B S R & Co. LLP
Chartered Accountants

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Independent Auditor's Report

To the Members of Escorts Heart and Super Speciality Hospital Limited

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Escorts Heart and Super Speciality Hospital Limited (the "Company") which comprise the balance sheet as at 31 March 2023, 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 a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("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 2023, and its profit 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.

B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office:
14th Floor, Central B Wing and North C Wing, Nesco IT Park 4, Nesco Center, Western Express Highway, Goregaon (East), Mumbai - 400063

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.

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 2023 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2023 from being appointed as a director in terms of Section 164(2) of the Act.

f. With respect to the adequacy of the internal financial controls 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 2023 on its financial position in its financial statements - Refer Note 32 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 42(iii) 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 42(iv) 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. As proviso to rule 3(1) of the Companies (Accounts) Rules, 2014 is applicable for the Company only with effect from 1 April 2023, reporting under Rule 11(g) of the Companies (Audit and Auditors) Rules, 2014 is not applicable.

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:23076124BGZBHX1943

Place: Gurugram

Date: 16 May 2023

SIGN H

Annexure A to the Independent Auditor's Report on the Financial Statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023

(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) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company does not have any Intangible assets. Accordingly, the provisions of clause 3(i)(a)(B) of the Order are not applicable.

(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 in every 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 tl e 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 loans or advances in the nature of loans, secured or unsecured, to companies, firms, limited liability partnerships or any other parties during the year. Accordingly, provisions of clauses 3(iii)(a) to 3(iii)'f) of the Order are not applicable to the Company.

(iv) 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 given any loans, or provided any guarantees and security as specified under Section 185 and 186 of the Companies Act, 2013 ("the Act"). In respect of the investments made by the Company, in our opinion the provisions of Section 186 of 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.

Annexure A to the Independent Auditor's Report on the Financial Statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023 (Continued)

(vi) We have broadly reviewed the books of accounts maintained by the Company pursuant to the rules prescribed by the Central Government for maintenance of cost records under Section 148(1) of the Act in respect of sale of products and services provided by it and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not carried out a detailed examination of the records with a view to determine whether these are accurate or complete.

(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 been regularly deposited by the Company with the appropriate authorities.

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 2023 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	560.26	424.78	AY 2013-14	Income Tax Appellate Tribunal (ITAT)
Income Tax Act, 1961	Income Tax and interest thereon	281.87	-	AY 2014-15	Commissioner of Income- tax (Appeals)
Income Tax Act, 1961	Income Tax and interest thereon	731.01	731.01	AY 2015-16	Commissioner of Income- tax (Appeals)
Income Tax Act, 1961	Income Tax and interest thereon	821.26	535.27	AY 2016-17	Commissioner of Income- tax (Appeals)
Income Tax Act, 1961	Income Tax and interest thereon	832.00	767.62	AY 2017-18	Commissioner of Income- tax (Appeals)
Income Tax Act, 1961	Income Tax and interest thereon	6.92	6.92	AY 2018-19	Commissioner of Income- tax (Appeals)

(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 Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023 (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	Remarks, if any
Non-convertible debentures	Fortis Healthcare Limited	30,412.11	Interest	201 days to 2,863 days	-
Compulsory convertible Debentures (CCDs)	Fortis Healthcare Limited	3,274.75	Interest	1,509 to 1,816 days	These CCDs were converted into equity shares on 29 March, 2019

The Board of Directors of Fortis Healthcare Limited ('FHL') have agreed that they will not call for the outstanding interest and/ or principal till the time, the Company is in a position to make these payments. Also refer to note 30 of the financial statements.

The Company did not have any loans or borrowings from banks, financial institutions or government during the year.

(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) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(e) is not applicable.

(f) The Company does not hold any investment in any subsidiary, associate or joint venture (as defined under the Act) during the year ended 31 March 2023. Accordingly, clause 3(ix)(f) is not applicable.

(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.

Annexure A to the Independent Auditor's Report on the Financial Statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023 (Continued)

(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) In our opinion and according to the information and explanations given to us, the transactions with related parties are in compliance with Section 177 and 188 of the Act, where applicable, and the details of the related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(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.

(b) 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 not incurred cash losses in the current and 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) According to the information and explanations given to us and 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.

Annexure A to the Independent Auditor's Report on the Financial Statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023 (Continued)

(xx) In our opinion and according to the information and explanations given to us, there is no unspent amount under sub-section (5) of Section 135 of the Act pursuant to any project. 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:23076124BGZBHX1943

Place: Gurugram

Date: 16 May 2023

SIGN

Annexure B to the Independent Auditor's Report on the financial statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023

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)(f) 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 Escorts Heart and Super Speciality Hospital Limited ("the Company") as of 31 March 2023 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 2023, 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 effectivelv 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 Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2023 (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:23076124BGZBHX1943

Place: Gurugram
Date: 16 May 2023

SIGN H

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED
BALANCE SHEET AS AT MARCH 31, 2023

Particulars	Notes	As at March 31, 2023 (₹ in lakhs)	As at March 31, 2022 (₹ in lakhs)
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	5a	27,223.94	27,126.70
(b) Capital work-in progress	5b	82.99	31.48
(c) Right-of-use asset	29	869.37	881.08
(d) Goodwill	5c	491.54	491.54
(e) Financial assets			
(i) Other financial assets	13	129.79	129.79
(f) Deferred tax assets (net)	6	2,740.59	3,454.81
(g) Non-current tax assets (net)	7	3,584.74	3,702.64
(h) Other non-current assets	8	140.43	209.58
Total non-current assets (A)		35,263.39	36,027.62
B. Current assets			
(a) Inventories	9	156.57	-
(b) Financial assets			
(i) Investments	10	17,775.00	17,775.00
(ii) Trade receivables	11	16,611.57	11,934.67
(iii) Cash and cash equivalents	12	29.44	18.81
(iv) Other financial assets	13	15,667.68	14,354.80
(c) Other current assets	8	42.62	77.19
Total current assets (B)		50,282.88	44,160.47
Total assets (A+B)		85,546.27	80,188.09
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	14	3,392.52	3,392.52
(b) Other equity		13,254.24	11,172.22
Total equity (A)		16,646.76	14,564.74
Liabilities			
B. Non-current liabilities			
(a) Provisions	15	189.41	162.63
(b) Other non-current liabilities	16	206.74	247.24
Total non-current liabilities (B)		396.15	409.87
C. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	17	31,304.00	31,304.00
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	18	70.13	28.77
- Total outstanding dues of creditors other than micro enterprises and small enterprises	18	984.22	934.22
(iii) Other financial liabilities	19	35,540.99	32,348.46
(b) Provisions	15	11.59	6.26
(c) Other current liabilities	16	592.43	591.77
Total current liabilities (C)		68,503.36	65,213.48
Total liabilities (B+C)		68,899.51	65,623.35
Total equity and liabilities (A+B+C)		85,546.27	80,188.09

See accompanying notes forming integral part of the financial statements 1-42

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 16, 2023

For and on behalf of the Board of Directors
ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

Abhijit Singh
Whole time Director
DIN: 08433520

Manu Kapila
Director
DIN: 03403696

Anita Rastogi
Company Secretary
Membership No.: A13380
Place : Gurugram
Date: May 16, 2023

Montoo Garg
Chief Financial Officer

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Notes	Year ended March 31, 2023 (₹ in lakhs)	Year ended March 31, 2022 (₹ in lakhs)
INCOME			
I Revenue from operations	20	13,197.67	11,420.02
II Other income	21	1,633.44	1,704.10
III Total income (I+II)		**14,831.11**	**13,124.12**
IV EXPENSES			
(i) Purchases of medical consumable and drugs		527.38	10.65
(ii) Changes in inventories of medical, consumables and drugs	22	(156.57)	-
(iii) Employee benefits expense	23	711.95	690.92
(iv) Finance costs	24	4,645.97	4,644.01
(v) Depreciation and amortisation expense	25	427.89	467.56
(vi) Other expenses	26	5,858.54	4,716.64
Total expenses		**12,015.16**	**10,529.78**
V Profit before tax (III-IV)		**2,815.95**	**2,594.34**
VI Tax expense			
(i) Current tax	6	-	-
(ii) Deferred tax credit	6	719.18	641.12
Total tax expense		**719.18**	**641.12**
VII Profit after tax for the year (V-VI)		**2,096.77**	**1,953.22**
VIII Other comprehensive Income/(loss)			
Items that will not be reclassified to profit or loss			
Remeasurement of the defined benefit liabilities	33	(19.71)	(0.34)
Income tax relating to items that will not be reclassified to profit or loss	6	4.96	0.09
		(14.75)	**(0.25)**
IX Total comprehensive income for the year (VII-VIII)		**2,082.02**	**1,952.97**
Earnings per share of ₹10 each			
Basic (in ₹)	27	6.18	5.76
Diluted (in ₹)	27	6.18	5.76
See accompanying notes forming integral part of the financial statements	1-42		

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Montoo Garg
Chief Financial Officer

Place : Gurugram
Date: May 16, 2023

Escorts Heart and Super Speciality Hospital Limited

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED
STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Year ended March 31, 2023 (₹ in lakhs)	Year ended March 31, 2022 (₹ in lakhs)
A. Cash flow from operating activities		
Profit before tax	2,815.95	2,594.34
Adjustments for:		
Depreciation and amortisation expense	427.89	467.56
Liabilities no longer required written back	(8.25)	(14.47)
Profit on disposal of property, plant and equipment (net)	(24.43)	-
Allowance for doubtful trade receivables	9.92	-
Advance income tax (TDS) written off	40.64	-
Interest income	(1,599.75)	(1,599.75)
Finance cost	4,645.97	4,644.01
	6,307.94	**6,091.69**
Working capital adjustments		
Increase in trade receivables	(4,686.82)	(5,351.04)
Increase in inventories	(156.57)	-
Decrease/(increase) in other financial assets	279.55	(221.88)
Decrease/(increase) in other assets	64.14	(59.60)
Increase in trade payables	99.60	350.99
Increase/(decrease) in provisions	12.40	(3.35)
Decrease in other financial liabilities	(137.53)	(5.05)
(Decrease)/increase in other liabilities	(39.84)	106.57
Cash generated from operating activities	**1,742.87**	**908.33**
Income taxes paid (net)	77.26	316.46
Net cash generated from operating activities (A)	**1,820.13**	**1,224.79**
B. Cash flows from investing activities		
Purchase of property, plant and equipment	(454.99)	(238.70)
Proceeds from disposal of property, plant and equipment	24.45	10.80
Interest received	7.32	11.76
Net cash used in investing activities (B)	**(423.22)**	**(216.14)**
C. Cash flows from financing activities*		
Finance cost paid	(1,386.28)	(1,011.31)
Net cash used in financing activities (C)	**(1,386.28)**	**(1,011.31)**
Net increase in cash and cash equivalents (A + B + C)	10.63	(2.66)
Cash and cash equivalents at the beginning of the year	18.81	21.47
Cash and cash equivalents at the end of the year (refer note 12)	**29.44**	**18.81**

***Changes in liabilities arising from financing activities** (₹ in lakhs)

Particulars	**Current borrowings**	**Interest accrued**
As at April 01, 2021	**31,304.00**	**28,565.16**
Finance cost	-	4,644.01
Finance cost paid	-	(1,011.31)
As at March 31, 2022	**31,304.00**	**32,197.86**
As at April 01, 2022	**31,304.00**	**32,197.86**
Finance cost	-	4,645.97
Finance cost paid	-	(1,386.28)
As at March 31, 2023	**31,304.00**	**35,457.55**

The statement of cash flows has been prepared in accordance with "Indirect Method" as set out on Indian Accounting Standard -7 on "Statement on Cash flows"

See accompanying notes forming integral part of the financial statements 1-42

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 16, 2023

For and on behalf of the Board of Directors of
ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

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Company Secretary
Membership No.: A13380
Place : Gurugram
Date: May 16, 2023

Montoo Garg
Chief Financial Officer

Escorts Heart and Super Speciality Hospital Limited

ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED
STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2023

Particulars	Equity	Other equity				(₹ in lakhs)
	Equity share capital	Capital redemption reserve #	Securities premium*	Retained earnings	Total other equity	Total
Balance at April 01, 2021	3,392.52	50.00	21,060.68	(11,891.43)	9,219.25	12,611.77
Profit for the year	-	-	-	1,953.22	1,953.22	1,953.22
Other comprehensive loss for the year (net of tax)				(0.25)	(0.25)	(0.25)
Total comprehensive income for the year	-	-	-	1,952.97	1,952.97	1,952.97
Balance as at March 31, 2022	3,392.52	50.00	21,060.68	(9,938.46)	11,172.22	14,564.74
Profit for the year	-	-	-	2,096.77	2,096.77	2,096.77
Other comprehensive loss for the year (net of tax)				(14.75)	(14.75)	(14.75)
Total comprehensive income for the year	-	-	-	2,082.02	2,082.02	2,082.02
Balance as at March 31, 2023	3,392.52	50.00	21,060.68	(7,856.44)	13,254.24	16,646.76

Capital Redemption Reserve is a statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares. The reserve is utilised in accordance with the provisions of the Companies Act 2013.

* 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.

See accompanying notes forming integral part of the financial statements 1-42

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 16, 2023

For and on behalf of the Board of Directors of
ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED

Abhijit Singh
Whole time Director
DIN: 08433520

Manu Kapila
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DIN: 03403696

Anita Rastogi
Company Secretary
Membership No.: A13380
Place : Gurugram
Date: May 16, 2023

Montoo Garg
Chief Financial Officer

Escorts Heart and Super Speciality Hospital Limited

1. Corporate Information

Escorts Heart and Super Speciality Hospital Limited ('EHSSHL' or the 'Company') was incorporated in the year 2003. EHSSHL is a limited company and is engaged in the business of providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services at Jaipur and Mohali. The Company has entered into a Hospital and Medical Services Agreement (HMSA) with Fortis Health Management (North) Limited (FHMNL) (subsequently merged with Fortis Hospitals Limited (FHsL) and Fortis Healthcare Limited (FHL), collectively referred as hospital operating companies, and shall provide FHsL and FHL on an exclusive principal to principal basis, hospital services including clinical establishment services, out-patient department ("OPD") and radio diagnostic services and shall receive service fee in respect thereof. The Company is a subsidiary of Fortis Healthcare Limited ('FHL'). FHL is a listed entity on both BSE Limited and National Stock Exchange of India Limited.
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. The Company operates through its clinical establishment situated at Jaipur, Rajasthan and Mohali, Punjab.

2. Significant accounting policies

This note provides a list of the significant 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 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 lakh to two decimals, except per share data.

The financial statements have been authorised for issue by the Company's Board of Directors on 16 May 2023.

(ii) *Functional and presentation currency*

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

(iii) *Historical cost convention*

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.

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.
An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

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Escorts Heart and Super Speciality Hospital Limited

The Company classifies all other assets as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities respectively.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle for the purpose of current-non-current classification of assets and liabilities.

(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 recognised 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.

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Escorts Heart and Super Speciality Hospital Limited

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost 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 Intangible assets

- For measurement of goodwill that arises from business combination, refer note 2(e). Subsequent measurement is at cost less any accumulated impairment losses.
- Internally generated goodwill is not recognised 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 recognised 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 recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

(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	30 years	60 years
Plant and machinery	15 years	15 years
Medical equipment	13 years	13 years
Computers	3 years	3 years
Furniture and fittings	10 years	10 years
Office equipment	5 years	5 years

Freehold land is not depreciated.

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Escorts Heart and Super Speciality Hospital Limited

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.

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 recognised 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 recognised in the Statements of Profit or Loss and Other Comprehensive Income. 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 recognised 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.

(f) Impairment of non-financial assets

Goodwill and 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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Escorts Heart and Super Speciality Hospital Limited

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 recognised 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 recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Company becomes a party to the contractual provisions of the instrument.
A financial asset (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

Subsequent measurement

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

- Debt instruments at amortised 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 amortised cost

A 'debt instrument' is measured at the amortised 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 amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised 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

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losses arising from impairment are recognised 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 recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised 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 amortised 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 recognised 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 recognised 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 recognised 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 recognised in the Statement of Profit and Loss.

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Escorts Heart and Super Speciality Hospital Limited

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 recognised as an impairment gain or loss in the Statement of Profit and Loss.

Financial instruments and contract assets

The Company assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due.

The Company considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Company in full, without recourse by the Company to actions such as realizing security (if any is held); or
- the financial asset is more than 3 years past due.

Credit-impaired financial assets

At each reporting date, the Company assesses whether financial assets carried at amortised 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 or being more than 3 years past due;
- 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 reorganisation; 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 amortised 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.

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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 amortised 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 recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss.

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 recognised 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) Inventories

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

Net realisable 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 realisable value is made on an item-by-item basis.

(i) 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.

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(j) 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 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 neither recognised nor disclosed 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 recognised in the period in which the change occurs.

(k) 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 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.

(l) Revenue recognition

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

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 ifs 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 is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Receivables are classified as trade receivables when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms.

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

(m) 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 recognised 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.

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 recognised in the books of account based on actuarial valuation by an independent actuary.

b) Provident fund

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

(ii) 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 recognised 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

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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 recognised 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 recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised 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 recognised 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 recognised 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 recognised 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).

(n) Borrowing costs

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

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

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 recognised in the statement of profit and loss in the period in which they are incurred.

(o) Income tax

Income tax expense comprises current and deferred tax. It is recognised in Statement of Profit and Loss except to the extent that it relates to a business combination, or items recognised 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

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

Deferred taxes

Deferred tax is recognised 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 recognised for:

- temporary differences arising on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss at the time of the transaction;
- temporary differences related to investments in subsidiaries, associates and joint arrangements to the extent that the Company is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future;
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets are recognised 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 recognised 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 recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

(p) ***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.

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(i) As a lessee

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

The Company recognises 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.

The Company determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.

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 amortised 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.

<u>Short-term leases and leases of low-value assets</u>

The Company has elected not to recognise 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 recognises 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 recognised on a straight-line basis over the lease term.

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the

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leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

(q) Foreign currency translation

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 recognised 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 recognised in other comprehensive income (OCI).

(r) 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.

(s) Segment reporting

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 business segment

(t) Earnings per share

(i) *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.

(ii) *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

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3. Critical estimates and judgments

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 judgments made in applying accounting policies that have the most significant effects on the amounts recognised in the financial statements is included in the following notes:

a) Leasing arrangement (classification and accounting) – Note 29

b) **Property, plant and equipment- accounting for Hospital and Medical Service Agreements ("HMSA")**

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

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

The Company has entered into Hospital and Medical Services Agreements ("HMSA") with Fortis Hospitals Limited and Fortis Healthcare Limited for Jaipur and Mohali units respectively, wherein the Company is required to provide and maintain the Company's clinical establishment along with other services like out-patient diagnostic ('OPD') and radio diagnostic. The Company needs to exercise judgment 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 in the year ending 31 March 2023 is included in the following notes:

- Financial instruments - Note 34
- Fair value measurement – Note 35
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(d)(iii))
- Recognition and estimation of tax expense including deferred tax– Note 6
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 33
- Estimated impairment of financial assets and non-financial assets- Note 5c, 8 and 11

4. Recent Pronouncements but not yet effective

Ministry of Corporate Affairs ("MCA") notifies new standard or amendments to the existing standards under Companies (Indian Accounting Standards) Rules as issued from time to time. On March 31, 2023, MCA amended the Companies (Indian Accounting Standards) Rules, 2015 by issuing the Companies (Indian Accounting Standards) Amendment Rules, 2023, applicable from April 01, 2023, as below:

Ind AS 1 – Presentation of Financial Statements
The amendments require companies to disclose their material accounting policies rather than their significant accounting policies. Accounting policy information, together with other information, is material when it can reasonably be expected to influence decisions of primary users of general-purpose financial statements. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 12 – Income Taxes
The amendments clarify how companies account for deferred tax on transactions such as leases and decommissioning obligations. The amendments narrowed the scope of the recognition exemption in paragraphs 15 and 24 of Ind AS 12 (recognition exemption) so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences. The Company does not expect this amendment to have any significant impact in its financial statements.

Ind AS 8 – Accounting Policies, Changes in Accounting Estimates and Errors
The amendments will help entities to distinguish between accounting policies and accounting estimates. The definition of a change in accounting estimates has been replaced with a definition of accounting estimates. Under the new definition, accounting estimates are "monetary amounts in financial statements that are subject to measurement uncertainty". Entities develop accounting estimates if accounting policies require items in financial statements to be measured in a way that involves measurement uncertainty. The Company does not expect this amendment to have any significant impact in its financial statements.

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5a Property, plant and equipment

(₹ in lakhs)

Particulars	Freehold land (Refer note 1 & 2 below)	Buildings	Plant and machinery	Medical equipment	Furniture and fittings	Computers	Office equipment	Total
Gross carrying value								
As at April 01, 2021	**18,068.69**	**13,383.86**	**2,455.28**	**689.27**	**0.59**	**2.52**	**18.51**	**34,618.72**
Additions	-	61.52	92.84	109.20	-	-	-	263.56
Disposals	-	-	10.80	-	-	-	-	10.80
As at March 31, 2022	**18,068.69**	**13,445.38**	**2,537.32**	**798.47**	**0.59**	**2.52**	**18.51**	**34,871.48**
Additions	-	69.39	232.59	194.25	7.55	5.21	4.45	513.44
Disposals	-	0.62	56.16	2.63	-	-	-	59.41
As at March 31, 2023	**18,068.69**	**13,514.15**	**2,713.75**	**990.09**	**8.14**	**7.73**	**22.96**	**35,325.51**
Accumulated Depreciation								
As at April 01, 2021	-	**5,421.09**	**1,429.44**	**417.35**	**0.24**	**2.30**	**18.51**	**7,288.93**
Charge for the year	-	311.02	95.99	48.61	0.04	0.19	-	455.85
Disposals	-	-	-	-	-	-	-	-
As at March 31, 2022	-	**5,732.11**	**1,525.43**	**465.96**	**0.28**	**2.49**	**18.51**	**7,744.78**
Charge for the year	-	246.71	106.37	61.60	0.39	0.83	0.28	416.18
Disposals	-	0.62	56.15	2.62	-	-	-	59.39
As at March 31, 2023	-	**5,978.20**	**1,575.65**	**524.94**	**0.67**	**3.32**	**18.79**	**8,101.57**
Carrying amount								
As at March 31, 2022	18,068.69	7,713.27	1,011.89	332.51	0.31	0.03	-	27,126.70
As at March 31, 2023	18,068.69	7,535.95	1,138.10	465.15	7.47	4.41	4.17	27,223.94

Note:

1. Exclusive charge on immovable property located at Mohali against cumulative borrowings taken from The Hong Kong and Shanghai Banking Corporation Limited by Fortis Healthcare Limited, Fortis Hospitals Limited, International Hospital Limited, Fortis Hospotel Limited, Escorts Heart Institute and Research Centre Limited and Hiranandani Healthcare Private Limited. The charge has been satisfied during the current year.

2. Exclusive charge on immovable property located at Jaipur against cumulative borrowings taken from DBS Bank Ltd. by Fortis Healthcare Limited, Fortis Hospitals Limited, International Hospital Limited, Fortis Hospotel Limited and Escorts Heart Institute and Research Centre Limited. The charge has been satisfied during the current year.

3. The Company does 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. The Company has not revalued its Property, Plant and Equipment during the year ended March 31, 2023 and previous year ended March 31, 2022.

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

5b Capital work-in-progress

(Rupees in lacs)

Particulars	As at 31 March 2023	As at 31 March 2022
Opening Balance	31.48	25.00
Additions*	564.95	270.04
Transfer to property, plant and equipment	(513.44)	(263.56)
Closing balance	**82.99**	**31.48**

*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:

As at March 31, 2023

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	51.51	6.48	25.00	-	82.99
Projects temporarily suspended	-	-	-	-	-
Total	**51.51**	**6.48**	**25.00**	-	**82.99**

Details of Projects whose completion is overdue compared to its original plan

CWIP	To be completed in				Total
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Mohali assets replacement project	31.48			-	31.48
Total	**31.48**	-	-	-	**31.48**

As at March 31, 2022

CWIP	Amount in CWIP for a period of				Total
	Less than 1 year	**1-2 years**	**2-3 years**	**More than 3 years**	
Projects in progress	6.48	25.00	-	-	31.48
Projects temporarily suspended	-	-	-	-	-
Total	6.48	25.00	-	-	31.48

There is no amount in Capital-work-in progress completion schedule, whose completion is overdue or has exceeded its cost compared to its original plan.

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5c. Goodwill **(₹ in lakhs)**

Particulars	Goodwill on acquisition
Cost	
As at April 01, 2021	**491.54**
Additions	-
Disposals	-
As at March 31, 2022	**491.54**
Additions	-
Disposals	-
As at March 31, 2023	**491.54**
Carrying amount :	
As at March 31, 2022	**491.54**
As at March 31, 2023	**491.54**

Note: Closing goodwill for ₹ 491.54 lakhs consists of goodwill arising at the time of the acquisition of clinical establishment at Mohali.
At cash generating unit (CGU's) 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. The fair value measurements were categorised as a Level 3 fair value based on the inputs in the valuation technique used.

Cash flow projections were developed covering seven year period as at March 31, 2023 (As at March 31, 2022) 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 31 March, 2023	As at 31 March, 2022
Compound average net sales growth rate for seven year period (p.a.)	5%	5%
Growth rate used for extrapolation of cash flow projections beyond seven year period. (Refer note below)	4% p.a.	4% p.a.
Discount rate (p.a.)	14.12%	13.59%

Note: 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.

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Particulars	As at March 31, 2023 (₹ in lakhs)	As at March 31, 2022 (₹ in lakhs)
6 Deferred Tax Assets (net)		
Deferred tax assets	3,286.34	3,871.23
Deferred tax liabilities	(545.75)	(416.42)
Deferred tax assets recognised in books	2,740.59	3,454.81

The following is the analysis of movement in deferred tax assets / (liabilities) presented in financial statements:

2022-2023 (₹ in lakhs)

	As at April 01, 2022	Credit/(charge) to profit and loss	Credit to other comprehensive income	As at March 31, 2023
Deferred tax asset				
(a) Provision for expected credit loss	22.21	(1.86)	-	20.35
(b) Defined benefit obligation	42.51	3.12	4.96	50.59
(c) Carry forward losses, unabsorbed depreciation and allowances	3,734.09	(580.92)	-	3,153.17
(d) Fair valuation of advance from customers	72.42	(10.19)	-	62.23
	3,871.23	(589.85)	4.96	3,286.34
Deferred tax liabilities				
(a) Property, plant and equipment	(293.52)	(129.12)	-	(422.64)
(b) Intangible assets	(122.90)	(0.21)	-	(123.11)
	(416.42)	(129.33)	-	(545.75)
Deferred tax asset (net)	3,454.81	(719.18)	4.96	2,740.59

2021-2022 (₹ in lakhs)

	As at April 01, 2021	Credit/ (charge) to profit and loss	Credit to other comprehensive	As at March 31, 2022
Deferred tax asset				
(a) Provision for expected credit loss	25.43	(3.22)	-	22.21
(b) Defined benefit obligation	43.27	(0.85)	0.09	42.51
(c) Carry forward losses, unabsorbed depreciation and allowances	4,229.48	(495.39)	-	3,734.09
(d) Fair valuation of advance from customers	82.62	(10.20)	-	72.42
	4,380.80	(509.66)	0.09	3,871.23
Deferred tax liabilities				
(a) Property, plant and equipment	(161.23)	(132.29)	-	(293.52)
(b) Intangible assets	(123.72)	0.83	-	(122.90)
	(284.95)	(131.46)	-	(416.42)
Deferred tax asset (net)	4,095.85	(641.12)	0.09	3,454.81

Expiry in Assessment Year	As on 31 March 2023		As on 31 March 2022	
	Gross Amount	Tax effect	Gross Amount	Tax effect
Business Loss				
2029-30	2,582.28	649.96	2,582.28	649.96
	2,582.28	649.96	2,582.28	649.96
Unabsrobed depreciation				
No expiry	5,968.06	1,502.16	5,908.84	1,487.26
	5,968.06	1,502.16	5,908.84	1,487.26
Credit u/s 94B of Income Tax Act, 1961				
2027-28	3,977.14	1,001.05	6,344.34	1,596.87
	3,977.14	1,001.05	6,344.34	1,596.87
Total carry forward losses, unabsorbed depreciation and allowances	12,527.48	3,153.17	14,835.46	3,734.09

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Particulars	As at March 31, 2023	As at March 31, 2022
	(₹ in lakhs)	(₹ in lakhs)
6 Deferred tax (net) (Cont'd...)		
Income tax		
Current tax		
Current income tax charge for the year	-	-
	-	-
Deferred tax		
Deferred tax expenses/(credit) for the year		
Attributable to -		
Origination and reversal of temporary differences	138.26	145.73
Recognition unrecognised tax losses	580.92	495.39
	719.18	641.12
Tax expense/(credit) recognised through the statement of profit and loss	**719.18**	**641.12**
Recognised in Other Comprehensive Income		
Tax related to items that will not be classified to Profit and Loss	4.96	0.09
Income tax charged to other comprehensive income	4.96	0.09
The Income tax expense for the year can be reconciled to the accounting profit as follows:		
Profit before tax from continuing operations	2,815.95	2,594.34
Enacted income tax rate in India	25.17%	25.17%
Income tax charge calculated	708.77	653.00
Others	10.41	(11.88)
Income tax expense recognised in statement of profit and loss	**719.18**	**641.12**
7 Non-current tax assets (net)		
Considered good		
Advance income tax (net of provision for taxation)	3,584.74	3,702.64
	3,584.74	**3,702.64**
Provision for taxation	901.99	901.99
8 Other assets (unsecured)		
Non-current		
Considered good		
(a) Technology renewal fund	121.07	156.78
(b) Capital advances	13.22	52.80
(c) Prepaid expenses	6.14	-
Considered doubtful		
(a) Capital advances	57.89	57.89
(b) Security deposits	1.30	1.30
Less: Loss allowance	(59.19)	(59.19)
	140.43	**209.58**
Current		
Considered good		
(a) Advance to vendors	3.48	12.50
(b) Prepaid expenses	39.14	64.69
	42.62	**77.19**
9 Inventories		
Valued at lower of cost and net realisable value		
Medical, consumable and drugs	156.57	-
	156.57	-

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Particulars	As at March 31, 2023 (₹ in lakhs)	As at March 31, 2022 (₹ in lakhs)
10 Investments		
Current		
Unquoted investments in fellow subsidiaries		
Investment in debt instruments measured at amortised cost		
(a) International Hospital Limited (Refer note 39 (i))		
1,777,500 (1,777,500 as at March 31, 2022) unsecured 9% optionally convertible debentures of INR 1,000 each fully paid up	17,775.00	17,775.00
Aggregate carrying value of unquoted investments in fellow subsidiaries	**17,775.00**	**17,775.00**
Aggregate gross value of unquoted investments in fellow subsidiaries	**17,775.00**	**17,775.00**
Aggregate amount of impairment in value of investments in fellow subsidiaries	-	-

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Escorts Heart and Super Speciality Hospital Limited

Particulars	As at March 31, 2023 (₹ in lakhs)	As at March 31, 2022 (₹ in lakhs)
11 Trade receivables (Unsecured unless otherwise stated)		
Current		
(a) Considered good		
From others	17.87	84.00
From related parties (refer note 28)	16,593.70	11,850.67
(b) Credit impaired		
From others	21.72	29.10
Less: Loss allowance	(21.72)	(29.10)
	16,611.57	11,934.67

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

As per terms of Hospital and Medical Services Agreements ('HMSA'), the average credit period allowed is 05-11 days. For the outlet vendors with whom rental arrangements have been entered into by the Company, average credit period is upto 30 days. Trade receivables are unsecured and are derived from revenue earned from providing clinical establishment and other ancillary services. No interest is charged on the overdue balance, regardless of the age of the balance. The risk of non-payment from the customers is considered low, as majority of the total balances are due from related parties 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. The provision matrix used to compute the expected credit loss allowance for trade receivables (other than due from related parties) are as follows:

Expected credit loss - clinical establishment units

Ageing bucket	Expected credit allowance%	
	March 31, 2023	March 31, 2022
0 - 6 months	-	-
More than 6 months	100%	100%

The hospital operating companies have confirmed that it has the ability and intention to settle the outstanding dues payable to the Company in due course. Hence, the Company believes that no adjustment is required to be carried out in its financial statements as at and for the year ended March 31, 2023 with respect to the outstanding receivables.

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

(₹ in lakhs)

Particulars	For the year ended March 31, 2023	For the year ended March 31, 2022
Balance at the beginning of the year	29.10	43.14
Add: Creation of the allowance for expected credit loss (Refer note 26)	9.92	-
Less: Utilisation of the allowance for expected credit loss	(17.30)	(14.04)
Balance at the end of the year	**21.72**	**29.10**

The company does not require collateral in respect of trade receivables. The company does not have trade receivables for which no loss allowance is recognised because of collateral.

Trade Receivables ageing schedule

Particulars	Outstanding for the period March 31 2023 from the due date of payment						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	1.76	6,076.25	4,227.99	5,034.91	1,306.63	13.48	16,661.02
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	-	13.77	4.14	3.81	-	21.72
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Trade Receivables (A)	1.76	6,076.25	4,241.76	5,039.05	1,310.44	13.48	16,682.74
Less: Loss allowance for doubtful trade receivable (B)							(21.72)
Net Trade receivable (A-B)							16,661.02

Particulars	Outstanding for the period March 31 2022 from the due date of payment						
	Not due	Less than 6 months	6 months -1 year	1-2 years	2-3 years	More than 3 years	Total
(i) Undisputed Trade receivables – considered good	2,447.50	3,185.88	2,818.13	2,331.32	1,130.68	21.16	11,934.67
(ii) Undisputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(iii) Undisputed Trade Receivables – credit impaired	-	0.76	14.18	0.83	12.95	0.38	29.10
(iv) Disputed Trade Receivables–considered good	-	-	-	-	-	-	-
(v) Disputed Trade Receivables – which have significant increase in credit risk	-	-	-	-	-	-	-
(vi) Disputed Trade Receivables – credit impaired	-	-	-	-	-	-	-
Trade Receivables (A)	2,447.50	3,186.64	2,832.31	2,332.15	1,143.63	21.54	11,963.77
Less: Loss allowance for doubtful trade receivable (B)							(29.10)
Net Trade receivable (A-B)							11,934.67

12 Cash and cash equivalents

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

(a) Cash on hand	2.79	2.72
(b) Balances with banks		
(i) in current accounts	26.65	16.09
Cash and cash equivalents as per balance sheet and statement of cash flows	**29.44**	**18.81**

13 Other financial assets (unsecured)

Non-current		
(a) Security deposits	129.79	129.79
	129.79	129.79
Current		
Considered good		
(a) Interest accrued and due on optionally convertible debentures to related party (refer note 28)	15,643.60	14,051.85
(b) Interest accrued but not due on security deposits	3.40	2.72
(c) Others*	20.68	300.23
*Amount in the previous year includes amounts receivable from related parties.	15,667.68	14,354.80

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Particulars	As at March 31, 2023 (₹ in lakhs)	As at March 31, 2022 (₹ in lakhs)
14 Share capital		
Authorised share capital:		
34,010,655 (34,010,655 as at March 31, 2022) equity shares of ₹10 each	3,401.07	3,401.07
10,989,345 (10,989,345 as at March 31, 2022) preference shares of ₹10 each	1,098.93	1,098.93
Total authorised share capital	**4,500.00**	**4,500.00**
Issued, subscribed and fully paid up shares		
33,925,166 (33,925,166 as at March 31, 2022) equity shares of ₹10 each	3,392.52	3,392.52
Total issued, subscribed and fully paid up share capital	**3,392.52**	**3,392.52**

Notes:

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

Equity Share Capital

Particulars	As at March 31, 2023		As at March 31, 2022	
	Number	(₹ in lakhs)	Number	(₹ in lakhs)
At the beginning of the year	33,925,166	3,392.52	33,925,166	3,392.52
Outstanding at the end of the year	**33,925,166**	**3,392.52**	**33,925,166**	**3,392.52**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. 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.

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of Shares held	(₹ in lakhs)	No. of Shares held	(₹ in lakhs)
Fortis Healthcare Limited (Holding Company)	16,480,000	1,648.00	16,480,000	1,648.00
International Hospital Limited (fellow subsidiary*)	12,990,000	1,299.00	12,990,000	1,299.00
Fortis Health Management Limited (fellow subsidiary)	4,455,166	445.52	4,455,166	445.52

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

Name of shareholder	As at March 31, 2023		As at March 31, 2022	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Healthcare Limited (Holding Company)	16,480,000	48.58%	16,480,000	48.58%
International Hospital Limited (fellow subsidiary*)	12,990,000	38.29%	12,990,000	38.29%
Fortis Health Management Limited (fellow subsidiary)	4,455,166	13.13%	4,455,166	13.13%

*including 6 equity shares held by its nominees.

(e) Aggregate number of equity shares issued for consideration other than cash during the period of five years immediately preceding the reporting date:

Particulars	Year ended March 31, 2023	Year ended March 31, 2022	Year ended March 31, 2021	Year ended March 31, 2020	Year ended March 31, 2019
Number of equity shares allotted upon conversion of compulsory convertible debentures (refer note 30(ii))	-	-	-	-	16,480,000

(f) Details of shares held by the promoters

As at 31 March 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	16,480,000	-	16,480,000	48.58%	-
International Hospital Limited*	12,990,000	-	12,990,000	38.29%	-
Fortis Health Management Limited	4,455,166	-	4,455,166	13.13%	-
Total	**33,925,166**	-	**33,925,166**	**100%**	-

As at 31 March 2022

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	16,480,000	-	16,480,000	48.58%	-
International Hospital Limited*	12,990,000	-	12,990,000	38.29%	-
Fortis Health Management Limited	4,455,166	-	4,455,166	13.13%	-
Total	**33,925,166**	-	**33,925,166**	**100.00%**	-

*including 6 equity shares held by its nominees.

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Particulars	As at March 31, 2023 (₹ in lakhs)	As at March 31, 2022 (₹ in lakhs)
15 Provisions		
Non- current		
Provision for employee benefits		
(a) Gratuity (Refer note 33)	155.39	135.35
(b) Compensated absences	34.02	27.28
	189.41	162.63
Current		
Provision for employee benefits		
(a) Gratuity (Refer note 33)	9.18	4.71
(b) Compensated absences	2.41	1.55
	11.59	6.26
16 Other liabilities		
Non- current		
(a) Contract liability - advance from customers	206.74	247.24
	206.74	247.24
Current		
(a) Statutory dues payable	551.55	551.27
(b) Contract liability - advance from customers	40.88	40.50
	592.43	591.77
17 Current borrowings		
Unsecured		
(a) Non-convertible debentures		
3,130,400 (3,130,400 as at March 31, 2022) 14.80% Non-convertible debentures (NCDs) of ₹ 1,000 each (Refer note 30(i)(A))	31,304.00	31,304.00
	31,304.00	31,304.00
18 Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises (Refer note 38)	70.13	28.77
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	984.22	934.22
	1,054.35	962.99

Particulars	Outstanding for March 31 2023 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	-	55.96	14.09	-	-	0.08	70.13
(ii) Others	173.62	411.35	361.21	6.74	12.26	19.04	984.22
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-	-
Total	173.62	467.31	375.30	6.74	12.26	19.12	1,054.35

Particulars	Outstanding for March 31 2022 from due date of paymen						
	Unbilled	Not due	Less than 1 year	1-2 years	2-3 years	More than 3 years	Total
(i) MSME	-	2.42	26.27	-	0.08	-	28.77
(ii) Others	251.56	203.13	441.65	15.74	6.39	15.75	934.22
(iii) Disputed dues – MSME	-	-	-	-	-	-	-
(iv)Disputed dues - Others	-	-	-	-	-	-	-
Total	251.56	205.55	467.92	15.74	6.47	15.75	962.99

Particulars	As at March 31, 2023	As at March 31, 2022
19 Other financial liabilities		
Current		
Unsecured		
(a) Interest accrued and due on compulsorily convertible debentures (refer note 30(ii))	3,274.75	3,274.75
(b) Interest accrued and due on non-convertible debentures (refer note 30(i))	30,412.11	27,103.23
(c) Interest accrued but not due on non-convertible debentures (Refer note 30(i))	1,770.69	1,819.88
(d) Security deposits received	35.55	37.84
(e) Capital creditors*	36.01	106.39
(f) Employee payables	11.88	6.37
	35,540.99	32,348.46

* includes amount due to micro and small enterprises amounting to ₹5.40 lakhs (March 31,2022: ₹ 3.41 lakhs)

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Particulars	Year ended March 31, 2023 (₹ in lakhs)	Year ended March 31, 2022 (₹ in lakhs)
20 Revenue from operations		
I. Revenue from contracts with customers		
(a) **Sale of services**		
Income from hospital and medical services	12,198.83	10,926.77
	12,198.83	**10,926.77**
(b) **Sale of products**		
Pharmacy	571.06	-
Less: Trade discounts	(12.44)	-
	558.62	-
Total Revenue from contracts with customers (a+b)	**12,757.45**	**10,926.77**
Timing of revenue recognition		
Goods transferred at a point in time	558.62	-
Services transferred over time	12,198.83	10,926.77
	12,757.45	**10,926.77**
II. Other operating income		
Income from rent (refer note 29)	427.17	478.78
Liabilities no longer required written back	8.25	14.47
Scrap sales	4.80	-
	440.22	**493.25**
Total revenue from operations (I+II)	**13,197.67**	**11,420.02**
21 Other income		
(a) Interest income on		
(i) Optionally convertible debentures (refer note 28)	1,599.75	1,599.75
(ii) Income tax refund	6.30	101.87
(iii) Others	2.96	2.48
Total interest income	**1,609.01**	**1,704.10**
(b) Other non-operating income		
(i) Profit on disposal of property, plant and equipment (net)	24.43	-
Total non-operating income	**24.43**	-
Total other income	**1,633.44**	**1,704.10**
22 Changes in inventories of medical consumables and drugs		
(a) Inventory at the beginning of the year	-	-
(b) Inventory at the end of the year	156.57	-
Changes in inventories [(a)-(b)]	**(156.57)**	-
23 Employee benefits expense		
(a) Salaries, wages and bonus	655.01	641.22
(b) Gratuity expenses (Refer note 33)	12.25	11.59
(c) Compensated absences	8.12	4.16
(d) Contribution to provident fund and other funds (Refer note 33)	36.57	33.95
	711.95	**690.92**
24 Finance costs		
(a) Interest expense on		
- Non-convertible debentures (refer note 28)	4,632.99	4,632.99
- Interest on defined benefit plan and other long term employee benefits	11.15	10.61
(b) Bank charges	1.83	0.41
	4,645.97	**4,644.01**

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Particulars	Year ended March 31, 2023 (₹ in lakhs)	Year ended March 31, 2022 (₹ in lakhs)
25 Depreciation and amortisation expense		
(a) Depreciation of property, plant and equipment (Refer note 5(a))	416.18	455.85
(b) Amortization of right-of-use assets (Refer note 29)	11.71	11.71
	427.89	**467.56**
26 Other expenses		
(a) Contractual manpower	216.72	222.66
(b) Power and fuel	125.87	96.71
(c) Housekeeping expenses including consumables	709.48	632.45
(d) Pantry expenses	4.78	5.32
(e) Radiology expenses	3,485.61	2,638.37
(f) Professional and consultation fees to doctors	725.28	615.23
(g) Cost of medical services	246.26	206.53
(h) Repairs and maintenance		
- Plant and equipment	107.26	156.72
- Others	18.95	0.24
(i) Legal and professional fee (refer note below)	26.62	29.04
(j) Rates and taxes	95.59	51.78
(k) Printing and stationery	2.15	3.16
(l) Communication expenses	0.25	0.16
(m) Travel and conveyance	0.38	0.30
(n) Insurance	38.31	56.54
(o) Allowance for doubtful receivables (Refer note 11)	9.92	-
(p) Advance income tax (TDS) written off	40.64	-
(q) Miscellaneous expenses	4.47	1.43
	5,858.54	**4,716.64**
Note:		
(i) Auditors' remuneration comprises (inclusive of applicable indirect tax)		
(a) Statutory audit fee	13.75	13.10
(b) Tax audit fee	1.40	1.33
(c) Out of pocket expenses	1.51	0.92
	16.66	**15.35**
27 Earnings per share (EPS)		
Profit as per statement of profit and loss (Amount in lakhs)	2,096.77	1,953.22
Weighted average number of equity shares outstanding	33,925,166	33,925,166
Basic EPS (in Rs.)	6.18	5.76
Diluted EPS (in Rs.)	6.18	5.76

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28. Related party disclosures

Names of related parties and related party relationship

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 ('FHL')
Fellow subsidiaries (parties with whom transactions have taken place)	Fortis Hospitals Limited ('FHsL')
	Fortis Hospotel Limited ('FHTL')
	Hospitalia Eastern Private Limited ('HEPL')
	Escorts Heart Institute and Research Centre Limited ('EHIRCL')
	Hiranandani Healthcare Private Limited ('HHPL')
	International Hospital Limited ('IHL')
Key Management Personnel ('KMP') / Director	Mr. Abhijit Singh, Whole Time Director
	Ms. Manu Kapila, Director
	Mr. Ashish Bhatia, Director
	Mr. Neerav Bansal, Director
	Ms. Anita Rastogi, Company Secretary
	Mr. Montoo Garg (w.e.f. November 24, 2021)

(Rupees in Lakhs)

Transactions details	**Year ended March 31, 2023**	**Year ended March 31, 2022**
Service fee		
Fortis Hospitals Limited	6,091.78	5,729.39
Fortis Healthcare Limited	6,066.55	5,197.39
Interest income on		
Optionally convertible debentures		
International Hospital Limited	1,599.75	1,599.75
Finance Cost on		
Non-convertible debentures		
Fortis Healthcare Limited	4,632.99	4,632.99
Retainership fee		
Ms. Anita Rastogi	1.58	1.58
Expenses incurred by the Company on behalf of		
Fortis Healthcare Limited	435.01	428.72
Fortis Hospitals Limited	523.93	493.23
Transfer of other long term employee benefit liability to Company by		
Fortis Healthcare Limited	0.02	-

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Collection on behalf of Company by		
Fortis Healthcare Limited	72.46	-
Expenses incurred on behalf of Company by		
Fortis Healthcare Limited	0.34	-
Financial guarantees disposal		
Escorts Heart Institute and Research Centre Limited	11,155.00	125.00
Fortis Healthcare Limited	48,679.82	42,176.00
Fortis Hospitals Limited	50,847.00	28,533.00
Hiranandani Healthcare Private Limited	2,450.00	-
International Hospital Limited	14,025.00	4,875.00
Fortis Hospotel Limited	12,917.00	833.00
Hospitalia Eastern Private Limited	3,300.00	-
Financial guarantees issued on the behalf of		
International Hospital Limited	-	11,600.00
Fortis Hospotel Limited	-	7,500.00
Escorts Heart Institute and Research Centre Limited	-	6,500.00
Fortis Healthcare Limited	-	2,400.00
Fortis Hospitals Limited	-	6,500.00
Hospitalia Eastern Private Limited	-	3,300.00
Hiranandani Healthcare Private Limited	-	2,400.00

(Rupees in Lakhs)

Balance outstanding at the year end	As at March 31, 2023	As at March 31, 2022
Non-convertible debentures		
Fortis Healthcare Limited	31,304.00	31,304.00
Other current financial liabilities		
Interest accrued		
-Compulsorily convertible debentures		
Fortis Healthcare Limited	3,274.75	3,274.75
-Non-convertible debentures		
Fortis Healthcare Limited	32,182.80	28,923.11
Other non-current assets		
Technology renewal fund		
Fortis Healthcare Limited	21.20	73.91
Fortis Hospitals Limited	99.87	82.87
Non-current investments		
Optionally convertible debentures		
International Hospital Limited	17,775.00	17,775.00
Trade and other receivables (refer note below)		
Fortis Hospitals Limited	13,524.10	10,693.06
Fortis Healthcare Limited	3,069.60	1,525.89

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(Rupees in Lakhs)

Balance outstanding at the year end	As at March 31, 2023	As at March 31, 2022
Other current financial assets		
Interest Accrued		
Optionally convertible debenture		
International Hospital Limited	15,643.60	14,051.85
Financial guarantee issued on behalf of		
International Hospital Limited	-	14,025.00
Fortis Hospotel Limited	-	12,917.00
Escorts Heart Institute and Research Centre Limited	-	11,155.00
Fortis Healthcare Limited	-	48,679.82
Fortis Hospitals Limited	-	50,847.00
Hiranandani Healthcare Private Limited	-	2,450.00
Hospitalia Eastern Private Limited	-	3,300.00

Note:

As per the HMSA arrangement with the hospital operating companies, 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 companies to the Company. The Company and hospital operating companies have agreed that no interest would be charged/demanded for the delay in the payments on amounts under HMSA for the financial year 2021-22 and 2022-23. Consequently, the Company has not recognised interest on the delayed payment of the service fees/technology renewal fund during the year ended March 31, 2022 and March 31, 2023.

29. Leases

As a lessee

Information about leases for which the Company is a lessee is presented below.

	(Rs in lakhs)
Right-of-use assets	**Leasehold land**
Gross carrying amount	
As at April 01, 2021	**961.64**
Additions	-
Derecognition	-
As at April 01, 2022	**961.64**
Additions	-
Derecognition	-
As at March 31, 2023	**961.64**
Accumulated amortization	
As at April 01, 2021	**68.85**
Charge for the year	11.71
As at March 31, 2022	**80.56**
Charge for the year	11.71
As at March 31, 2023	**92.27**

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Carrying amount as at March 31, 2022	**881.08**
Carrying amount as at March 31, 2023	**869.37**

As a lessor

Assets given on operating lease:

The Company has sub- leased some portion of hospital premises carrying value of which included in leasehold land (as mentioned above) & freehold land/buildings (refer note 5a). In all the cases, either of the parties have option to terminate the agreements at any time during the lease term. The total lease income received / receivable in respect of the above leases recognised in the Statement of Profit and Loss for the year are Rs 427.17 lakhs (March 31, 2022 Rs 478.78 lakhs).

Revenue from HMSA

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

(Rs in lakhs)

Particulars	**As at 31-Mar-23**	**As at 31-Mar-22**
Minimum service fee:		
Less than one year	6,616.92	6,424.19
One to two years	6,815.43	6,616.92
Two to three years	7,019.89	6,815.43
Three to four years	7,230.49	7,019.89
Four to five years	4,633.38	7,230.49
More than five years	-	4,633.38
Total	**32,316.11**	**38,740.30**

30. Borrowings

Unsecured loans

i) Non-convertible debentures (NCDs)

A. The Company had issued the NCDs to RHT Health Trust Services Pte. Limited on April 28, 2014. On January 15, 2019, RHT Health Trust Services Pte. Limited sold these NCDs to Fortis Healthcare Limited pursuant to the Master Purchase Agreement dated February 12, 2018. The details are as follows:

Particulars	**As at March 31, 2023**	**As at March 31, 2022**
Number of debentures	3,130,400	3,130,400
Principal Amount (₹ in lakhs)	31,304.00	31,304.00
Accrued interest (₹ in lakhs)	32,182.80	28,923.11
Rate of Interest (p.a.)	14.80%	14.80%
Terms of redemption	The maturity date of NCDs is May 01, 2032.	

As per the terms of the original agreement dated April 28, 2014, the debentures were not secured with any of the assets of the Company. On July 12, 2017, the debenture agreement has been amended wherein a charge had been created against the debentures issued. As per the terms of the revised agreement, NCDs had been secured through Axis Trustee Services Limited by way of:

a) the hypothecation on moveable and current assets and mortgage on the land at Mohali and charge on the bank accounts of Jaipur, Mohali and Corporate locations w.e.f. January 15, 2019.

b) financial guarantee by International Hospital Limited and Fortis Health Management Limited.

Effective December 23, 2019, Axis Trustee Services Limited has satisfied the above said charge based on the no objection certificate dated September 04, 2019 from Fortis Healthcare Limited. Accordingly, these NCDs have been disclosed as unsecured.

B. The principal amount of NCDs are repayable on May 01, 2032 and the interest is payable on a half yearly basis i.e. April 27 and October 27 of every year.

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

The Company continued with the default in the payment of interest in the current year. Accordingly, the outstanding liabilities had been classified as current.

The Board of Directors of Fortis Healthcare Limited had confirmed through an extension letter that they will not call for the outstanding interest till the time, the Company is in a position to make these payments.

ii) Compulsorily Convertible Debentures (CCDs):

The Company originally issued 2,542,000 Compulsorily Convertible Debentures ('CCDs') for an aggregate consideration of ₹ 25,420.00 lakhs to Fortis Global Healthcare Services Pte. Limited (FGHIPL) which were transferred to Fortis Healthcare Limited (FHL) on January 15, 2019. These CCDs were convertible into 16,480,000 equity shares of the Company at a price of ₹154.25 per share. The investor of CCDs had a right to convert each CCD into shares at any time on or prior to the maturity date. These CCDs carried interest @ 17% p.a. which was payable on quarterly basis or such other period mutually agreed between the parties.

On March 29, 2019, the Board of Directors of the Company passed a resolution to convert these CCDs into 16,480,000 equity shares of face value of ₹ 10 each. However, interest accrued till the date of conversion has not paid by the Company. The outstanding amount of such interest as included in other current financial liabilities amounting to ₹ 3,274.75 Lakhs (as on March 31, 2022: ₹ 3,274.75)

The Board of Directors of Fortis Healthcare Limited had confirmed through an extension letter that they will not call for the outstanding interest till the time, the Company is in a position to make these payments.

31. Commitments:

Particulars	As at March 31, 2023 (Rs in lakhs)	As at March 31, 2022 (Rs in lakhs)
Estimated amount of contracts remaining to be executed on capital account (net of capital advances of Rs 13.22 lakhs (as at March 31, 2022 Rs 52.80 lakhs))	607.73	123.40

a. The Company has other commitments, for purchase/sales orders which are issued after considering requirements as per operating cycle for purchase/sale of services, employee's benefit. 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.

32. Contingent liabilities to the extent not provided for:

Particulars	March 31, 2023	March 31, 2022
Income tax related matters		
- Disallowance of interest on CCDs (Refer note 2 below)	3,226.39	3,226.39
- Others	6.93	6.93
	3,233.32	**3,233.32**

1) 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. The company has assessed that it is only possible, but not probable, that outflow of economic resources will be required.

2) As per clause 7 of the sponsor agreement dated September 18, 2012 the Company is indemnified by Fortis Healthcare Limited (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 an unfavorable outcome is remote for the indemnified outstanding assessments/ litigations.

Guarantees:

Outstanding guarantees furnished to banks on behalf of the holding company and fellow subsidiaries companies are nil (Previous year Rs 143,373.82 lacs).

33. Employee Benefits Plan:

Defined Contribution Plan

Under the defined contribution plans, the Company makes provident fund (PF) and employee state insurance (ESI) contributions for qualifying employees. The Company is required to contribute a specified percentage of the salary to fund the benefits based on rates specified in the rules of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 respectively.

The Company has recognised Rupees 36.57 lacs (Previous year Rupees 33.95 lacs) for provident fund and employee state insurance contribution in the Statement of Profit and Loss.

Defined Benefit Plan

(i) Gratuity

The Company has a defined benefit gratuity plan, where each 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 subject. Vesting occurs upon completion of 5 years of service. The Gratuity is unfunded.

The following table summarizes the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet.

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
i. Movement in Net Liability		
Present value of obligation at the beginning of the year	140.06	120.02
Current service cost	12.25	11.59
Interest cost	9.22	8.11
Actuarial loss recognised in other comprehensive income	19.71	0.34
Obligation transferred from other companies	-	-
Benefits paid	(16.67)	-
Present value of obligations at the end of the year	**164.57**	**140.06**

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Present value of unfunded obligation		
Amounts in the Balance Sheet		
(a) Liabilities	164.57	140.06
(b) Assets	-	-
(c) Net liability/(asset) recognised in the Balance Sheet	**164.57**	**140.06**
Current Liability	9.18	4.71
Non-Current Liability	155.39	135.35

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(₹ in lakhs)

ii. Expense recognised in Statement of Profit and Loss is as follows:	Year ended March 31, 2023	Year ended March 31, 2022
Amount recognised in employee benefit expense		
Service cost	12.25	11.59
Total	**12.25**	**11.59**
Amount recognised in finance cost		
Interest cost	9.22	8.11
Total	**9.22**	**8.11**
Total Amount charged to Statement to Profit and Loss	**21.47**	**19.70**

(₹ in lakhs)

iii. Expense recognised in Statement of Other comprehensive income is as follows:	Year ended March 31, 2023	Year ended March 31, 2022
Net actuarial loss / (gain) due to experience adjustment	23.19	3.53
Net actuarial loss / (gain) due to assumptions changes	(3.48)	(3.19)
Total	**19.71**	**0.34**

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

Principal Actuarial assumptions for gratuity and compensated absences	As at March 31, 2023	As at March 31, 2022
Discounting rate (p.a.)	7.25%	7.00%
Expected salary increase rate (p.a.)	7.50%	7.50%
Withdrawal rate (p.a.)		
Age up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

Notes:

a) 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.

b) 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.

(₹ in lakhs)

Particulars	As at March 31, 2023		As at March 31, 2022	
	Increase	Decrease	Increase	Decrease
Change in discount rate by 0.5%	(6.64)	7.08	(6.09)	6.50
Change in salary increase rate by 1%	14.48	(12.95)	13.27	(11.84)
Change in withdrawal rate by 5%	(1.16)	1.07	(2.22)	2.00

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Expected benefit payments for the future years

(₹ in lakhs)

Year ended March 31, 2024	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 to year ended March 31, 2033
9.50	8.61	11.21	18.60	7.86	160.43

34. Financial Instruments

i) 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 Company is not exposed to any externally imposed capital requirements.

The Company's Board reviews the capital structure of the Company on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. 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.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 17 and 19 offset by cash and bank balances) and total equity of the Company.

The Company is not subject to any externally imposed capital requirements.

(ii) 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, credit risk and liquidity risk.

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

a) Market Risk

The Company is not exposed to market risks.

Interest rate risk management

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

b) 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 11 of the financial statements for carrying amount and maximum credit risk exposure for trade receivables.

Expected credit loss on financial assets other than trade receivables:

Company carries other financial assets such as investments, balances with banks, inter-corporate deposits, advances, security deposits, loans to related parties and interest accrued etc. Company monitors the credit exposure on these financial assets on a case-to-case basis. Investments 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.

Reconciliation of loss allowance measured at life-time expected credit losses for credit impaired financial assets other than trade receivables

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(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
Balance at the beginning of the year	1.30	1.30
Add: Loss allowance recognised	-	-
Balance at the end of the year	1.30	1.30

Cash and cash equivalents
The Company held cash and cash equivalents of Rs 29.44 lakhs at 31 March 2023 (31 March 2022: Rs 18.81 lakhs). 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, who have 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, reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. In case of any shortfall Holding Company has agreed to provide financial and operational support to the company as may be required in near future.

The Company's cash inflows are largely dependent on receipt of receivable balances from the Holding Company i.e. Fortis Healthcare Limited and fellow subsidiary i.e. Fortis Hospitals Limited. These parties have confirmed that their ability and intention to settle the outstanding dues payable to the Company on a timely basis.

Liquidity and interest risk
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.

(₹ in lakhs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2023					
Interest accrued on Compulsorily convertible debentures*	3,274.75	-	-	3,274.75	3,274.75
Non-convertible debenture* (including accrued interest thereon)	63,486.80	-	-	63,486.80	63,486.80
Trade payables	1,054.35	-	-	1,054.35	1,054.35
Other financial liabilities	83.44	-	-	83.44	83.44
Total	**67,899.34**	-	-	**67,899.34**	**67,899.34**

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(₹ in lakhs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2022					
Interest accrued on Compulsorily convertible debentures*	3,274.75	-	-	3,274.75	3,274.75
Non-convertible debenture* (including accrued interest thereon)	60,227.11	-	-	60,227.11	60,227.11
Trade payables	962.99	-	-	962.99	962.99
Other financial liabilities	150.60	-	-	150.60	150.60
Total	64,615.45	-	-	**64,615.45**	**64,615.45**

* During the current year, the Board of Directors of the respective lenders have agreed that they will not call for the outstanding interest or/and principal till the time, the Company is in a position to make these payments. Also refer note 30(i) and 30(ii).

35. Fair value measurement

Financial assets measured at amortised cost

31 March 2023

(₹ in lakhs)

Particulars	Note	Carrying value			Fair value
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial assets					
Investment in optionally convertible debentures (OCDs) (including accrued interest)	(a)	-	33,418.60	33,418.60	33,418.60
Other financial assets	(b)	-	129.79	129.79	129.79
Trade receivables	(a)	-	16,611.57	16,611.57	16,611.57
Cash and cash equivalents	(a)	-	29.44	29.44	29.44
Other financial assets (current)	(a)	-	24.08	24.08	24.08
Total		-	**50,213.48**	**50,213.48**	**50,213.48**

(₹ in lakhs)

Particulars	Note	Carrying value			Fair value
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial Liabilities					
Interest accrued and due on Compulsorily convertible debentures	(a)	-	3,274.75	3,274.75	3,274.75
Non-convertible debenture (including accrued interest thereon)	(a)	-	63,486.80	63,486.80	63,486.80
Trade payables (current)	(a)	-	1,054.35	1,054.35	1,054.35
Other financial liabilities (current)	(a)	-	83.44	83.44	83.44
Total		-	**67,899.34**	**67,899.34**	**67,899.34**

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31 March 2022

(₹ in lakhs)

Particulars	Note	Carrying value			Fair value
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial assets					
Investment in optionally convertible debentures (OCDs) (including accrued interest)	(a)	-	31,826.85	31,826.85	31,826.85
Other financial assets	(b)	-	129.79	129.79	129.79
Trade receivables	(a)	-	11,934.67	11,934.67	11,934.67
Cash and cash equivalents	(a)	-	18.81	18.81	18.81
Other financial assets (current)	(a)	-	302.95	302.95	302.95
Total		-	**44,213.07**	**44,213.07**	**44,213.07**

(₹ in lakhs)

Particulars	Note	Carrying value			Fair value
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	
Financial Liabilities					
Interest accrued and due on Compulsorily convertible debentures	(a)	-	3,274.75	3,274.75	3,274.75
Non-convertible debenture (including accrued interest thereon)	(a)	-	60,227.11	60,227.11	60,227.11
Trade payables (current)	(a)	-	962.99	962.99	962.99
Other financial liabilities (current)	(a)	-	150.60	150.60	150.60
Total		-	**64,615.45**	**64,615.45**	**64,615.45**

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.

Financial instruments measured at amortized cost

The carrying amount of financial assets and financial liabilities measured at amortised 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.

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

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37. Segment information

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

(₹ in lakhs)

Particulars	Year ended March 31, 2023	Year ended March 31, 2022
India	13,197.67	11,420.02
Outside India	-	-
Total	**13,197.67**	**11,420.02**

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:

(₹ in lakhs)

Particulars	As at March 31, 2023	As at March 31, 2022
India	32,393.01	32,443.02
Outside India	-	-
Total	**32,393.01**	**32,443.02**

Major customer

1. Fortis Hospitals Limited, a fellow subsidiary contributes more than 10% to the revenue of the Company. The revenue earned during the current year is ₹ 6,091.78 lakhs (for the year ended March 31, 2022 ₹ 5,729.39 lakhs).

2. Fortis Healthcare Limited, holding company contributes more than 10% to the revenue of the Company. The revenue earned during the current year is ₹ 6,107.05 lakhs (for the year ended March 31, 2022 ₹ 5,197.39 lakhs).

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.

(₹ in lakhs)

Particulars	March 31, 2023	March 31, 2022
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*	75.53	32.18
-Interest due on above	-	-
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	-	-
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 5.40 lakhs (March 31,2022: Rs 3.41 lakhs)

39. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

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

Nature of the Instrument	Issuer's name	Rate of Interest*	Redemption date as per the terms of the agreement	Secured/ unsecured	(₹ in lakhs) Amount as at	
					March 31, 2023	March 31, 2022
Optionally convertible debentures [Refer Note 1 below]	International Hospital Limited	9% p.a.	September 16, 2030 or before by giving prior notice of 6 months	Unsecured	17,775.00	17,775.00

Note 1: The redemption date specified above are the dates as per the terms of the agreement. The interest on the optionally convertible debentures is receivable on monthly basis or can be deferred up to a period of 5 years on a mutually agreement basis which has expired. During the year ended March 31, 2023, the Company has not received the interest amount and Board of Directors of the Company has agreed to extend timelines that they will not call for the outstanding balance till the time, International Hospital Limited is in a position to make these payments. This assessment is made at every year end.

The Company has classified the outstanding amount as current as both the parties have the option of early redemption. Investment has been made for the purpose of business expansion.

*These OCDs carry floating rate of interest based on the performance of the issuer company as below:

Sr. No.	Level of EBIT	Rate of Interest
1	Less than 3,000 Crore	9% p.a.
2	3,000 Crore to 3,250 Crore	18% p.a., provided additional 8.7% p.a. from closing date to the beginning of the year for which EBIT is more than 3,000 Crore
3	3,250 Crore to 3,500 Crore	20% p.a., provided additional 2% p.a. from closing date to the beginning of the year for which EBIT is more than 3,250 Crore
4	More than 3,500 Crore	22% p.a., provided additional 2% p.a. from closing date to the beginning of the year for which EBIT is more than 3,500 Crore

(ii) The Company had issued corporate guarantee in respect of term loan, overdraft, letter of credit, bank guarantee facilities availed by the related parties from DBS Bank India Limited and The Hong Kong and Shanghai Banking Corporation Limited. In accordance with the policy of the Company, the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified the corporate guarantees as contingent liabilities. Accordingly, there are no liabilities recognised in the Financial Statement under these contracts.

Entity name	As at March 31, 2023	As at March 31, 2022
International Hospital Limited	-	14,025.00
Fortis Hospotel Limited	-	12,917.00
Escorts Heart Institute and Research Centre Limited	-	11,155.00
Fortis Healthcare Limited	-	48,679.82
Fortis Hospitals Limited	-	50,847.00
Hiranandani Healthcare Private Limited	-	2,450.00
Hospitalia Eastern Private Limited	-	3,300.00
Total	-	**143,373.82**

40. 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.

BSR & Co. LLP GURUGRAM Chartered Accountants

Escorts Heart and Super Speciality Hospital Limited

41. Ratio analysis and its elements

Ratio	Numerator	Denominator	31-Mar-23	31-Mar-22	% change	Reason for variance
Current Ratio (in times)	Current Assets	Current Liabilities	0.73	0.68	7.94%	-
Debt-Equity Ratio (in times)	Total Debt	Shareholder's Equity	1.88	2.15	-12.54%	-
Debt Service Coverage Ratio (in times)	Earnings for debt service = Net profit after taxes + Non-cash operating expenses	Debt service = Interest & Lease Payments + Principal Repayments	1.54	1.53	0.9%	-
Return on Equity Ratio (in %)	Net Profits after taxes – Preference Dividend	Average Shareholder's Equity	13.44%	14.37%	-6.50%	-
Inventory turnover Ratio (in times)	Cost of goods sold	Average Inventory	7.14	N/A	100%	Increase due to pharmacy sales which started during the current financial year.
Trade Receivables Turnover Ratio (in times)	Net credit sales = Gross credit sales - sales return	Average Trade Receivable	0.92	1.23	-24.87%	Decrease mainly due to increase in receivable during the current year.
Trade Payables Turnover Ratio (in times)	Net credit purchases = Gross credit purchases - purchase return	Average Trade Payables	0.52	0.01	5128.46%	Ratio increase due to higher level of expenses/purchases in current year from previous year.
Net Capital Turnover Ratio (in times)	Net sales = Total sales - sales return	Working capital = Current assets – Current liabilities	(0.72)	(0.54)	34.05%	Change due to higher revenue during the current year.
Net Profit Ratio (in %)	Net Profit	Net sales = Total sales - sales return	15.90%	17.12%	-7.14%	-
Return on Capital Employed (in %)	Earnings before interest and taxes	Capital Employed = Tangible Net Worth + Total Debt + Deferred Tax Liability	15.72%	16.24%	-3.18%	-
Return on Investment (in %)	Interest (Finance Income)	Investment	9.00%	9.00%	0.00%	-

42. Other statutory information

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

(ii) The Company has not traded or invested in Crypto currency or Virtual Currency during the financial year.

(iii) 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

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Escorts Heart and Super Speciality Hospital Limited

(iv) 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,

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

(vi) The Company is not declared wilful defaulter by any bank or financial institution or other lender.

(vii) The Company has not made any transactions with companies struck off under section 248 of the Companies Act, 2013 or section 560 of the Companies Act, 1956.

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

(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.

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

Rajesh Arora
Partner
Membership Number: 076124

Place: Gurugram
Date: May 16, 2023

For and on behalf of the Board of Directors
ESCORTS HEART AND SUPER SPECIALTY HOSPITAL LIMITED

Abhijit Singh
Whole time Director
DIN: 08433520

Manu Kapila
Director
DIN: 03403696

Anita Rastogi
Company Secretary
Membership No.: A13380

Montoo Garg
Chief Financial Officer

Place: Gurugram
Date: May 16, 2023

Escorts Heart and Super Speciality Hospital Limited