**33,860.38**
As at April 01, 2023	**1,240.79**	**45,248.82**	**55,419.62**	**-**	**33,860.38**
Reclassification [refer note 34(iii) and 34(iv)]	-	-	-	-	-
Reclassification of bank overdraft*	-	-	115.63	-	-
Finance cost	129.39	5,047.81	-	-	3,879.56
Finance cost paid	(129.39)	(4,784.23)	-	-	-
Repayment	(99.85)	-	-	-	-
As at March 31, 2024	**1,140.94**	**45,512.40**	**55,535.25**	**-**	**37,739.94**

* Bank overdraft has been reclassified from current borrowings to cash and cash equivalant for the purpose of prepration of cash flow statement.

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	Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
19	**Borrowings**		
	Non-current borrowings		
	Unsecured - at amortised cost		
(a)	Redeemable preference share capital (refer note 31, 34(iii) & 34(iv))	37,739.94	33,860.38
		37,739.94	**33,860.38**
	Current borrowings		
	Secured - at amortised cost		
(a)	Bank overdrafts (refer note 34)	180.25	64.62
		180.25	**64.62**
	Unsecured - at amortised cost		
(a)	Non- convertible debentures (refer note 31 & 34(i))	1,160.00	1,160.00
(b)	Optionally convertible debentures (refer note 31 & 34(ii))	54,195.00	54,195.00
		55,355.00	**55,355.00**
		55,535.25	**55,419.62**
20	**Other financial liabilities***		
	Current - unsecured		
(a)	Capital creditors**	121.39	479.58
(b)	Security deposits	1.83	10.72
(c)	Technology renewal fund (refer note 31)	-	2.78
(d)	Book overdrafts	-	0.55
(e)	Employee payables	33.03	18.47
(f)	Interest accrued and due on borrowings (refer note 34(i) and 34(ii))	45,453.36	45,179.30
(g)	Interest accrued but not due on borrowings (refer note 34(i))	59.56	69.53
(h)	Interest accrued but not due on bank overdraft	0.77	0.53
		45,669.94	**45,761.46**

* Refer note 45

** Includes amount payable to micro and small enterprises amounting to Rupees 5.66 lacs (Previous year Rupees 91.40 lacs)

21	**Provisions***		
	Non-current		
	Provision for employees benefits		
(a)	Provision for gratuity (refer note 35)	51.22	48.07
(b)	Provision for compensated absences	9.57	16.24
		60.79	**64.31**
	Current		
	Provision for employees benefits		
(a)	Provision for gratuity (refer note 35)	4.76	4.38
(b)	Provision for compensated absences	3.81	4.05
(c)	Provision for contigencies**	3.14	-
		11.71	**8.43**

* Refer note 45

**** Provision for contingencies :**

Particulars	As at March 31, 2024	As at March 31, 2023
Opening balance	-	-
Add: Provision during the year	3.14	-
Less: Reversed during the year	-	-
Provision for contingencies - Total	**3.14**	-

Note: Provision for contingencies is made against amount due as refund to patients.

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Fortis Health Management Limited

Particulars	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
22 Trade payables*		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 38)	199.76	83.72
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	889.26	685.68
	1,089.02	**769.40**
Of the above trade payables amounts due to related parties are as below:		
Trade Payables due to related parties (refer note 31)	**29.68**	**27.45**

*Refer note 45

Trade Payables aging schedule as at March 31, 2024

Particulars	Outstanding for the period from due date of payment						
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	163.85	35.19	0.03	0.69	-	199.76
(ii) Others	94.08	204.14	575.27	3.31	6.14	6.32	889.26
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	94.08	**367.99**	**610.46**	**3.34**	**6.83**	**6.32**	**1,089.02**

Trade Payables aging schedule as at March 31, 2023

Particulars	Outstanding for the period from due date of payment						
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	16.82	63.92	2.72	0.26	-	83.72
(ii) Others	150.89	292.78	200.71	21.00	8.91	11.39	685.68
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv) Disputed dues - Others	-	-	-	-	-	-	-
	150.89	**309.60**	**264.63**	**23.72**	**9.17**	**11.39**	**769.40**

Particulars	As at March 31, 2024	As at March 31, 2023
23 Other current liabilities*		
(a) Contract liability - advance from customers/ patients	25.61	33.13
(b) Statutory dues payable	599.44	558.70
	625.05	**591.83**

*Refer note 45

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Particulars	Year ended March 31, 2024 (Rupees in lacs)	Year ended March 31, 2023 (Rupees in lacs)
24 Revenue from operations*		
I. Revenue from contracts with customers		
(a) Sale of services		
Healthcare Services		
Operating income - in patient department	8,090.45	4,719.30
Operating income - out patient department	641.58	411.24
Less: Trade discounts	(458.61)	(237.51)
	8,273.42	**4,893.03**
The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of receivables and liabilities.		
(b) Sale of products		
Out patient pharmacy	158.42	113.16
Less: Trade discounts on pharmacy	(0.45)	(0.32)
	157.97	**112.84**
I. Total revenue from contracts with customers (a+b)	**8,431.39**	**5,005.87**
II Other operating income		
Reversal of allowance for credit losses	15.93	-
Provisions / liabiities no longer required written back	17.52	35.54
	33.45	**35.54**
Total revenue from operations (I + II)	**8,464.84**	**5,041.41**
Disaggregation of revenue from contract with customers:		
Timing of revenue recognition		
Goods transferred at point in time	157.97	112.84
Services transferred over time	7,644.83	4,483.45
Services transferred at a point in time	628.59	409.58
	8,431.39	**5,005.87**
Contract balances		
Contract assets (unbilled revenue)	83.92	64.49
Contract liabilities (advances from patients)	25.61	33.13

* Refer note 45

Particulars	Year ended March 31, 2024 (Rupees in lacs)	Year ended March 31, 2023 (Rupees in lacs)
25 Other income*		
(a) Interest income on		
Loan to related party recognised at amortised cost (refer note 31)	1.12	35.81
Income tax refund	5.72	6.50
Interest on bank deposit	6.71	-
Others	4.75	5.57
(b) Other non-operating income		
Scrap sale	0.54	6.29
Miscellaneous income	11.09	21.03
Total other income (a+b)	**29.93**	**75.20**

* Refer note 45

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Fortis Health Management Limited ★

Particulars		Year ended March 31, 2024 (Rupees in lacs)	Year ended March 31, 2023 (Rupees in lacs)
26	**Changes in inventories of medical consumable and drugs***		
	Inventories at the beginning of the year		
	- Continuing Operations	81.91	53.30
	- Discontinued Operations	22.26	31.94
		104.17	**85.24**
	Inventories at the end of the year		
	- Continuing Operations	94.50	81.91
	- Discontinued Operations	-	22.26
		94.50	**104.17**
	Changes in inventories:		
	- Continuing Operations	(12.59)	(28.61)
	- Discontinued Operations	22.26	9.68
		9.67	**(18.93)**

* Refer note 45

27	**Employee benefits expense***		
(a)	Salaries and wages	879.85	588.19
(b)	Gratuity expense (refer note 35 b)	8.68	6.89
(c)	Compensated absences	-	7.69
(d)	Contribution to provident and other funds (refer note 35(a))	41.59	30.54
(e)	Staff welfare expenses	86.85	51.98
		1,016.97	**685.29**

* Refer note 45

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Fortis Health Management Limited

Particulars		Year ended March 31, 2024 (Rupees in lacs)	Year ended March 31, 2023 (Rupees in lacs)
28	**Finance costs***		
(a)	Interest expense on:		
	Redeemable preference shares (refer note 31)	3,879.56	3,535.72
	Optionally convertible debentures (refer note 31)	4,877.55	4,877.55
	Non- convertible debentures (refer note 31)	165.88	165.88
	Defined benefit plan	4.38	3.31
	Lease liabilities (refer note 32)	129.39	139.23
	Others	18.51	3.97
(b)	Other borrowing costs	15.99	11.46
		9,091.26	**8,737.12**
	* Refer note 45		
29	**Depreciation and amortisation expense***		
(a)	Depreciation of property, plant and equipment (refer note 4(a))	423.38	114.17
(b)	Amortisation of right of use assets (refer note 32)	129.43	134.35
(c)	Amortisation of intangible assets (refer note 6(a))	1.16	1.51
		553.97	**250.03**
	* Refer note 45		
30	**Other expenses***		
(a)	Contractual manpower	235.99	127.78
(b)	Power and fuel	129.54	81.42
(c)	Housekeeping expenses including consumables	86.07	50.76
(d)	Patient food and beverages	79.50	50.76
(e)	Pathology laboratory expenses	333.61	211.53
(f)	Radiology expenses	240.90	85.27
(g)	Professional and consultation fees to doctors	2,149.48	1,359.51
(h)	Repairs and maintenance		
	- Plant and machinery (including medical equipments)	142.79	93.83
	- Buildings	23.81	3.68
	- Others	46.47	5.07
(i)	Rent (refer note 32)		
	- Buildings	13.08	24.76
	- Plant and equipment	36.12	23.71
	- Others	46.89	14.81
(j)	Legal and professional fee (refer note below)	51.15	29.38
(k)	Travel and conveyance	19.05	15.13
(l)	Rates and taxes	1.98	1.83
(m)	Printing and stationary	58.91	41.52
(n)	Communication expenses	13.65	10.98
(o)	Insurance	13.35	15.37
(p)	Marketing and business promotion	334.18	87.81
(q)	Allowance created for expected credit loss	-	42.74
(r)	Loss on sale of property, plant and equipment	3.20	5.44
(s)	Miscellaneous expenses	14.10	12.06
		4,073.82	**2,395.15**
Note:			
(i)	**Payment to auditors (including indirect tax)**		
	(a) Audit fee	15.78	15.78
	(b) Out of pocket expenses	1.58	1.58
		17.36	**17.36**

* Refer note 45

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Fortis Health Management

31. Related party disclosures

Names of related parties and related party relationships

Ultimate holding company	IHH Healthcare Berhad
Intermediate holding company	Integrated Healthcare Holdings Limited
	Parkway Pantai Limited
	Northern TK Venture Pte Ltd
Holding company	Fortis Healthcare Limited
Subsidiary	Hospitalia Eastern Private Limited
Associates/ fellow subsidiaries (parties with whom transactions have taken place) *	Fortis Hospotel Limited
	International Hospital Limited
Fellow subsidiaries (parties with whom transactions have taken place)	Fortis Hospitals Limited
	Agilus Diagnostics Limited (formerly known as SRL Limited)
	Fortis Malar Hospitals Limited
	Escorts Heart and Super Specialty Hospital Limited
Enterprise owned or significantly controlled /Influenced by subsidiary of holding / ultimate holding company/ enterprise having significant influence over ultimate holding company (with whom transactions have taken place)	Acibadem Teknoloji A.S.
Key management personnel	Mr. Anil Vinayak
	Mr. Manu Kapila
	Mr. Prabhat Kumar
	Ms. Richa Singh Debgupta

*Since the Company has more than 20% voting power of the investee companies, these have been classified as associate in accordance with the provisions of Ind AS 28.

Transactions taken place during the year:

Transactions details	**Year ended March 31, 2024 (Rupees in lacs)**	**Year ended March 31, 2023 (Rupees in lacs)**
Finance Cost:		
On Optionally Convertible Debentures		
International Hospital Limited	4,877.55	4,877.55
On Redeemable preference shares		
International Hospital Limited	3,879.56	3,535.72
On Non-Convertible Debentures		
Fortis Healthcare Limited	165.88	165.88
Transfer of medical consumables and drugs from		
Fortis Hospitals Limited	-	0.53
Transfer of medical consumables and drugs to		
International Hospital Limited	-	0.08
Hospital service fees income*		
Fortis Malar Hospitals Limited	1,443.08	1,806.07
Interest income on		
Inter-corporate loan		
Hospitalia Eastern Private Limited	1.12	35.81
Intangible asset acquired		
Acibadem Teknoloji A.S.	2.48	-

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Fortis Health Management Limited

Transactions details	Year ended March 31, 2024 (Rupees in lacs)	Year ended March 31, 2023 (Rupees in lacs)
Expenses incurred by the company on behalf of		
Fortis Malar Hospitals Limited	240.49	287.59
International Hospital Limited	-	17.02
Expenses incurred on behalf of the Company by		
Fortis Hospitals Limited	16.68	4.41
International Hospital limited	14.06	-
Collection on behalf of the company by		
Fortis Hospitals Limited	196.27	106.37
Collection by the company on behalf of		
International Hospital Limited	-	1.23
Fortis Hospitals Limited	26.85	0.71
Inter-corporate loan given during the year		
Hospitalia Eastern Private Limited	83.00	152.70
Pathology expenses		
Agilus Diagnostics Limited (formerly known as SRL Limited)	333.61	210.86
Fortis Hospitals Limited	4.08	-
International Hospital Limited	-	0.03
Transfer of employee benefit liability by Company to		
Fortis Hospitals Limited	-	1.17
Transfer of employee benefit liability to Company by		
Fortis Hospitals Limited	0.89	1.34
Fortis Malar Hospitals Limited	0.03	-
Expense: Hospital service taken for group employee from		
Fortis Hospitals Limited	1.09	-
Income: Hospital service given to group employee of		
Fortis Hospitals Limited	1.82	-

* Hospital service fees income pertains to discontinued operations.

Balance outstanding with related parties	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
Investment in equity shares		
Hospitalia Eastern Private Limited	6.99	6.99
Fortis Hospotel Limited	37,728.39	37,728.39
International Hospital Limited	10,946.28	10,946.28
Escorts Heart and Super Specialty Hospital Limited	3,375.34	3,375.34
Investment in preference shares (gross)		
Hospitalia Eastern Private Limited	1,390.00	1,390.00

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Fortis Health Management Limited

Balance outstanding with related parties	As at March 31, 2024 (Rupees in lacs)	As at March 31, 2023 (Rupees in lacs)
Provision against investment in preference shares		
Hospitalia Eastern Private Limited	1,390.00	1,390.00
Provision against investment in equity shares (gross)		
Hospitalia Eastern Private Limited	6.99	6.99
Other financial liabilities- current		
Interest accrued		
On non-convertible debentures		
Fortis Healthcare Limited (including interest accrued but not due amounting to Rs. 59.56 (previous year: Rs. 69.53 lacs))	59.56	160.27
On optionally convertible debentures		
International Hospital Limited	45,453.36	45,088.56
Technology renewal fund		
Fortis Malar Hospitals Limited	-	2.78
Non-current borrowings (including current maturities)		
Redeemable preference shares		
International Hospital Limited	37,739.94	33,860.38
Current borrowings		
Optionally convertible debentures		
International Hospital Limited	54,195.00	54,195.00
Non-convertible debentures		
Fortis Healthcare Limited	1,160.00	1,160.00
Trade payables		
Agilus Diagnostics Limited (formerly known as SRL Limited)	29.45	26.15
Fortis Hospitals Limited	3.21	1.30
Loans - non-current		
Intercorporate loan		
Hospitalia Eastern Private Limited	618.10	535.10
Other financial asset- current		
Interest accrued and due		
Hospitalia Eastern Private Limited	180.31	180.31
Receivable for reimbursement for expenses		
Hospitalia Eastern Private Limited	2.25	1.40
International Hospital Limited	0.44	1.04
Trade receivables*		
Fortis Malar Hospitals Limited	-	559.32

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Fortis Health Management Limited

***Interest on delayed payment of service fees**

As per the HMSA arrangement with the hospital operating Company, the Company receives service fee consideration from the Hospital operating companies, as an when due. As per terms of the HMSA, in the event of any delay in payment of the Service Fee, an interest at a rate of State Bank of India base rate plus 2% per annum (on a compounded monthly basis) shall be payable by hospital operating Company to the Company. The Company and hospital operating Company have agreed that no interest would be charged/demanded for the delay in the payments on amounts under HMSA for the financial years 2022-23 and 2023-24. Consequently, the Company has not recognized interest on the delayed payment of the service fees/technology renewal fund during the year ended March 31, 2023 and March 31, 2024.

During the current year, The Hospital and Medical Services Agreement (HMSA) entered into between Fortis Health Management Limited and Fortis Malar Hospitals Limited, has been terminated pursuant to business transfer agreement entered into by Fortis Health Management Limited with MGM Healthcare Private Limited. (Refer note 45)

Note: All outstanding balances with these related parties are priced on an arm's length basis. All financial assets / liabilities outstanding are to be settled in cash with in credit period from the reporting date. None of the balances are secured.

32. Lease liabilities

(A) As a lessee

Right of Use Asset as at March 31, 2024

(Rupees in lacs)

Particulars	Building	Medical Equipment	Total
Gross carrying amount			
As at April 01, 2022	**1,237.40**	**14.52**	**1,251.92**
Additions	-	-	-
Deletions	-	-	-
As at April 01, 2023	**1,237.40**	**14.52**	**1,251.92**
Additions	-	-	-
Deletions	-	(14.52)	(14.52)
As at March 31, 2024	**1,237.40**	-	**1,237.40**
Accumulated amortization			
As at April 01, 2022	**344.04**	**9.68**	**353.72**
Charge for the year	131.12	3.23	134.35
Deletion	-	-	-
As at March 31, 2023	**475.16**	**12.91**	**488.07**
Charge for the year	127.82	1.61	129.43
Deletion	-	(14.52)	(14.52)
As at March 31, 2024	**602.98**	-	**602.98**
Carrying amount as at March 31, 2023	**762.24**	**1.61**	**763.85**
Carrying amount as at March 31, 2024	**634.42**	-	**634.42**

(Rupees in lacs)

Lease Liabilities	As at March 31, 2024	As at March 31, 2023
Maturity analysis - contractual undiscounted cash flows		
Less than one year	227.95	229.24
One to five years	1,344.63	1,002.54
More than five years	-	570.04
Total undiscounted lease liabilities	**1,572.58**	**1,801.82**

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Lease Liabilities included in the Balance Sheet	**As at March 31, 2024**	**As at March 31, 2023**
Current	119.30	110.21
Non-current	1,021.64	1,130.58

Amounts recognizeds in Statement of Profit and Loss*	**Year ended March 31, 2024 (Rupees in lacs)**	**Year ended March 31, 2023 (Rupees in lacs)**
Interest cost in relation to lease liabilities	129.39	139.23
Variable lease payment not included in the measurement of lease liabilities	49.20	48.47
Short-term leases	46.89	14.81

*It excludes the amount pertaining to discontinued operations.

Amounts recognised in Statement of Cash Flow	**Year ended March 31, 2024 (Rupees in lacs)**	**Year ended March 31, 2023 (Rupees in lacs)**
Cash outflow for leases	99.85	77.91
Interest paid in relation to lease liabilities	129.39	139.23
Total cash outflows for leases	**229.24**	**217.14**

(B) As a lessor

Revenue from HMSA

The Company had entered into a Hospital and Medical Services Agreement (HMSA) with Hospital operating company wherein the Company is required to provide and maintain the Company's Clinical Establishments along with other services like out-patient diagnostics and radio diagnostic etc. The term of the individual HMSA was 15 years and the Company was entitled to receive composite service fee i.e. base and variable fee. The base fee is fixed and variable fee is based on a percentage of hospital operating companies net operating revenue, in accordance with the HMSA. During the current year, Hospital and Medical Services Agreement (HMSA) entered into between Fortis Health Management Limited and Fortis Malar Hospitals Limited, has been terminated pursuant to business transfer agreement entered into by Fortis Health Management Limited with MGM Healthcare Private Limited (Refer note 45). Future minimum base fee receivable at the end of the previous period is as follows:

(Rupees in lacs)

Particulars	**As at March 31, 2023**
Minimum service fee	
Less than one year	1,197.36
One to two years	1,233.28
Two to three years	1,270.28
Three to four years	1,308.39
Four to five years	732.41
More than five years	-
Total	**5,741.72**

33. Commitments

(Rupees in lacs)

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Estimated number of contracts remaining to be executed on capital account and not provided for		
-Property, plant & equipment	203.78	637.36
-Intangible assets	1.82	-
(Net of capital advance of ₹ 2.03 lacs) (as at March 31, 2023 ₹ 60.54 lacs)		

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Notes:

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

b. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

34. Borrowings

Unsecured borrowings:

(i) Non-convertible debentures (NCD)

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

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Number of NCDs issued	116,000	116,000
Principal Amount (₹ in lacs)	1,160.00	1,160.00
Rate of Interest (p.a.)	14.3%	14.3%
Payment of Interest (₹ in lacs)	250.00	233.00
Accrued interest (₹ in lacs) (includes interest accrued but not due amounting to ₹ 59.56 (previous year: ₹ 69.53 lacs))	59.56	160.27
Repayment term	The maturity date is 18 (eighteen) years from the date of issuance of the NCDs.	

B. The principal amount of NCDs are repayable on October 13, 2033 and the interest on NCDs are payable on the half yearly basis.

As per the terms of the amended agreement dated July 12, 2017, consequent to the default in payment of interest in earlier years, the outstanding principal and interest is repayable on demand.

Further, the board of directors of Fortis Healthcare Limited had confirmed through an extension letter that they will not call for the outstanding interest and / or principal till the time the company is in the position to make these payments. However, the Company does not have an unconditional right to defer the payment in case demanded by Fortis Healthcare Limited and accordingly, these have been classified as current.

(ii) Optionally convertible debentures (OCDs)

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

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Number of OCDs issued	5,419,500	5,419,500
Principal Amount (₹ in lacs) (refer note 19)	54,195.00	54,195.00
Rate of Interest (p.a.)	9% to 22% depending upon earnings before interest and tax (EBIT) of the Company. For the year ended March 31, 2024, EBIT is less than ₹ 1,800 lacs (for year ended March 31, 2023, EBIT is less than ₹ 1,800 lacs), therefore, interest rate is 9% p.a. (for the year ended March 31, 2023 @ 9% p.a.)	
Accrued interest (₹ in lacs) (refer note 31)	45,453.36	45,088.56
Repayment terms	The maturity date of OCDs is September 16, 2030 or earlier by giving a six-month notice	

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

During the year ended March 31, 2020, the Company had defaulted in payment of interest. The Company continues with the default in the payment of outstanding interest in the current year.

Further, the Board of Directors of International Hospital Limited had confirmed through an extension letter that they will not call for the outstanding interest and / or principal till the time the company is in the position to make these payments. However, the Company does not have an unconditional right to defer the payment in case demanded by International Hospital Limited and accordingly, these have been classified as current.

(iii) Redeemable preference shares

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

Particulars	As at March 31, 2024	As at March 31, 2023
Number of preference shares issued	62,803	62,803
Principal Amount (₹ in lacs)	7,536.36	7,536.36
Rate of Interest using effective interest rate (p.a.)	11.43%	11.43%
Accrued interest (₹ in lacs)	18,676.95	15,981.64
Repayment date	October 19, 2027	October 19, 2027

During the previous year, the Company and the International Hospital Limited have mutually agree to extend the redemption period by five years from October 20, 2022 to October 19, 2027.

(iv) Redeemable preference shares

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

Particulars	As at March 31, 2024	As at March 31, 2023
Number of preference shares issued	29,000	29,000
Principal Amount (₹ in lacs)	2,900.00	2,900.00
Rate of Interest using effective interest rate (p.a.)	11.46%	11.46%
Accrued interest (₹ in lacs)	8,626.63	7,442.38
Repayment date	July 26, 2026	July 26, 2026

During the year ended March 31, 2022, the Company and the International Hospital Limited have mutually agree to extend the redemption period by five years from July 26, 2021 to July 26, 2026.

Secured Borrowings

Particulars	As at 31 March 2024	As at 31 March 2023
Bank overdraft	180.25	64.62
Total	**180.25**	**64.62**

The Company had availed bank Overdraft facility of Rupees 500 lacs from HSBC Bank at the interest rate of HSBC overnight MCLR with monthly reset or any other rate as may be mutually agreed from time to time.

Overdraft facility is secured by the first pari-passu charge on stocks, receivables and movable fixed assets of the Company both present and future except the machinery, vehicles specifically financed by other bank/financial institutions.

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35. 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 payroll costs 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 recognized an amount of INR. 41.59 Lacs (March 31, 2023: INR. 30.54 Lacs) in the statement of profit and loss from continuing operations under the defined contribution plans.

b. Defined benefit plan

The Company has a defined benefit gratuity plan, under which employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. Vesting occurs upon completion of 5 years of service. The gratuity plan is unfunded.
The following table summarizes the components of net benefit expenses recognized in the statement of profit and loss and the amounts recognized in the balance sheet:

i. Movement in net liability

(Rupees in lacs)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of obligation at the beginning of the year	52.45	44.49
Current service cost*	9.60	8.23
Interest cost*	3.17	2.87
Actuarial loss recognized in other comprehensive income	1.70	3.58
Acquisition credit {transfers in/(out)}	(6.64)	0.18
Benefits paid /settlement**	(4.30)	(6.90)
Present value of obligations at the end of the year	55.98	52.45

*It includes amount pertaining to the discontinued operations. as mentioned below.
**It includes settlement on account of discontinued operations.

(Rupees in lacs)

Particulars	As at March 31, 2024	As at March 31, 2023
Present value of unfunded obligation		
Amounts in the Balance Sheet		
(a) Liabilities	55.98	52.45
(b) Assets	-	-
(c) Net liability/(asset) recognized in the Balance Sheet	55.98	**52.45**
Current Liability	4.76	4.38
Non-Current Liability	51.22	48.07

(Rupees in lacs)

ii. Expense recognized in Statement of Profit and Loss is as follows:	Year ended March 31, 2024	Year ended March 31, 2023
Amount recognized in employee benefit expense		
Current service cost		
- Continuing operations	8.68	6.89
- Discontinuing operations	0.92	1.34
Total	**9.60**	**8.23**
Amount recognized in finance cost		
Interest cost		
- Continuing operations	3.17	2.75
- Discontinuing operations	-	0.12
Total	**3.17**	**2.87**
Total amount charged to Statement to Profit and Loss	**12.77**	**11.10**

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iii. Expense recognized in Statement of Other comprehensive income is as follows:	Year ended March 31, 2024	Year ended March 31, 2023
Net actuarial loss due to experience adjustment recognised during the year*	0.40	4.89
Net actuarial loss / (gain) due to assumptions changes recognised during the year*	1.30	(1.31)
Total	**1.70**	**3.58**

* It includes amount pertaining to the discontinued operations.

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

Principal Actuarial assumptions for gratuity and compensated absences	As at March 31, 2024	As at March 31, 2023
Discounting rate (p.a.)	7.00%	7.25%
Expected salary increase rate (p.a.)	8.00%	7.50-8.00%
Withdrawal rate		
Age up to 30 years	10-30%	10-30%
Age from 31 to 44 years	5-25%	5-25%
Age above 44 years	1-15%	1-15%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Experience (gain)/loss adjustments on plan liabilities	1.70	3.58

Notes:

a. Weighted average duration of defined benefit obligation is 9 years.

b. The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

c. Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

(Rupees in lacs)

Particulars	As at March 31, 2024		As at March 31, 2023	
	Increase	Decrease	Increase	Decrease
Change in discount rate by 0.5%	(2.62)	2.85	(2.46)	2.67
Change in salary increase rate by 1%	5.83	(5.05)	5.49	(4.74)
Change in withdrawal rate by 5%	(2.78)	3.15	(2.00)	2.23

Expected benefit payments for the future years

(Rupees in lacs)

Year ended March 31, 2025	Year ended March 31, 2026	Year ended March 31, 2027	Year ended March 31, 2028	Year ended March 31, 2029	Year ended March 31, 2030 to year ended March 31, 2034
4.92	5.23	5.82	8.94	9.12	50.98

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36. Financial Instruments

a) Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings, lease liabilities offset by cash and bank balances) and total equity of the Company.
The Company is not subject to any externally imposed capital requirements.

The Company's Board reviews the capital structure of the Company on need basis. Amongst other things, the Company's objective for capital management is to ensure that it maintains stable capital management by monitoring the financial covenants attached to the interest-bearing loans and borrowings. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

(Rupees in lacs)

Particulars	**As at 31 March, 2024**	**As at 31 March, 2023**
Debt*	139,929.82	135,770.15
Cash and bank balances	(667.25)	(4.20)
Net debt	**139,262.57**	**135,765.95**
Total equity	**(80,909.81)**	**(72,501.79)**
Net debt to equity ratio	(172.12%)	(187.26%)

*Debt is defined as non-current and current borrowings (including interest accrued on borrowings, lease liabilities and excluding, financial guarantee contracts and contingent consideration).

b) Financial risk management objectives

The Company's corporate treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks including market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors manages the financial risk of the Company through internal risk reports which analyses exposure by magnitude of risk.

(i) Market Risk

The Company activity is not exposed to any market risks.

(ii) Interest rate risk management

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

(iii) Other price risks

The Company's investments are in group companies and are held for strategic purposes rather than for trading purposes.

(iv) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company takes due care while extending any credit as per the approval matrix approved by Board of Directors.

Refer note 15 of the financial statements for carrying amount and maximum credit risk exposure for trade receivables.

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Expected credit loss on financial assets other than trade receivables:

Company carries other financial assets such as security deposits, bank deposits and interest accrued thereon, balances with banks, loans to related parties and interest accrued thereon, other receivable etc. Company monitors the credit exposure on these financial assets on a case-to-case basis. Loans to subsidiaries are assessed for credit risk based on the underlying valuation of the entity and their ability to repay within the contractual repayment terms. Company creates loss allowance wherever there is an indication that credit risk has increased significantly.

(v) Cash and cash equivalents and other bank balances

The Company held cash and cash equivalents as disclosed in note 16. The cash and cash equivalents are held with bank and financial institution counterparties, which have high credit ratings assigned by credit-rating agencies.

The Company considers that its cash and cash equivalents have low credit risk based on the external credit ratings of the counterparties.

The Company uses a similar approach for assessment of ECLs for cash and cash equivalents to those used for debt securities.

c) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

The Company proposes to fund its operations in near future primarily from funds committed by intermediate holding company i.e. Fortis Healthcare Limited which has confirmed that it will provide continuous unconditional financial and operational support.

(i) Liquidity and interest risk tables

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay.

The tables include both interest and principal cash flows:

(Rupees in lacs)

Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
As at 31 March, 2024					
Optionally convertible debentures*# (including accrued interest)	99,648.36	-	-	99,648.36	99,648.36
Redeemable preference shares* (including accrued interest)	-	14,842.98	38,573.10	53,416.08	37,739.94
Non-convertible debentures*# (including accrued interest)	1,219.56	-	-	1,219.56	1,219.56
Bank overdraft (including interest accrued)	181.02	-	-	181.02	181.02
Lease liabilities (non-current)	-	244.05	1,100.58	1,344.63	1,021.64
Lease liabilities (current)	227.95	-	-	227.95	119.30
Trade payables	1,089.02	-	-	1,089.02	1,089.02
Other financial liabilities – current	156.25	-	-	156.25	156.25
Total	**102,522.16**	**15,087.03**	**39,673.68**	**157,282.87**	**141,175.09**

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(Rupees in lacs)

Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
As at 31 March, 2023					
Optionally convertible debentures*# (including accrued interest)	99,283.56	-	-	99,283.56	99,283.56
Redeemable preference shares* (including accrued interest)	-	-	53,416.08	53,416.08	33,860.38
Non-convertible debentures*# (including accrued interest)	1,320.27	-	-	1,320.27	1,320.27
Bank overdraft (including interest accrued)	65.15	-	-	65.15	65.15
Lease liabilities (non-current)	-	227.95	1,344.63	1,572.58	1,130.58
Lease liabilities (current)	229.24	-	-	229.24	110.21
Trade payables	769.40	-	-	769.40	769.40
Other financial liabilities – current	512.10	-	-	512.10	512.10
Total	**102,179.72**	**227.95**	**54,760.71**	**157,168.38**	**137,051.65**

* The Company does not have an unconditional right to defer the payment in case demanded by lender. Also refer note 34(i), 34(ii), 34(iii) and 34(iv).
Also refer note 43 of these financial statements.

excludes interest payable for future periods

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d) Fair value measurement

Financial assets and liabilities measured at amortized cost

31 March, 2024

Particulars	Note	Carrying value			Fair value (Rupees in lacs)*
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial assets					
Cash and cash equivalents	(a)	-	667.25	667.25	667.25
Trade receivables	(a)	-	546.58	546.58	546.58
Other financial assets – current	(a)	-	529.98	529.98	529.98
Investments in equity instruments as at amortized cost	(b)	-	0.01	0.01	0.01
Loan to related party (including interest accrued)	(b)	-	798.41	798.41	798.41
Other financial assets – non-current	(b)	-	89.09	89.09	89.09
Total		-	**2631.32**	**2631.32**	**2631.32**

Particulars	Note	Carrying value			Fair value (Rupees in lacs)
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial liabilities					
Optionally convertible debentures: Current (including interest accrued)	(a)	-	99,648.36	99,648.36	99,648.36
Bank overdraft (including interest accrued)		-	181.02	181.02	181.02
Lease liabilities non-current	(c)	-	1,021.64	1,021.64	1,021.64
Lease liabilities current	(c)	-	119.30	119.30	119.30
Redeemable preference share capital (including interest accrued)	(d)	-	37,739.94	37,739.94	37,739.94
Non-convertible debentures: Current (including interest accrued)	(a)	-	1,219.56	1,219.56	1,219.56
Trade payables	(a)	-	1,089.02	1,089.02	1,089.02
Other financial liabilities – current	(a)	-	156.25	156.25	156.25
Total		**-**	**141,175.09**	**141,175.09**	**141,175.09**

31 March, 2023

Particulars	Note	Carrying value (Rupees in lacs)			Fair value (Rupees in lacs)*
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial assets					
Cash and cash equivalents	(a)	-	4.20	4.20	4.20
Trade receivables	(a)	-	917.10	917.10	917.10
Other financial assets – current	(a)	-	2.44	2.44	2.44
Investments in equity instruments as at amortized cost	(b)	-	0.01	0.01	0.01
Loan to related party (including interest accrued)	(b)	-	715.41	715.41	715.41
Other financial assets – non-current	(b)	-	122.49	122.49	122.49
Total		**-**	**1,761.65**	**1,761.65**	**1,761.65**

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Particulars	Note	Carrying value (Rupees in lacs)			Fair value (Rupees in lacs)
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial liabilities					
Optionally convertible debentures: Current (including interest accrued)	(a)	-	99,283.56	99,283.56	99,283.56
Bank overdraft (including interest accrued)		-	65.15	65.15	65.15
Lease liabilities non-current	(c)	-	1,130.58	1,130.58	1,130.58
Lease liabilities current	(c)	-	110.21	110.21	110.21
Redeemable preference share capital (including interest accrued)	(d)	-	33,860.38	33,860.38	33,860.38
Non-convertible debentures: Current (including interest accrued)	(a)	-	1,320.27	1,320.27	1,320.27
Trade payables	(a)	-	769.40	769.40	769.40
Other financial liabilities – current	(a)	-	512.10	512.10	512.10
Total		**-**	**137,051.65**	**137,051.65**	**137,051.65**

The following methods/ assumptions were used to estimate the fair values:

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.
(b) Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.
(c) Fair value measurement of lease liabilities is not required.
(d) The fair value of redeemable preference share capital is calculated based on cash flows discounted method using the current borrowing rate. This is classified as Level 3 fair value in the fair value hierarchy due to the use of unobservable inputs.

*excludes investment in equity shares of subsidiaries, associates and/ or fellow subsidiaries amounting to Rs. 52,050.01 lacs (Previous year Rs. 52,050.01 lacs) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements"

There are no financial instruments measured at fair value through Other Comprehensive Income.

Financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortized cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

37. Earnings per share (EPS)

Particulars	Denomination	Year ended March 31, 2024	Year ended March 31, 2023
Profit/(Loss) attributable to the equity holders of the Company used in calculating basic earnings per share and diluted earnings per share:			
- From continuing operations	₹ in lacs	(7,547.14)	(7,585.00)
- From discontinued operations	₹ in lacs	(859.18)	665.61
- From continuing and discontinued operations	₹ in lacs	(8,406.32)	(6,919.39)
Weighted average number of equity shares in calculating basic & diluted earnings per share	Numbers in lacs	25	25
Basic and diluted earnings per share			
- From continuing operations	₹	(301.89)	(303.40)
- From discontinued operations	₹	(34.37)	26.62
- From continuing and discontinued operations	₹	(336.26)	(276.78)

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

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

The Ministry of Micro and Small Enterprises has issued an office memorandum dated August 26, 2008 which recommends that the micro enterprises and the small enterprises should mention in their correspondences with their customers the Entrepreneur Memorandum Number as allocated after filing of the memorandum. Accordingly, the below information regarding dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company

(Rupees in lacs)

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
-Principal amount due to micro and small enterprises including amount due to capital creditors*	205.42	175.12
-Interest due on above	0.84	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
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 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	0.84	-
The amount of further interest remaining due and payable even in the succeeding years, 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 of the MSMED Act 2006	-	-

* this includes amount due to capital creditors amounting to Rs. 5.66 lacs (March 31,2023: 91.40 lacs)

39. Deferred tax

(a) Unrecognised deferred tax asset

(Rupees in lacs)

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
Deferred tax liability		
Difference between book base and tax base of Property, Plant and Equipment and intangible assets	196.29	306.57
Right to use asset	176.50	212.50
Total	**372.79**	**519.07**
Deferred tax assets		
Defined benefit obligations	19.30	20.24
Allowance for expected credit loss	15.10	31.24
Lease liabilities	317.41	345.19
Unabsorbed depreciation and carry forward tax losses	7,530.49	6,683.99
Disallowance under section 43B(h)	19.82	-
Total	**7,902.12**	**7,080.66**
Net deferred tax asset	**7,529.33**	**6,561.59**
Deferred tax assets recognized to the extent of deferred tax liability*	**372.79**	**519.07**
Unrecognized deferred tax asset	**7,529.33**	**6,561.59**

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

(b) Details of losses on which deferred tax assets is not recognized:

	As on March 31, 2024		As on March 31, 2023	
	Gross Amount	Tax effect	Gross Amount	Tax effect
Unabsorbed Depreciation				
No expiry	5,700.85	1,586.98	5,158.72	1,435.16
Total	**5,700.85**	**1,586.98**	**5,158.72**	**1,435.16**
Unused Long-Term Capital Loss				
2031-32	228.96	53.34	-	-
Total	**228.96**	**53.34**	-	-
Business Loss				
2026-27	3,683.79	1,024.83	3,683.79	1,024.83
2027-28	3,511.59	976.92	3,511.59	976.92
2028-29	4,804.24	1,336.54	4,804.24	1,336.54
2029-30	3,536.56	983.87	3787.19	1,053.60
2030-31	3,079.10	856.61	3080.31	856.94
2031-32	2,744.92	763.64	-	0.00
Total	**21,360.20**	**5,942.41**	**18,867.12**	**5,248.83**

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

(Rupees in lacs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
Accounting loss before tax from:		
- Continuing operations	(7,547.14)	(7,585.00)
- Discontinued operations	(859.18)	665.61
Statutory income tax rate	27.82%	27.82%
Tax at statutory income tax rate	(2,338.63)	(1,924.97)
Effect of expenses that are not deductible in determining taxable profit	1,418.17	983.64
Effect of DTA not recognised due to uncertainty of utilization of losses	967.41	1,012.38
Effect of Tax in relation to previous year	66.33	(71.08)
Effect of disposal of assets on account of discontinued operations	(110.77)	-
Others	(2.51)	0.03
Total	-	-
Tax expense recognised in statement of profit and loss from:		
- Continuing operations	-	-
- Discontinued operations	-	-

40. Segment reporting

The Company is primarily engaged in the business of healthcare services which is the only reportable segment as per Ind AS 108 "Operating Segments"

Sales by market- Revenue from external customers by location of customers

The following table shows the distribution of the Company's revenues by geographical market:

(Rupees in lacs)

Particulars	Year ended March 31, 2024	Year ended March 31, 2023
India*	8,464.84	5,041.41
Outside India	-	-
Total	**8,464.84**	**5,041.41**

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**Represents revenue from continuing operations.*

Carrying value of non-current assets- by location of assets

The following table shows the carrying amount of non-current assets other than financial instruments and deferred tax assets by geographical area in which the assets are located:

(Rupees in lacs)

Particulars	**As at March 31, 2024**	**As at March 31, 2023**
India	6,030.63	11,246.36
Outside India	-	-
Total	**6,030.63**	**11,246.36**

41. Contingent liabilities

Claims against the company not acknowledged as debt

(Rupees in lacs)

Sr. No.	**Particulars**	**As at March 31, 2024**	**As at March 31, 2023**
1.	Income tax (Refer note 1)	293.85	5.77
2.	Luxury tax	12.96	12.96
3.	Service Tax	4.74	-
		311.55	**18.73**

The Company believes that none of the above matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. The cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various stages/forums.

Note 1: As per clause 7 of the sponsor agreement dated September 18, 2012 the Company is indemnified by Fortis Healthcare Limited (Intermediate Holding Company) for any losses suffered or to be suffered arising from outstanding assessments/ litigations relating to non-allowance of interest on compulsorily convertible debentures or optionally convertible debentures. Based on the management's own assessment, the Company believes that the probability of an unfavorable outcome is remote for the indemnified outstanding assessments/ litigations.

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

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

(Rupees in lacs)

Nature of the Instrument	**Issuer's name**	**Rate of Interest/ Premium on redemption**	**Redemption/ Termination Date**	**Secured/ Unsecured**	**Principal amount outstanding as at**	
					March 31, 2024	**March 31, 2023**
Inter-Corporate Deposits	Hospitalia Eastern Private Limited	9.15% p.a. (March 31, 2023: 7.30% p.a.)	March 31, 2025	Unsecured	618.10	535.10

During the previous year, the company has entered into an addendum agreement dated April 20, 2022 to amend the terms of loan and amending the rate of interest to 7.30% p.a. w.e.f. April 1, 2022. Further, the terms of loan were amended via agreement dated April 26, 2023 wherein the loan shall be receivable on or before March 31, 2025, with rate of interest being 9.15% w.e.f. April 01, 2023.

Considering the financial position of Hospitalia Eastern Private Limited, the Company's deposit is not expected to be realized within next 12 months. Accordingly, these have been classified as non-current.

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

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(Rupees in lacs)

Issuer's name	Redemption/ Termination Date	Purpose	Secured/ Unsecured	Principal outstanding amount as at	
				March 31, 2024	March 31, 2023
Fortis Hospotel Limited	Not applicable	Business expansion	Unsecured	37,728.39	37,728.39
Hospitalia Eastern Private Limited (refer note below)	Not applicable	Business expansion	Unsecured	6.99	6.99
International Hospital Limited	Not applicable	Business expansion	Unsecured	10,946.28	10,946.28
Escorts Heart and Super Specialty Hospital Limited	Not applicable	Business expansion	Unsecured	3,375.34	3,375.34
Clover Energy Private Limited	At the time of termination of agreement	Power supply	Unsecured	0.01	0.01

During the year ended 31 March 2020, the Company had impaired its equity investment in Hospitalia Eastern Private Limited.

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

(Amount in ₹ Lacs)

Issuer's name	Premium on redemption	Redemption Date	Secured/ Unsecured	Principal outstanding amount as at	
				March 31, 2024	March 31, 2023
Hospitalia Eastern Private Limited**	Nil	September 30, 2027	Unsecured	40	40
Hospitalia Eastern Private Limited*	₹1,500 per share	April 3, 2026	Unsecured	1,350	1,350

Note: During the financial year 2019-20, Company had impaired the above specified investments.

*During the year ended March 31, 2022 previous year, the Company and the Hospitalia Eastern Private Limited have mutually agreed to extend the redemption period by five years from April 03, 2021 to April 03, 2026.

**During the previous year, the Company and the Hospitalia Eastern Private Limited have mutually agreed to extend the redemption period by five years from September 30, 2022 to September 30, 2027.

43. Going concern

The Company has accumulated losses of Rupees 83,364.81 lacs as at March 31,2024 including loss of Rupees 8,408.02 lacs incurred during the current year. Further, the Company has current liabilities of Rupees 103,050.27 lacs (including Rupees 100,900.78 lacs payable to group companies) and current assets of Rupees 2,174.99 lacs as at March 31, 2024.The Company's current liabilities exceed its current assets by Rupees 100,875.28 lacs. As per the management's forecast, while the Company will generate positive operating cash flows, it expects to incur losses (including cash losses) and expects a cash deficit position in foreseeable future. These events or conditions cast significant doubts on the Company's ability to continue as a going concern.

The Company proposes to fund its operations in near future primarily through continuous unconditional financial and operational support from its Intermediate Holding Company i.e. Fortis Healthcare Limited (FHL) enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the approval of the financial statements.

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Further, the Company is also evaluating various options to settle its debt obligations payable to group companies. Till the financial condition of the Company improves, FHL (Intermediate Holding Company) and IHL (fellow subsidiary) have extended the period upto 2033 for repayment of principal and interest liability outstanding in books as at year end in respect to preference shares and debentures.

This continued financial support will enable the Company to settle its obligations as and when they fall due and operate as a going concern. Accordingly, the Ind AS financial statements of the Company as at and for the year ended 31 March 2024 have been prepared using the going concern assumption.

44. Ratio Analysis

Ratio	Numerator	Denominator	31-Mar-24	31-Mar-23	% change	Reason for variance
Current Ratio (in times)	Total current assets	Total current liabilities	0.02	0.01	100.00%	The variance in the ratio is on account of increase in current assets post disposal of discontinued operations.
Debt-Equity Ratio (in times)	Debt consists of borrowings and lease liabilities	Total equity	(1.17)	(1.25)	-6.40%	
Debt Service Coverage Ratio (in times)	Earning for Debt Service = Net Loss after taxes + Non-cash operating expenses + Finance costs + Other non-cash adjustments	Debt service = Interest and lease payments + Principal repayments	0.51	2.29	-77.73%	The variance in is due to higher interest payment made.
Return on Equity Ratio (in %)	Net loss after taxes (before OCI, Exceptional items and loss from sale of discontinued operation) less Preference dividend (if any)	Average total equity	9.36%	10.02%	-6.59%	
Inventory turnover Ratio (in times)	Cost of goods sold	Average Inventory	14.15	8.01	76.65%	The variance in the ratio is on account of expansion of Nagarbhavi operations.
Trade Receivables Turnover Ratio (in times)	Revenue from operations (excluding liabilities no longer required written back)	Average trade receivable	13.73	8.71	57.63%	The variance in the ratio is on account of expansion of Nagarbhavi operations.
Trade Payables Turnover Ratio (in times)	Net credit purchases = Gross credit purchases - purchase return	Average trade payables	1.50	1.13	32.74%	The variance in the ratio is on account of expansion of Nagarbhavi operations.
Net Capital Turnover Ratio (in times)	Revenue from operations (excluding liabilities no longer required written back)	Working capital (i.e. Total current assets less Total current liabilities)	(0.10)	(0.07)	42.86%	The variance in the ratio is on account of expansion of Nagarbhavi operations

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Ratio	Numerator	Denominator	31-Mar-24	31-Mar-23	% change	Reason for variance
Net Profit Ratio (in %)	Net loss before exceptional item and loss from sale of discontinued operation	Revenue from operations (excluding liabilities no longer required written back)	(71.48%)	(99.19%)	-27.94%	The variance in the ratio is on account of expansion of Nagarbhavi operations.
Return on Capital Employed (in %)	Loss before tax and finance costs	Capital employed = Tangible Net worth + Debts + Lease liabilities + Deferred tax liabilities	14.94%	10.51%	-42.15%	The variance in the ratio is on account of expansion of Nagarbhavi operations.

Note: All the ratios have been computed for both continuing and discontinued operations.

45. Discontinued operations

During earlier years, Fortis Malar Hospitals Limited ("FMHL") had acquired a hospital premise which was subsequently sold by FMHL to Fortis Health Management Limited ("Company") in 2012. Thereafter, the Company had entered into a "Hospital and Medical Services Agreement" (HMSA) with FMHL w.r.t. rendering of medical and healthcare services at the hospital premises (including right to use of the hospital building).

Vide application dated 29th May 1999, FMHL had requested to the Chennai Metropolitan Development Authority ("CMDA") for regularization of the aforesaid hospital premises which was rejected by CMDA by its Order dated 18 March 2016 (Rejection Order). Consequentially, CMDA served a "Lock & Seal" notice on 3 May 2016 stating that in view of Rejection Order, the construction at the site of the Hospital premises is unauthorized and called upon to restore the land to its original state within 30 days from the date of the notice. FMHL and the Company have continuously been taking bonafide steps to get the required clearances/ certificates, regularization of the hospital building and issues related thereto. However, above referred legacy issues gave rise to certain challenges for the Company and constrained further investments into the facility. The circumstances accentuated the need to divest the undertaking as a viable and prudent option in the interest of stakeholders.

Accordingly, during current year, the Company entered into a Business Transfer Agreement ('BTA') for sale of its Malar operations, which has been divested with effect from January 31, 2024. As per BTA, the undertaking along with all related assets and liabilities (refer below) stands transferred and vested in MGM Healthcare Private Limited from 1 February 2024. Further, the HMSA with FMHL was automatically terminated post this transaction. Accordingly, the Company is no longer associated with the hospital building and related uncertainties such as pending regularization and ongoing litigations related thereto.

The relevant financial information of the said business has been disclosed under discontinued operations in terms of Ind AS 105- "Non-current assets held for sale and discontinued operations" as below:

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(a) Financial performance and Cash flow information for discontinued operation:

Sr No.	Particulars	Year ended March 31, 2024	Year ended March 31, 2023
i)	Revenue from contracts	1,605.50	1,996.29
ii)	Other operating revenue	28.61	9.07
iii)	**Revenue from operations (i + ii)**	1,634.11	2,005.36
iv)	**Other income**	5.39	9.98
v)	**Total income (iii + iv)**	1639.50	2015.34
vi)	Total expenses	1,273.58	1,349.73
vii)	**Profit before tax from discontinued operations (v - vi)**	365.92	665.61
viii)	Tax expense related to discontinued operations	-	-
ix)	**Net Profit after tax for the year from discontinued operation (vii - viii)**	365.92	665.61
x)	Loss before tax on disposal from discontinued operations	(1,225.10)	-
xi)	Tax expense related to disposal of discontinued operations	-	-
xii)	**Net Loss after tax on disposal from discontinued operations (x - xi)**	(1,225.10)	-
xiii)	**Net (loss) / profit after tax for the year from discontinued operations (ix + xii)**	(859.18)	665.61
xiv)	Net Cash generated from operating activities	60.21	68.83
xv)	Net Cash generated from / (used) in investing activities	4,927.99	(183.78)
xvi)	Net Cash used in financing activities	-	-

The loss from the discontinued operation of Rs 859.18 Lakhs (31 March 2023: profit of Rs 665.61 Lakhs) is attributable entirely to the owners of the company.

(b) Details of disposal of discontinued operations:

Following assets and liabilities were transferred as part of the slump sale transaction:

Particulars	Amount
Assets:	
Property, plant and equipment	6,397.41
Inventories	22.26
Trade receivables	624.47
Other financial assets	47.63
Other current assets	8.32
Total assets (A)	**7,100.09**
Liabilities:	
Provisions	(10.25)
Trade payables	(259.32)
Other financial liabilities	(19.47)
Other current liabilities	(13.35)
Total liabilities (B)	**(302.39)**
Net assets transferred (C = A-B)	**6,797.70**
Consideration received/ receivable (D)	5,739.94
Gross loss on slump sale transaction (E=D-C)	**(1,057.76)**
Less: Expenses in nature of 'Legal and professional fee' in relation to slump sale transaction (F)	(167.34)
Net loss on slump sale transaction (G = F+E)	**(1,225.10)**

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(c) Pursuant to requirements of Ind AS 105, the amounts in the statement of profit and loss (and notes 24 to 30) for the current year and the previous year have been presented for continuing operations, as if the operations had been discontinued from the start of the previous year, as applicable, unless otherwise stated.

46. Other Statutory Information

i. The Company is not declared the willful defaulter by any bank or financial institution or other lender.

ii. The Company has not made any transaction with the companies struck off under section 248 of the companies act 2013 or section 560 of the companies act 1956.

iii. The Company has not received any fund from any person(s) or entity(ies), including foreign entities (Funding Party) with the understanding (whether recorded in writing or otherwise) that the Company shall:

(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the Funding Party (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like on behalf of the Ultimate Beneficiaries,

iv. The Company has not advanced or loaned or invested funds to any other person(s) or entity(ies), including foreign entities (Intermediaries) with the understanding that the Intermediary shall:
(a) directly or indirectly lend or invest in other persons or entities identified in any manner whatsoever by or on behalf of the company (Ultimate Beneficiaries) or
(b) provide any guarantee, security or the like to or on behalf of the Ultimate Beneficiaries.

v. The Company does not have any charges or satisfaction which are yet to be registered with ROC beyond the statutory period.

vi. The Company does not have any such transaction which is not recorded in the books of accounts of the Company that has been surrendered or disclosed as income during the year in the tax assessment under the Income Tax Act, 1961 (such as search or survey or any other relevant provisions of the Income Tax Act, 1961.

vii. The Company has complied with the number of layers prescribed under clause (87) of Section 2 of the Act.

viii. The Company have not traded or invested in Crypto currency or Virtual Currency during the financial year.

ix. The Company is not a Core Investment Company (CIC) as defined in the regulations made by the Reserve Bank of India and the Group (as per the provisions of the Core Investment Companies (Reserve Bank) Directions, 2016) does not have any CIC.

47. 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 preceding three years towards Corporate Social Responsibility (CSR). However, the Company has incurred cumulative losses in past three years hence the same is not applicable.

For **B S R & Co. LLP**
Chartered Accountants
Firm registration number: 101248W/W-100022

Rajesh Arora
Partner
Membership Number: 076124

Place: Gurgaon
Date: May 21, 2024

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

Anil Vinayak
Director
DIN: 02407380

Place: Gurgaon
Date: May 21, 2024

Manu Kapila
Director
DIN: 03403696

Place: Gurgaon
Date: May 21, 2024

Fortis Health Management Limited