

B S R & Co. LLP

Chartered Accountants

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INDEPENDENT AUDITORS' REPORT

To the Members of Fortis Health Management Limited

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the standalone financial statements of Fortis Health Management Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the 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 standalone 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 2021, and loss and other comprehensive income, 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 Standalone 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 standalone 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 standalone financial statements.

Emphasis of Matter

We draw attention to Note 48 of the standalone financial statements, which describes the economic and social consequences the entity is facing as a result of COVID-19 which is impacting supply chains/ demand/ personnel available for work and/ or being able to access of offices/ hospitals.

Our opinion is not modified in respect of this matter.

Information Other than the Standalone Financial Statements and Auditors' Report Thereon

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

Our opinion on the standalone 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 standalone financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the standalone

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

Management's and Board of Directors' Responsibility for the Standalone 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 standalone 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 accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the standalone 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 Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone 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 standalone 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 standalone 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 in the standalone financial statements 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 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 standalone 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 standalone financial statements, including the disclosures, and whether the standalone 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.

Other Matter

The standalone financial statements of the Company for the year ended 31 March 2020 were audited by the predecessor auditor who expressed an unmodified opinion on those standalone financial statements on 11 August 2020.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government 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 standalone balance sheet, the standalone statement of profit and loss (including other comprehensive income), the standalone statement of changes in equity and the standalone statement of cash flows dealt with by this Report are in agreement with the books of account.
 - d) In our opinion, the aforesaid standalone 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 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 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 standalone financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

29

(B) With respect to the other matters to be included in the Auditors' 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:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its standalone financial statements - Refer Note 45 to the standalone financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

(C) With respect to the matter to be included in the Auditors' Report under section 197(16):

According to the information and explanations given to us, no remuneration has been paid by the Company to any of its director during the current year. Accordingly, the requirements stipulated by the provisions of section 197(16) of the Act are not applicable to the Company.

For B S R & Co. LLP

Chartered Accountants

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



Rajesh Arora

Partner

Membership No. 076124

UDIN: 21076124AAAADO1249

Place: Gurugram

Date: 21 September 2021

Annexure "A" to the Independent Auditor's Report on the standalone financial statements of Fortis Health Management Limited for the year ended 31 March 2021

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

- (i) (a) According to information and explanation given to us, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (i.e. 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 has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every two years. In accordance with this programme, certain fixed assets were physically 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. As informed to us, no material discrepancies were noted 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 the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

In respect of the building that has been taken on lease (classified as Right-of-use asset in the standalone financial statements), the lease agreement is in the name of the Company, where the Company is the lessee in the agreement.

- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. According to the information and explanations given to us, the discrepancies noticed on verification between the physical stocks and the book records were not material.
- (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 granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
- (a) The Company has subscribed to non-cumulative redeemable preference shares amounting to Rs. 1,390.00 lacs and granted unsecured inter-company loan of Rs. 272.40 lacs to its subsidiary, Hospitalia Eastern Private Limited ('HEPL'). During the previous year, due to subsequent decline in performance of the HEPL, the Company had recognised a provision for impairment of Rs. 1,390.00 lacs against its investments in preference shares. Further, the Company has issued an extension letter and agreed that they will not call for the outstanding interest and/ or principal amount receivable from HEPL until it has the ability to repay the amount. In view of the provision for impairment recognised in the books and the extension granted, the terms and conditions of these preference shares and unsecured loans are prejudicial to the Company's interest on a standalone basis.
- (b) According to the information and explanations given to us, the schedule of repayment of principal and payment of interest has been stipulated. However, the receipt of interest has not been regular as per the said stipulations. As mentioned in note 46 of the standalone financial statements, the schedule of repayment of principal and receipt of interest for such loans has been extended by the Company.
- (c) According to the information and explanations given to us, there is no overdue amount remaining outstanding as at the year-end based on the extension letter given by the Company for the interest and/ or principal amount receivable from HEPL.

Also refer note 46 and 47 of the standalone financial statements.

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According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not granted any unsecured loans to firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not accepted any deposits as mentioned in the directives issued by the Reserve Bank of India and provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and rules framed there under. Accordingly, the provisions of clause 3(v) of the Order are not applicable.
- (vi) The Central Government has prescribed the maintenance of cost records under sub- section (1) of Section 148 of the Act for activities carried out by the Company. We have broadly reviewed the books of account maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under Section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of such records with a view to determine whether they are accurate or complete.
- (vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Provident Fund, Employees' State Insurance, Income- tax, Duty of Customs, Goods and Services tax, Cess and other material statutory dues have generally been regularly deposited during the year by the Company with the appropriate authorities though there has been a slight delay in a few cases of deposit of Employees' State Insurance, Income- tax and Goods and Service tax.

We are informed that operations of the Company during the year did not give rise to any liability for Duty of Excise, Service tax, Sales tax and Value Added Tax.

- (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income- tax, Duty of customs, Goods and Services tax, Cess and other material statutory dues were in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

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- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues of Income-tax and Luxury tax have not been deposited by the Company with the appropriate authorities on account of disputes:

| Name of Statute | Nature of Dues | Forum where Dispute is Pending | Period to which the amount relates | Amount Involved (₹ in Lakhs) | Amount paid under protest (₹ in Lakhs) |
|---|--|--|------------------------------------|------------------------------|--|
| Income Tax Act, 1961 | Income tax dues on account of disallowance of certain expenses | Commissioner of Income-tax (Appeals) | AY 2018-19 | 5.77 | - |
| The Karnataka Tax on Luxuries Act, 1979 | Luxury tax | Assistant Commissioner of Commercial Taxes | FY 2015-16 | 12.96 | - |

- (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 defaulted in the repayment of dues to debenture holders, except as under:

| Particulars | Amount of default as at 31 March 2021 (₹ in lakhs) | | Period of default |
|-----------------------------------|--|-----------|-------------------------------|
| | Principal | Interest | |
| Due to Debenture holders | | | |
| Non-convertible debentures | - | 88.65 | December 2019 to October 2020 |
| Optionally convertible debentures | - | 35,826.09 | October 2017 to March 2021 |

During the current year, the Board of Directors of the respective lenders 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 note 37 of the standalone financial statements.

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

- (ix) 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 raised any money way of initial public offer / further public offer / debt instruments) and term loans during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no managerial remuneration has been paid during the year. Hence, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company.
- (xii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.

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- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with Section 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards. According to the information and explanations given to us, the provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) 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, paragraph 3(xiv) of the Order is not applicable.
- (xv) 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 entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.
- (xvi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

For B S R & Co. LLP

Chartered Accountants

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



Rajesh Arora

Partner

Membership No. 076124

UDIN: 21076124AAAADO1249

Place: Gurugram

Date: 21 September 2021

Annexure B to the Independent Auditors' report on the standalone financial statements of Fortis Health Management Limited for the year ended 31 March 2021

Report on the internal financial controls with reference to the aforesaid standalone financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

(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 Fortis Health Management Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the standalone 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 2021, 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 Responsibility for Internal Financial Controls

The Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (hereinafter referred to as "the Act").

Auditors' 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 whether 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 such internal financial controls, 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 standalone 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.

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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 Standalone 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 standalone financial statements to future periods are subject to the risk that the internal financial controls with reference to standalone 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

UDIN: 21076124AAAADO1249

Place: Gurugram

Date: 21 September 2021

FORTIS HEALTH MANAGEMENT LIMITED
STANDALONE BALANCE SHEET AS AT MARCH 31, 2021

| Particulars | Notes | As at March 31, 2021 (Rupees in lacs) | As at March 31, 2020 (Rupees in lacs) |
|--|-------|---|---|
| ASSETS | | | |
| A. Non-current assets | | | |
| (a) Property, plant and equipment | 4(a) | 6,769.64 | 6,777.04 |
| (b) Capital work-in-progress | 4(b) | 21.41 | 13.96 |
| (c) Right-of-use assets | 35 | 1,024.29 | 1,132.81 |
| (d) Goodwill | 5 | 707.13 | 707.13 |
| (e) Other intangible assets | 6(a) | 1.59 | 0.45 |
| (f) Intangible assets under development | 6(b) | 2.68 | - |
| (g) Financial assets | | | |
| (i) Investment in subsidiary | 7 | - | - |
| (ii) Investments in associates and/ or fellow subsidiaries | 8 | 52,050.01 | 52,050.01 |
| (iii) Other investments | 9 | 0.01 | 0.01 |
| (iv) Loans | 10 | 393.86 | 388.30 |
| (v) Other financial assets | 11 | - | 16.27 |
| (h) Non-current tax assets (net) | 12 | 723.75 | 1,032.35 |
| (i) Deferred tax asset (net) | 42 | - | - |
| (k) Other non-current assets | 13 | 25.60 | 17.35 |
| Total non-current assets (A) | | 61,719.97 | 62,135.68 |
| B. Current assets | | | |
| (a) Inventories | 14 | 69.32 | 37.21 |
| (b) Financial assets | | | |
| (i) Investment in subsidiary | 7 | - | - |
| (i) Trade receivables | 15 | 204.18 | 661.55 |
| (ii) Cash and cash equivalents | 16 | 237.19 | 90.49 |
| (iii) Other financial assets | 11 | 178.79 | 184.64 |
| (c) Other current assets | 13 | 52.17 | 49.67 |
| Total current assets (B) | | 741.65 | 1,023.56 |
| Total assets (A+B) | | 62,461.62 | 63,159.24 |
| EQUITY AND LIABILITIES | | | |
| A. Equity | | | |
| (a) Equity share capital | 17 | 250.00 | 250.00 |
| (b) Other equity | | (58,809.69) | (51,017.27) |
| Total equity (A) | | (58,559.69) | (50,767.27) |
| Liabilities | | | |
| B. Non-current liabilities | | | |
| (a) Financial Liabilities | | | |
| (i) Borrowings | 19 | 18,886.29 | 24,401.93 |
| (ii) Lease liabilities | 35 | 1,306.77 | 1,328.85 |
| (iii) Other financial liabilities | 20 | 7.44 | 10.85 |
| (b) Provisions | 21 | 58.05 | 54.80 |
| (c) Other non-current liabilities | 22 | 5.04 | 6.87 |
| Total non-current liabilities (B) | | 20,263.59 | 25,803.30 |
| C. Current liabilities | | | |
| (a) Financial liabilities | | | |
| (i) Borrowings | 23 | 55,355.00 | 55,435.00 |
| (ii) Lease liabilities | 35 | 50.43 | 38.88 |
| (iii) Trade payables | | | |
| - Total outstanding dues of micro enterprises and small enterprises. | 24 | 46.06 | 10.58 |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 24 | 508.51 | 590.24 |
| (iv) Other financial liabilities | 20 | 44,598.84 | 31,733.03 |
| (b) Provisions | 21 | 8.56 | 7.65 |
| (c) Other current liabilities | 25 | 190.32 | 307.83 |
| Total current liabilities (C) | | 100,757.72 | 88,123.21 |
| Total liabilities (B+C) | | 121,021.31 | 113,926.51 |
| Total equity and liabilities (A+B+C) | | 62,461.62 | 63,159.24 |

See accompanying notes forming integral part of the standalone financial 1-51 statements

In terms of our report attached

For BSR & Co. LLP
Chartered Accountants
Firm Registration No 101248W/W-100022

Rajesh Arora
Partner
Membership No: 076124
Place : Gurugram
Date : 21 September 2021



For and on behalf of the Board of Directors of
FORTIS HEALTH MANAGEMENT LIMITED

Anil Vinayak
Director
DIN: 02407380
Place : Gurugram
Date : 21 September 2021

Mannu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : 21 September 2021

(Handwritten signatures)

FORTIS HEALTH MANAGEMENT LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021


| Particulars | Notes | For the year ended March 31, 2021 (Rupees in lacs) | For the year ended March 31, 2020 (Rupees in lacs) |
|---|-------|--|--|
| I Revenue from operations | 26 | 3,659.90 | 5,253.38 |
| II Other income | 27 | 83.22 | 103.69 |
| III Total income (I+II) | | 3,743.12 | 5,357.07 |
| IV Expenses | | | |
| i) Purchases of medical consumable and drugs | | 460.98 | 403.33 |
| ii) Changes in inventories of medical consumable and drugs | 28 | (32.11) | (2.43) |
| iii) Employee benefits expense | 29 | 577.01 | 585.46 |
| iv) Finance costs | 30 | 7,999.15 | 7,715.25 |
| v) Depreciation and amortisation expense | 31 | 323.57 | 327.37 |
| vi) Other expenses | 32 | 2,279.09 | 2,771.91 |
| Total expenses | | 11,607.69 | 11,800.89 |
| V Loss before exceptional item and tax (III-IV) | | (7,864.57) | (6,443.82) |
| VI Exceptional items | 33 | 70.09 | (1,396.99) |
| VII Loss before tax (V-VI) | | (7,794.48) | (7,840.81) |
| VIII Tax expense | | | |
| i) Current tax | | - | - |
| ii) Deferred tax | 42 | - | - |
| IX Loss for the year (VII-VIII) | | (7,794.48) | (7,840.81) |
| X Other comprehensive income/ (loss) | | | |
| i) Items that will not be reclassified subsequently to profit and loss | | | |
| (a) Remeasurement of the defined benefit liabilities | | 2.06 | (5.15) |
| (b) Income tax relating to items that will not be reclassified to profit and loss | | - | - |
| Total other comprehensive loss | | 2.06 | (5.15) |
| XI Total comprehensive loss for the year (IX+X) | | (7,792.42) | (7,845.96) |
| Loss per equity share (of ₹ 10 per equity share) | | | |
| i) Basic (in Rs.) | 40 | (311.78) | (313.63) |
| ii) Diluted (in Rs.) | 40 | (311.78) | (313.63) |

See accompanying notes forming integral part of the standalone financial statements 1-51


In terms of our report attached

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

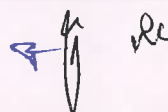
**For and on behalf of the Board of Directors of
FORTIS HEALTH MANAGEMENT LIMITED**


Rajesh Arora
Partner
Membership No: 076124
Place : Gurugram
Date : 21 September 2021




Anil Vinayak
Director
DIN: 02407380
Place : Gurugram
Date : 21 September 2021


Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : 21 September 2021



FORTIS HEALTH MANAGEMENT LIMITED
STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | Notes | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|-------|--|--|
| Cash flows from operating activities | | | |
| Loss before tax | | (7,794.48) | (7,840.81) |
| Adjustments for: | | | |
| Depreciation and amortisation expense | | 323.57 | 327.37 |
| Balances no longer required written back | | (7.04) | (57.88) |
| Finance cost | | 7,990.92 | 7,715.25 |
| Exceptional items | | (70.09) | 1,396.99 |
| Interest income | | (61.79) | (33.56) |
| Loss on sale of assets | | - | 4.11 |
| (Reversal)/ creation of allowance for expected credit loss | | (9.81) | 23.94 |
| | | 371.28 | 1,535.41 |
| Change in operating assets and liabilities: | | | |
| Decrease / (Increase) in trade receivables | | 467.18 | (330.16) |
| Increase in inventories | | (32.11) | (2.43) |
| Decrease / (Increase) in other financial assets and other assets | | (2.20) | (292.08) |
| Increase in other financial liabilities, provisions, other liabilities and trade payables | | 88.66 | 306.46 |
| Cash generated from operations | | 892.81 | 1,217.20 |
| Income taxes refund received / (paid) (net) | | 363.68 | (332.74) |
| Net cash generated from operating activities (A) | | 1,256.49 | 884.46 |
| Cash flows from investing activities | | | |
| Proceeds from fixed deposits | | 10.00 | - |
| Proceeds on sale of property, plant and equipment | | 2.77 | 2.04 |
| Purchase of property, plant and equipment and intangible asset | | (205.85) | (115.83) |
| Loans given | | - | 252.40 |
| Interest received | | 11.45 | 6.33 |
| Net cash generated (used in) / from investing activities (B) | | (181.63) | 144.94 |
| Cash flows from financing activities | | | |
| Repayment of current borrowings | | (80.00) | - |
| Repayment of lease liabilities | | (11.17) | (23.76) |
| Interest paid (including interest on lease liabilities amounting to Rs. 95.46 lacs (previous year: Rs. 150.33 lacs)) | | (836.99) | (1,056.66) |
| Net cash used in financing activities (C) | | (928.16) | (1,080.42) |
| Net increase / (decrease) in cash and cash equivalents (A+B+C) | | 146.70 | (51.02) |
| Cash and cash equivalents at the beginning of the year | | 90.49 | 141.51 |
| Cash and cash equivalents at the end of the year | 16 | 237.19 | 90.49 |
| See accompanying notes forming integral part of the standalone financial statements | 1-51 | | |

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 : 21 September 2021



**For and on behalf of the Board of Directors of
FORTIS HEALTH MANAGEMENT LIMITED**

Anil Vinayak
Director
DIN: 02407380
Place : Gurugram
Date : 21 September 2021

Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : 21 September 2021

(Handwritten signatures)

FORTIS HEALTH MANAGEMENT LIMITED
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021

(Rupees in lacs)

| Particulars | Equity | Other Equity | | Total |
|--|----------------------|-----------------------------|--------------------|--------------------|
| | Equity share capital | Securities premium reserve* | Retained earnings | |
| Balance at April 1, 2019 | 250.00 | 2,205.00 | (45,376.31) | (42,921.31) |
| Loss for the year | - | - | (7,840.81) | (7,840.81) |
| Other comprehensive loss for the year, net of income tax | - | - | (5.15) | (5.15) |
| Total comprehensive loss for the year | - | - | (7,845.96) | (7,845.96) |
| Balance at March 31, 2020 | 250.00 | 2,205.00 | (53,222.27) | (50,767.27) |
| Loss for the year | - | - | (7,794.48) | (7,794.48) |
| Other comprehensive income for the year, net of income tax | - | - | 2.06 | 2.06 |
| Total comprehensive loss for the year | - | - | (7,792.42) | (7,792.42) |
| Balance at March 31, 2021 | 250.00 | 2,205.00 | (61,014.69) | (58,559.69) |

*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 standalone financial statements

1-51

In terms of our report attached

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

**For and on behalf of the Board of Directors of
FORTIS HEALTH MANAGEMENT LIMITED**

Rajesh Arora
Rajesh Arora
Partner
Membership No: 076124
Place : Gurugram
Date : 21 September 2021

Anil Vinayak
Anil Vinayak
Director
DIN: 02407380
Place : Gurugram
Date : 21 September 2021

Manu Kapila
Manu Kapila
Director
DIN: 03403696
Place : Gurugram
Date : 21 September 2021



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FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

1. Corporate Information

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

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

2. Significant accounting policies

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

(a) Basis of preparation

(i) Statement of compliance

These standalone 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 standalone financial statements are reported in lacs of Indian Rupees and are rounded to the nearest lac to two decimals, except per share data.

Also refer para 51 of these standalone financial statements.

The standalone financial statements have been authorised for issue by the Company’s Board of Directors on 21 September 2021.

(ii) Functional and presentation currency

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

(iii) Historical cost convention

The standalone financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

(iv) Consolidated financial statements

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

(b) Current versus non-current classification

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

months after the reporting period.

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.

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

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

Subsequent costs are included in the asset's carrying amount or 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.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

(ii) 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 | 10-60 years | 60 years |
| Plant and machinery | 3-45 years | 15 years |
| Medical equipment | 1-20 years | 13 years |
| Computers | 4-6 years | 3 years |
| Furniture and fittings | 6-16 years | 10 years |
| Office equipment | 2-19 years | 5 years |
| Vehicles | 9-11 years | 8 years |

Freehold land is not depreciated.

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

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

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

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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 standalone financial statements of the Company in the same form in which they appeared in the standalone 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 is not subject to amortization and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it 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.

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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.

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

- Debt instruments at 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 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 FVOCI 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 amortised 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').



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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, associates and fellow subsidiaries 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.

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.

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.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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.

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) Cash and cash equivalents

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

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

(i) Contingent liabilities and contingent assets

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

(j) Provisions

A provision is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect of the time value of money is material, provisions are determined by discounting the expected



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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.

(k) Revenue recognition

Income from hospital and medical services

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).

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

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

Contracts with customers could include promises to transfer multiple services/ products to a customer. The Company assesses the product/ services promised in a contract and identifies distinct performance obligation in the contract. Revenue for each distinct performance obligation is measured to at an amount that reflects the consideration which the Company expects to receive in exchange for those products or services and is net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances 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 includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Unbilled revenue is recognised when there is excess of revenue earned over billings on contracts. Receivables are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue is recognised as other current liability when there are billings in excess of revenues.

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

(I) 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.

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

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

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

Other long-term employee benefits:

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

Termination benefits are 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 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).



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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).

(m) 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.

(n) 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.

Current taxes

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

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.

(o) Leases

(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.

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.

Short-term leases and leases of low-value assets

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 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.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

(p) Foreign currency translation

(i) Transactions and balances

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

(q) Statement of cash flows

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

(r) Inventories

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

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

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

(s) 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 segment

(t) Earnings per share

Basic earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the Company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year.

Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

3. (a) Critical estimates and judgements

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

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

Judgments

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

- a) Leasing arrangement (classification and accounting)- Refer note 2(o) and note 35
- b) Property, plant and equipment / investment property- accounting for Hospital and Medical Service Agreements ("HMSA")**

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

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

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

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

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2021 is included in the following notes:

- Financial instruments - Note 39
- Fair value measurement – Note 39(d)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(d)(iii)
- Recognition and estimation of deferred tax– Note 42
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 38
- Estimated impairment of financial assets and non-financial assets – Note 5, 7, 13



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2021

(b) Recent Pronouncements but not yet effective

On March 24, 2021, the Ministry of Corporate Affairs ("MCA") through a notification, amended Schedule III of the Companies Act, 2013. The amendments revise Division I, II and III of Schedule III and are applicable from April 1, 2021. Key amendments relating to Division II which relate to companies whose standalone financial statements are required to comply with Companies (Indian Accounting Standards) Rules 2015 are:

Balance Sheet:

- Lease liabilities should be separately disclosed under the head 'financial liabilities', duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.
- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

Statement of profit and loss:

- Additional disclosures relating to Corporate Social Responsibility (CSR), undisclosed income and crypto or virtual currency specified under the head 'additional information' in the notes forming part of standalone financial statements.

The amendments are extensive and the Company will evaluate the same to give effect to them as required by law.

Further on June 18, 2021, the MCA through a notification, issued Companies (Indian Accounting Standards) Amendment Rules 2021 which includes amendments in 21 standards. The amendments to Ind ASs are in terms of insertion of certain paragraphs, substituting definition of certain terms used in the standard along with aligning the bare text of Standards with Conceptual Framework of Financial reporting under Ind ASs. The amendments are effective from 18 June 2021. The Company does not expect any significant impact of these amendments on its standalone financial statements.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

4(a) Property, plant and equipment

| Particulars | (Rupees in lacs) | | | | | | | | | |
|--------------------------|------------------|-----------|------------------------|---------------------|-------------------|------------------------|-----------|------------------|----------|----------|
| | Freehold land | Buildings | Leasehold improvements | Plant and machinery | Medical equipment | Furniture and fittings | Computers | Office equipment | Vehicles | Total |
| Gross block | | | | | | | | | | |
| As at April 01, 2019 | 4,610.00 | 1,410.17 | 67.84 | 753.77 | 712.05 | 99.05 | 47.07 | 51.44 | 17.68 | 7,769.07 |
| Additions | - | 66.91 | 2.74 | 8.35 | 28.31 | 10.48 | 1.32 | 0.87 | - | 118.98 |
| Disposals | - | - | (1.55) | - | (108.14) | (8.01) | (1.93) | (5.79) | - | (125.42) |
| As at March 31, 2020 | 4,610.00 | 1,477.08 | 69.03 | 762.12 | 632.22 | 101.52 | 46.46 | 46.52 | 17.68 | 7,762.63 |
| Additions | - | 8.24 | 8.50 | 58.68 | 53.34 | 4.45 | - | 56.39 | - | 189.60 |
| Disposals | - | - | - | - | (2.98) | - | (0.47) | - | - | (3.45) |
| As at March 31, 2021 | 4,610.00 | 1,485.32 | 77.53 | 820.80 | 682.58 | 105.97 | 45.99 | 102.91 | 17.68 | 7,948.78 |
| Accumulated depreciation | | | | | | | | | | |
| As at April 01, 2019 | - | 264.92 | 12.45 | 145.34 | 381.08 | 36.22 | 18.56 | 42.46 | 4.71 | 905.74 |
| Charge for the year | - | 56.58 | 5.30 | 46.46 | 67.11 | 9.98 | 7.51 | 4.33 | 1.86 | 199.13 |
| Disposals | - | - | (1.55) | - | (104.13) | (6.04) | (1.93) | (5.63) | - | (119.28) |
| As at March 31, 2020 | - | 321.50 | 16.20 | 191.80 | 344.06 | 40.16 | 24.14 | 41.16 | 6.57 | 985.59 |
| Charge for the year | - | 52.70 | 5.51 | 46.50 | 67.70 | 9.87 | 7.95 | 4.91 | 1.86 | 197.00 |
| Disposals | - | - | - | - | (2.98) | - | (0.47) | - | - | (3.45) |
| As at March 31, 2021 | - | 374.20 | 21.71 | 238.30 | 408.78 | 50.03 | 31.62 | 46.07 | 8.43 | 1,179.14 |
| Carrying amount | | | | | | | | | | |
| As at March 31, 2020 | 4,610.00 | 1,155.58 | 52.83 | 570.32 | 288.16 | 61.36 | 22.32 | 5.36 | 11.11 | 6,777.04 |
| As at March 31, 2021 | 4,610.00 | 1,111.12 | 55.82 | 582.50 | 273.80 | 55.94 | 14.37 | 56.84 | 9.25 | 6,769.64 |

4(b) Capital work-in-progress

| Particulars | (Rupees in lacs) | |
|---|----------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Opening balance | 13.96 | 16.97 |
| Additions* | 197.05 | 115.97 |
| Transfer to property, plant and equipment | (189.60) | (118.98) |
| Closing balance | 21.41 | 13.96 |

*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.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

5 Goodwill

| Particulars | (Rupees in lacs) | |
|-----------------------|-------------------------|-------------------------|
| | As at 31 March, 2021 | As at 31 March, 2020 |
| Gross Block | 707.13 | 707.13 |
| Impairment allowance | - | - |
| Carrying value | 707.13 | 707.13 |

Note:

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

(b) At cash generating unit (CGU'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. Cash flow projections were developed covering a seven-year period as at March 31, 2021 and March 31, 2020 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 | (Rupees in lacs) | |
|---|-------------------------|-------------------------|
| | As at 31 March, 2021 | As at 31 March, 2020 |
| Compound average net sales growth rate for seven year period (p.a.) | 5%-7% | 5%-7% |
| Growth rate used for extrapolation of cash flow projections beyond seven year period (p.a.) | 3% | 3% |
| Discount rate (p.a.) | 10.90% | 10.90% |

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

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

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

6(a) Other intangible assets

| Particulars | (Rupees in lacs) | |
|---------------------------------|------------------|-------------|
| | Software | |
| Gross Block | | |
| As at April 01, 2019 | | 6.69 |
| Additions | | 0.42 |
| As at March 31, 2020 | | 7.11 |
| Additions | | 2.00 |
| As at March 31, 2021 | | 9.11 |
| Accumulated Amortisation | | |
| As at April 01, 2019 | | 6.34 |
| Charge for the year | | 0.32 |
| As at March 31, 2020 | | 6.66 |
| Charge for the year | | 0.86 |
| As at March 31, 2021 | | 7.52 |
| Carrying amount | | |
| As at March 31, 2020 | | 0.45 |
| As at March 31, 2021 | | 1.59 |

6(b) Intangible assets under development

| Particulars | (Rupees in lacs) | |
|-------------------------------|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Opening balance | - | - |
| Additions* | 4.68 | 0.42 |
| Transfer to intangible assets | (2.00) | (0.42) |
| Closing balance | 2.68 | - |

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | As at March 31, 2021 (Rupees in lacs) | As at March 31, 2020 (Rupees in lacs) |
|---|---|---|
| 7 Investment in subsidiary | | |
| Non current (Unquoted) | | |
| (a) Investment in equity instruments measured at cost | | |
| Hospitalia Eastern Private Limited | 6.99 | 6.99 |
| 51,000 (as at March 31, 2020: 51,000) fully paid equity shares of ₹ 10 each (of the above, 6 shares held through nominees) (Refer note 46(ii)) | | |
| Less: Impairment in value of Investment (Refer note 47) | (6.99) | (6.99) |
| Aggregate gross value of unquoted non current investments in subsidiary | 6.99 | 6.99 |
| Aggregate carrying value of unquoted non current investments in subsidiary | - | - |
| Aggregate amount of impairment in value of non current investments in subsidiary | 6.99 | 6.99 |
| Current (Unquoted) | | |
| (a) Investment in redeemable preference shares measured at amortised cost | | |
| Hospitalia Eastern Private Limited | | |
| 490,000 (as at March 31, 2020: 490,000) 10% redeemable non cumulative preference shares of ₹ 10 each (Refer note 46(iii)) | 1,390.00 | 1,390.00 |
| Less: Impairment in value of Investment (Refer note 47) | (1,390.00) | (1,390.00) |
| Aggregate gross value of unquoted current investments in subsidiary | 1,390.00 | 1,390.00 |
| Aggregate carrying value of unquoted current investments in subsidiary | - | - |
| Aggregate amount of impairment in value of current investments in subsidiary | 1,390.00 | 1,390.00 |
| 8 Investments in associates and/ or fellow subsidiaries | | |
| Non current (Unquoted) | | |
| Investment in equity instruments measured at cost | | |
| Fortis Hospotel Limited (Associate/ fellow subsidiary) | 37,728.39 | 37,728.39 |
| 143,947,378 (as at March 31, 2020, 143,947,378) fully paid equity shares of ₹ 10 each (Refer note 46(ii)) | | |
| International Hospital Limited (Associate/ fellow subsidiary) | 10,946.28 | 10,946.28 |
| 7,335,826 (as at March 31, 2020: 7,335,826) fully paid equity shares of ₹ 10 each (of the above, 606 shares held through nominees) (Refer note 46(ii)) | | |
| Escorts Heart and Super Speciality Hospital Limited (Fellow subsidiary) | 3,375.34 | 3,375.34 |
| 4,455,166 (as at March 31, 2020: 4,455,166) fully paid equity shares of ₹ 10 each (Refer note 46(ii)) | | |
| Aggregate gross value of unquoted non current investments in associates and/ or fellow subsidiaries | 52,050.01 | 52,050.01 |
| Aggregate carrying value of unquoted non current investment in associates and/ or fellow subsidiaries | 52,050.01 | 52,050.01 |
| Aggregate amount of impairment in value of unquoted non current investment in associates and/ or fellow subsidiaries | - | - |
| 9 Other investments | | |
| Unquoted equity instruments measured at cost | | |
| Clover Energy Private Limited | 0.01 | 0.01 |
| 100 units (as a March 31, 2020: 100 units) of ₹ 10 each fully paid equity shares (Refer note 46(ii)) | | |
| Aggregate gross value of unquoted non current equity instruments | 0.01 | 0.01 |
| Aggregate carrying value of unquoted non current equity instruments | 0.01 | 0.01 |
| Aggregate amount of impairment in value of non current equity instruments | - | - |

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | As at March 31, 2021 (Rupees in lacs) | As at March 31, 2020 (Rupees in lacs) |
|---|---|---|
| 10 Loans | | |
| <u>Non-current</u> | | |
| Unsecured, considered good-measured at amortised cost | | |
| (a) Security deposits | 121.46 | 115.90 |
| (b) Loan to related party (refer note 34) | 272.40 | 272.40 |
| | <u>393.86</u> | <u>388.30</u> |
| 11 Other financial assets | | |
| <u>Non-current</u> | | |
| Unsecured, considered good-measured at amortised cost | | |
| (a) Bank deposits (due to mature after 12 months from the reporting date)* | - | 10.00 |
| (b) Interest accrued but not due on bank deposits | - | 6.27 |
| | <u>-</u> | <u>16.27</u> |
| *The fixed deposit is pledged under Central Government Health Scheme ('CGHS') for empanelment registration of Nagarbhavi hospital | | |
| <u>Current</u> | | |
| Unsecured, considered good-measured at amortised cost | | |
| (a) Interest accrued and due on inter-corporate loan (refer note 34) | 144.57 | 144.57 |
| (b) Receivable from related parties for reimbursement of expenses (refer note 34) | 2.24 | 22.05 |
| (c) Unbilled revenue | 30.44 | 16.33 |
| (d) Other receivables | 1.54 | 1.69 |
| | <u>178.79</u> | <u>184.64</u> |
| 12 Non-current tax assets (net) | | |
| Advance income tax (net of provision for taxation) | 723.75 | 1,032.35 |
| | <u>723.75</u> | <u>1,032.35</u> |
| Provision for taxation | Nil | Nil |
| 13 Other assets (unsecured) | | |
| <u>Non-current</u> | | |
| Considered good | | |
| Capital advances | 25.60 | 17.35 |
| | <u>25.60</u> | <u>17.35</u> |
| Considered doubtful | | |
| Capital advances | 26.80 | 26.80 |
| Less: Loss allowance | (26.80) | (26.80) |
| | <u>-</u> | <u>-</u> |
| <u>Current</u> | | |
| Considered good | | |
| (a) Advances to vendors | 7.62 | 10.94 |
| (b) Prepaid expenses | 44.55 | 38.73 |
| | <u>52.17</u> | <u>49.67</u> |
| 14 Inventories | | |
| (Valued at lower of cost and net realisable value) | | |
| Medical consumables and drugs | 69.32 | 37.21 |
| | <u>69.32</u> | <u>37.21</u> |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | As at March 31, 2021 (Rupees in lacs) | As at March 31, 2020 (Rupees in lacs) |
|---|---|---|
| 15 Trade receivables | | |
| Current | | |
| Considered good | | |
| From Others | 204.18 | 222.06 |
| From Related Parties | - | 439.49 |
| Credit Impaired | | |
| From Others | 64.31 | 167.80 |
| From Related Parties | - | - |
| Less: Loss allowance | <u>(64.31)</u> | <u>(167.80)</u> |
| | 204.18 | 661.55 |
| Break-up of security details | | |
| Trade receivables considered good - Secured | 204.18 | 661.55 |
| Trade receivables considered good - Unsecured | 64.31 | 167.80 |
| Credit impaired- Unsecured | <u>(64.31)</u> | <u>(167.80)</u> |
| Less: Loss allowance | | |
| Total trade receivables | 204.18 | 661.55 |

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.

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

For the clinical establishment unit at Malar, as per terms of HMSA, the average credit period allowed is 05 to 11 days. For the outlet vendors with whom rental arrangements have been entered into by the Company, average credit period is upto 30 days.

The risk of non-payment from the customers under this category 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:

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

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

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

| Ageing | Expected credit loss allowance % March 31, 2021 | Expected credit loss allowance % March 31, 2020 |
|-------------------|--|--|
| 0 - 1 year | 2% - 47% | 0% - 100% |
| 1 - 2 year | 6% - 52% | 15% - 100% |
| 2 - 3 year | 9% - 72% | 40% - 100% |
| More than 3 years | 100% | 70% - 100% |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

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

| Particulars | For the year ended March 31, 2021 (Rupees in lacs) | For the year ended March 31, 2020 (Rupees in lacs) |
|---|---|---|
| Balance at the beginning of the year | 167.80 | 156.64 |
| (Reversal)/ creation of the allowance for expected credit loss (refer note 27 and 32) | (9.81) | 23.94 |
| Utilisation of the allowance for expected credit loss (written off) | (94.00) | (12.78) |
| Balance at the end of the year | 64.31 | 167.80 |

16 Cash and cash equivalents

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

| | | |
|---|---------------|--------------|
| (a) Balances with Banks | 234.42 | 89.96 |
| - in current accounts | 2.77 | 0.53 |
| (b) Cash on hand | 237.19 | 90.49 |
| Cash and cash equivalents as per the standalone balance sheet and standalone statement of cash flows | 237.19 | 90.49 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | As at | |
|--|------------------------------------|------------------------------------|
| | March 31, 2021 (Rupees in lacs) | March 31, 2020 (Rupees in lacs) |
| 17 Equity share capital | | |
| Authorised share capital: | | |
| 3,500,000 (as at March 31, 2020: 3,500,000) equity shares of Rs. 10 each | 350.00 | 350.00 |
| Total authorised share capital | 350.00 | 350.00 |
| Issued, subscribed and fully paid up shares | | |
| 2,500,000 (as at March 31, 2020: 2,500,000) equity shares of Rs. 10 each | 250.00 | 250.00 |
| Total issued, subscribed and fully paid up share capital | 250.00 | 250.00 |

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

Equity Shares

| Particulars | For the year ended March 31, 2021 | | For the year ended March 31, 2020 | |
|------------------------------|--------------------------------------|------------------|--------------------------------------|------------------|
| | Number | (Rupees in lacs) | Number | (Rupees in lacs) |
| At the beginning of the year | 2,500,000 | 250.00 | 2,500,000 | 250.00 |
| Issued during the year | - | - | - | - |
| At the end of the year | 2,500,000 | 250.00 | 2,500,000 | 250.00 |

(b) Terms/ rights attached to equity shares

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

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

| Name of Shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|----------------|----------------------|----------------|
| | No. of shares held | Rupees in Lacs | No. of shares held | Rupees in Lacs |
| Fortis Healthcare Limited (Intermediate holding company) # | 1,300,000 | 130.00 | 1,300,000 | 130.00 |
| International Hospital Limited (Associate/ fellow subsidiary)* | 1,200,000 | 120.00 | 1,200,000 | 120.00 |

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

Equity shares

| Name of Shareholder | As at March 31, 2021 | | As at March 31, 2020 | |
|--|----------------------|--------------|----------------------|--------------|
| | No. of shares held | % of Holding | No. of shares held | % of Holding |
| Fortis Healthcare Limited (Intermediate holding company) # | 1,300,000 | 52.00% | 1,300,000 | 52.00% |
| International Hospital Limited (Associate/ fellow subsidiary)* | 1,200,000 | 48.00% | 1,200,000 | 48.00% |

including 50 equity shares held by its nominees

* including 6 equity shares held by its nominees



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

18 Changes in liabilities arising from financing activities

(Rupees in lacs)

| | Lease Liabilities | Interest accrued | Short term borrowings | Current maturity of long term borrowings | Long term borrowings |
|---------------------------------|-------------------|------------------|-----------------------|--|----------------------|
| As at April 01, 2019 | 1,391.49 | 27,531.49 | 55,435.00 | - | 21,890.74 |
| Finance cost | 150.33 | 5,051.85 | - | - | 2,511.19 |
| Finance cost paid | (150.33) | (906.33) | - | - | - |
| Repayment | (23.76) | - | - | - | - |
| As at March 31, 2020 | 1,367.73 | 31,677.01 | 55,435.00 | - | 24,401.93 |
| As at April 01, 2020 | 1,367.73 | 31,677.01 | 55,435.00 | - | 24,401.93 |
| Additions of leases | 26.55 | - | - | - | - |
| Reclassification | - | - | - | 8,307.26 | (8,307.26) |
| Finance cost | 149.00 | 5,050.30 | - | - | 2,791.61 |
| Finance cost paid | (95.46) | (741.53) | - | - | - |
| Concession received | (70.09) | - | - | - | - |
| Repayment | (11.17) | - | (80.00) | - | - |
| Cancellation of lease contracts | (9.36) | - | - | - | - |
| As at March 31, 2021 | 1,357.20 | 35,985.78 | 55,355.00 | 8,307.26 | 18,886.28 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | As at March 31, 2021 (Rupees in lacs) | As at March 31, 2020 (Rupees in lacs) |
|--|---|---|
| 19 Non-current borrowings | | |
| Unsecured - at amortised cost | | |
| (a) Redeemable preference share capital (refer note 37 (iii) and 37 (iv)) | 18,886.29 | 24,401.93 |
| | 18,886.29 | 24,401.93 |
| 20 Other financial liabilities | | |
| Non-current - unsecured | | |
| (a) Technology renewal fund | 7.44 | 10.85 |
| | 7.44 | 10.85 |
| Current - unsecured | | |
| (a) Current maturities of Redeemable preference share capital (refer note 37 (iv)) | 8,307.26 | - |
| (b) Capital creditors | 37.65 | 30.74 |
| (c) Security deposits | 10.08 | 10.08 |
| (d) Technology renewal fund | 5.00 | 5.00 |
| (e) Employee payables | 20.15 | - |
| (f) Payable to related party | 232.92 | 10.20 |
| (g) Interest accrued and due on borrowings (refer note 37(i), 37(ii), 37(v)) | 35,914.74 | 31,630.76 |
| (h) Interest accrued but not due on borrowings (refer note 37 (i)) | 71.04 | 46.25 |
| | 44,598.84 | 31,733.03 |
| 21 Provisions | | |
| Non current | | |
| Provision for employees benefits | | |
| (a) Provision for gratuity (refer note 38) | 34.47 | 37.15 |
| (b) Provision for compensated absences | 23.58 | 17.65 |
| | 58.05 | 54.80 |
| Current | | |
| Provision for employees benefits | | |
| (a) Provision for gratuity (refer note 38) | 3.36 | 3.36 |
| (b) Provision for compensated absences | 5.20 | 4.29 |
| | 8.56 | 7.65 |
| 22 Other non-current liabilities | | |
| (a) Deferred interest income | 5.04 | 6.87 |
| | 5.04 | 6.87 |



FORTIS HEALTH MANAGEMENT LIMITED

NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | As at March 31, 2021 (Rupees in lacs) | As at March 31, 2020 (Rupees in lacs) |
|--|---|---|
| 23 Current borrowings | | |
| Secured - at amortised cost | | |
| (a) Non- convertible debentures (refer note 37 (i)) | - | 1,160.00 |
| Unsecured - at amortised cost | | |
| (a) Non- convertible debentures (refer note 37 (i)) | 1,160.00 | - |
| (b) Optionally convertible debentures (refer note 37 (ii)) | 54,195.00 | 54,195.00 |
| (c) Loan from related party (refer note 37 (v)) | - | 80.00 |
| | 55,355.00 | 55,435.00 |
| 24 Trade payables | | |
| (a) Total outstanding dues of micro enterprises and small enterprises.(refer note 41) | 46.06 | 10.58 |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 508.51 | 590.24 |
| | 554.57 | 600.82 |
| 25 Other current liabilities | | |
| (a) Contract liability - advance from customers/ patients | 5.08 | 2.01 |
| (b) Deferred interest income | 1.83 | 1.83 |
| (c) Statutory dues payable | 183.41 | 303.99 |
| | 190.32 | 307.83 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|--|--|
| 26 Revenue from operations | | |
| (a) Sale of services | | |
| Healthcare Services | | |
| Operating income - in patient department | 2,313.48 | 2,951.32 |
| Operating income - out patient department | 416.48 | 405.85 |
| Income from hospital and medical services | 929.46 | 1,886.90 |
| Less: Trade discounts | (122.76) | (96.82) |
| | 3,536.66 | 5,147.25 |
| (b) Sale of products - Trading | | |
| Sale of drugs and pharmacy | 110.71 | 19.78 |
| | 110.71 | 19.78 |
| (c) Other operating revenues | | |
| Rental income from outlets (refer note 35) | 12.53 | 86.35 |
| | 12.53 | 86.35 |
| Total revenue from operations (a+b+c) | 3,659.90 | 5,253.38 |
| 27 Other income | | |
| (a) Interest income on | | |
| Loan to related party recognised at amortised cost (refer note 34) | 0.36 | 27.14 |
| Income tax refund | 55.08 | - |
| Others | 6.35 | 6.42 |
| (b) Other non-operating income | | |
| Provisions no longer required written back | 7.04 | 57.88 |
| Reversal of allowance for expected credit loss | 9.81 | - |
| Miscellaneous income | 4.58 | 12.25 |
| Total other income (a+b) | 83.22 | 103.69 |
| 28 Changes in inventories of medical consumable and drugs | | |
| (a) Inventories at the beginning of the year | 37.21 | 34.78 |
| (b) Inventories at the end of the year | 69.32 | 37.21 |
| Changes in inventories [(a)-(b)] | (32.11) | (2.43) |
| 29 Employee benefits expense | | |
| (a) Salaries and wages | 492.08 | 514.15 |
| (b) Gratuity expense (refer note 38 b) | 6.87 | 9.13 |
| (c) Compensated absences | 10.55 | 8.82 |
| (d) Contribution to provident and other funds (refer note 38(a)) | 31.36 | 33.05 |
| (e) Staff welfare expenses | 36.15 | 20.31 |
| | 577.01 | 585.46 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|--|--|
| 30 Finance costs | | |
| (a) Interest expense on: | | |
| Redeemable preference shares (refer note 34) | 2,791.61 | 2,511.19 |
| Optionally convertible debentures (refer note 34) | 4,877.55 | 4,877.55 |
| Non-convertible debentures (refer note 34) | 165.88 | 165.88 |
| Intercorporate loan from related parties (refer note 34) | 1.42 | 8.40 |
| Defined benefit plan | 3.87 | - |
| Lease liabilities | 149.00 | 150.33 |
| Others | 1.59 | 1.90 |
| (b) Other borrowing costs | 8.23 | - |
| | <u>7,999.15</u> | <u>7,715.25</u> |
| 31 Depreciation and amortisation expense | | |
| (a) Depreciation of property, plant and equipment (refer note 3(a)) | 197.00 | 199.13 |
| (b) Amortisation of right of use assets (refer note 35) | 125.71 | 127.92 |
| (c) Amortisation of intangible assets (refer note 6(a)) | 0.86 | 0.32 |
| | <u>323.57</u> | <u>327.37</u> |
| 32 Other expenses | | |
| (a) Contractual manpower | 193.34 | 202.27 |
| (b) Power and fuel | 87.38 | 100.70 |
| (c) Housekeeping expenses including consumables | 107.29 | 110.15 |
| (d) Patient food and beverages | 33.11 | 50.50 |
| (e) Pathology laboratory expenses | 139.36 | 180.04 |
| (f) Radiology expenses | 249.11 | 349.11 |
| (g) Professional and consultation fees to doctors | 938.06 | 1,228.04 |
| (h) Repairs and maintenance | | |
| - Plant and machinery (including medical equipments) | 118.63 | 133.45 |
| - Others | 32.70 | 3.66 |
| (i) Rent (refer note 35) | | |
| - Buildings | 16.35 | 26.90 |
| - Plant and equipment | 19.96 | 16.35 |
| - Others | 7.13 | 2.86 |
| (j) Legal and professional fee (refer note below) | 29.27 | 41.39 |
| (k) Travel and conveyance | 15.43 | 18.10 |
| (l) Rates and taxes | 85.60 | 72.88 |
| (m) Printing and stationary | 21.87 | 24.07 |
| (n) Communication expenses | 11.08 | 11.35 |
| (o) Directors' sitting fees | 0.83 | 1.89 |
| (p) Insurance | 29.01 | 10.71 |
| (q) Marketing and business promotion | 23.88 | 27.67 |
| (r) Loss on disposal of property, plant and equipment (net) | - | 4.11 |
| (s) Security expenses | 114.27 | 111.30 |
| (t) Allowance created for expected credit loss | - | 23.94 |
| (u) Bank charges | - | 11.15 |
| (v) Miscellaneous expenses | 5.43 | 9.32 |
| | <u>2,279.09</u> | <u>2,771.91</u> |
| Note: | | |
| (i) Payment to auditors (including goods and services tax)* | | |
| (a) Audit fee | 15.03 | 15.78 |
| (b) Certification and other services | - | 3.55 |
| (c) Out of pocket expenses | 0.75 | 5.32 |
| | <u>15.78</u> | <u>24.65</u> |
| * Payments made to auditor for the previous year includes amounts paid to previous auditors of the Company | | |
| 33 Exceptional items- (income)/ expenses: | | |
| (a) Allowance for investment in equity shares of Hospitalia Eastern Private Limited (refer note 47) | - | 6.99 |
| (b) Allowance for investment in redeemable preference shares of Hospitalia Eastern Private Limited (refer note 47) | - | 1,390.00 |
| (c) Lease concession received due to Covid-19 | (70.09) | - |
| | <u>(70.09)</u> | <u>1,396.99</u> |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

34. Related party disclosures

(a) Names of related parties and related party relationships

| | |
|--|---|
| Ultimate holding company | IHH Healthcare Berhad |
| Intermediate holding company | Integrated Healthcare Holdings Limited |
| | Parkway Pantai Limited |
| | Northern TK Venture Pte Ltd |
| Holding company | Fortis Healthcare Limited |
| Subsidiary | Hospitalia Eastern Private Limited |
| Associates/ fellow subsidiaries (parties with whom transactions have taken place)* | Fortis Hospotel Limited |
| | International Hospital Limited |
| Fellow subsidiaries (parties with whom transactions have taken place) | Fortis Hospitals Limited |
| | SRL Limited |
| | Fortis Malar Hospitals Limited |
| Key management personnel (with whom transactions have taken place) | Escorts Heart and Super Speciality Hospital Limited |
| | Mr. Akshay Kumar Tiwari, Director (up to October 1, 2020) |
| | Mr. Ajey Maharaj, Director (up to October 10, 2020) |
| | Mr. Tituraj Das Kashyap Director (up to October 10, 2020) |

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

Transactions taken place during the year:

| Transactions details | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|--|--|
| Finance Cost | | |
| On Optionally Convertible Debentures | | |
| International Hospital Limited | 4,877.55 | 4,877.55 |
| On Redeemable preference shares | | |
| International Hospital Limited | 2,791.61 | 2,511.19 |
| On Non-Convertible Debentures | | |
| Fortis Healthcare Limited | 165.88 | 165.88 |
| On Intercorporate loan | | |
| Fortis Hospotel Limited | 1.42 | 8.40 |
| Income from hospital and medical services | | |
| Fortis Malar Hospitals Limited | 929.46 | 1,886.90 |
| Interest income on | | |
| Inter-corporate loan | | |
| Hospitalia Eastern Private Limited | 0.36 | 27.14 |
| Expenses incurred by the company on behalf of | | |
| Fortis Malar Hospitals Limited | 25.51 | 290.11 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Transactions details | Year ended | Year ended |
|---|------------------------------------|------------------------------------|
| | March 31, 2021 (Rupees in lacs) | March 31, 2020 (Rupees in lacs) |
| Expenses incurred on behalf of the Company by | | |
| Fortis Hospitals Limited | 13.37 | 2.57 |
| International Hospital limited | 9.49 | 11.81 |
| Compensation of key management personnel | | |
| Sitting fees | | |
| Mr. Ajay Maharaj | 0.35 | 0.59 |
| Mr. Akshay Kumar Tiwari | 0.24 | 0.83 |
| Mr. Tituraj Kashyap Das | 0.24 | 0.47 |
| Inter-corporate loan repaid during the year | | |
| Fortis Hospotel Limited | 80.00 | - |
| Inter-corporate loan given during the year | | |
| Hospitalia Eastern Private Limited | - | 20.00 |
| Recovery of expenses | | |
| SRL Limited | 5.60 | 2.07 |
| Pathology expenses | | |
| SRL Limited | 135.56 | 160.79 |
| Impairment allowance for investment made in | | |
| 10% redeemable non-cumulative preference shares | | |
| Hospitalia Eastern Private Limited | - | 1,390.00 |
| Equity shares | | |
| Hospitalia Eastern Private Limited | - | 6.99 |
| Financial guarantee received withdrawn | | |
| International Hospital Limited | 1,160.00 | - |
| Escorts Heart and Super Speciality Hospital Limited | 1,160.00 | - |
| Financial guarantee issued disposal | | |
| International Hospital Limited | - | 42,760.00 |
| Escorts Heart and Super Speciality Hospital Limited | - | 31,304.00 |
| Hospitalia Eastern Private Limited | - | 7,000.00 |
| Transfer of employee benefit liability by Company to | | |
| Fortis Hospitals Limited | 14.66 | - |
| International Hospital Limited | 0.36 | - |
| Transfer of employee benefit liability to Company by | | |
| Fortis Malar Hospitals Limited | 4.98 | - |
| International Hospital Limited | 5.18 | - |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Balance outstanding with related parties | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|---|---|
| Investment in equity shares | | |
| Hospitalia Eastern Private Limited | 6.99 | 6.99 |
| Fortis Hospotel Limited | 37,728.39 | 37,728.39 |
| International Hospital Limited | 10,946.28 | 10,946.28 |
| Escorts Heart and Super Speciality Hospital Limited | 3,375.34 | 3,375.34 |
| | | |
| Investment in preference shares (gross) | | |
| Hospitalia Eastern Private Limited | 1,390.00 | 1,390.00 |
| | | |
| Provision against investment in preference shares | | |
| Hospitalia Eastern Private Limited | 1,390.00 | 1,390.00 |
| | | |
| Provision against investment in equity shares (gross) | | |
| Hospitalia Eastern Private Limited | 6.99 | 6.99 |
| | | |
| Other financial liabilities- Non-current | | |
| Technology renewal fund | | |
| Fortis Malar Hospitals Limited | 7.44 | 10.85 |
| | | |
| Other financial liabilities- current | | |
| Interest accrued | | |
| On non-convertible debentures | | |
| Fortis Healthcare Limited (including interest accrued but not due amounting to Rs. 71.04 lacs (previous year: Rs. 46.25 lacs)) | 159.69 | 46.25 |
| On optionally convertible debentures | | |
| International Hospital Limited | 35,826.09 | 31,600.67 |
| On Intercorporate loan | | |
| Fortis Hospotel Limited | - | 30.09 |
| | | |
| Technology renewal fund | | |
| Fortis Malar Hospitals Limited | 5.00 | 5.00 |
| | | |
| Payable to related parties | | |
| Fortis Malar Hospitals Limited | 223.76 | - |
| Fortis Hospitals Limited | 9.16 | 9.16 |
| International Hospital Limited | - | 1.04 |
| | | |
| Non-current borrowings (including current maturities) | | |
| Redeemable preference shares | | |
| International Hospital Limited | 27,193.55 | 24,401.93 |
| | | |
| Current borrowings | | |
| Optionally convertible debentures | | |
| International Hospital Limited | 54,195.00 | 54,195.00 |
| | | |
| Non-convertible debentures | | |
| Fortis Healthcare Limited | 1,160.00 | 1,160.00 |
| | | |
| Intercorporate loan | | |
| Fortis Hospotel Limited | - | 80.00 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Balance outstanding with related parties | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|---|---|---|
| Other non-current liabilities | | |
| Deferred interest | 5.04 | 6.87 |
| Other current liabilities | | |
| Deferred interest | 1.83 | 1.83 |
| Trade payables | | |
| SRL Limited | 13.98 | 9.64 |
| Fortis Hospitala Limited | 51.44 | 37.37 |
| Other financial asset- non current | | |
| Intercorporate loan | | |
| Hospitalia Eastern Private Limited | 272.40 | 272.40 |
| Other financial asset- current | | |
| Interest accrued and due | | |
| Hospitalia Eastern Private Limited | 144.57 | 144.57 |
| Receivable for reimbursement for expenses | | |
| Fortis Malar Hospitals Limited | - | 19.81 |
| Hospitalia Eastern Private Limited | 2.24 | 2.24 |
| International Hospital Limited | 3.78 | - |
| Fortis Healthcare Limited | 3.51 | 3.54 |
| Trade receivables | | |
| Fortis Malar Hospitals Limited | - | 439.49 |
| Financial guarantee received | | |
| International Hospital Limited | - | 1,160.00 |
| Escorts Heart and Super Speciality Hospital Limited | - | 1,160.00 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

35. Lease liabilities

(A) As a lessee

Right of Use Asset as at March 31, 2021

(Rupees in lacs)

| Particulars | Building | Medical Equipment | Total |
|--------------------------------------|----------|-------------------|----------|
| Gross carrying amount | | | |
| As at April 01, 2019 | 1,246.21 | 14.52 | 1,260.73 |
| Additions | - | - | - |
| As at April 01, 2020 | 1,246.21 | 14.52 | 1,260.73 |
| Additions | 26.55 | - | 26.55 |
| Deletions | (10.21) | - | (10.21) |
| As at March 31, 2021 | 1,262.55 | 14.52 | 1,277.07 |
| | | | |
| Accumulated amortization | | | |
| As at April 01, 2019 | - | - | - |
| Charge for the year | 124.70 | 3.22 | 127.92 |
| As at March 31, 2020 | 124.70 | 3.22 | 127.92 |
| Charge for the year | 122.48 | 3.23 | 125.71 |
| Deletion | (0.85) | - | (0.85) |
| As at March 31, 2021 | 246.33 | 6.45 | 252.78 |
| | | | |
| Carrying amount as at March 31, 2020 | 1,121.51 | 11.30 | 1,132.81 |
| Carrying amount as at March 31, 2021 | 1,016.22 | 8.07 | 1,024.29 |

(Rupees in lacs)

| Lease Liabilities | As at March 31, 2021 | As at March 31, 2020 |
|--|----------------------|----------------------|
| Maturity analysis - contractual undiscounted cash flows | | |
| Less than one year | 184.21 | 172.96 |
| One to five years | 919.38 | 841.17 |
| More than five years | 1,099.58 | 1,342.97 |
| Total undiscounted lease liabilities at March 31, 2021 | 2,203.17 | 2,357.10 |
| Lease Liabilities included in the Balance Sheet | | |
| Current | 50.43 | 38.88 |
| Non-current | 1,306.77 | 1,328.85 |

| Amounts recognised in Statement of Profit and Loss | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|---|---|
| Interest cost in relation to lease liabilities | 149.00 | 150.33 |
| Variable lease payments not included in the measurement of lease liabilities | 36.31 | 44.30 |
| Payment relating to short-term leases and leases of low-value assets | 7.13 | 1.81 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Amounts recognised in Statement of Cash Flow | Year ended March 31, 2021 (Rupees in lacs) | Year ended March 31, 2020 (Rupees in lacs) |
|--|---|---|
| Cash outflow for leases | 11.17 | 23.76 |
| Interest paid in relation to lease liabilities | 95.46 | 150.33 |
| Total cash outflows for leases | 106.63 | 174.09 |

(B) As a lessor

(a) Assets given on operating lease

The Company has leased out some portion of hospital premises on operating lease. The agreements are further renewable at the option of Company. There are no restrictions imposed by leased agreement and the rent is not determined based on any contingency. The total lease payment received/ receivable in respect of the above leases recognised in statement of profit and loss for the year are ₹ 12.53 lacs (March 31, 2020: ₹ 86.35 lacs)

(b) Revenue from HMSA

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

| Particulars | (Rupees in lacs) | |
|----------------------------|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Minimum service fee | | |
| Less than one year | 1,128.63 | 1,095.76 |
| One to five years | 4,863.41 | 4,721.76 |
| More than five years | 2,043.13 | 3,313.41 |
| Total | 8,035.18 | 9,130.93 |

36. Commitments

| Particulars | (Rupees in lacs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance of ₹ 25.60 lacs) (as at March 31, 2020 ₹17.35 lacs) | 111.36 | 45.31 |

- 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 benefits. The company does not have any long-term commitments or material non-cancellable contractual commitments/ contracts, including derivative contracts for which there were any material foreseeable losses.
- b. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

37. Borrowings

Unsecured borrowings:

(i) Non-convertible debentures (NCD)

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|--|---|-------------------------|
| Number of NCDs issued | 116,000 | 116,000 |
| Principal Amount (₹ in lacs) | 1,160.00 | 1,160.00 |
| Rate of Interest (p.a.) | 14.3% | 14.3% |
| Payment of Interest (₹ in lacs) | 40.00 | 645.00 |
| Accrued interest (₹ in lacs) (includes interest accrued but not due amounting to ₹ 71.04 lacs (previous year: ₹ 46.25 lacs)) | 159.69 | 46.25 |
| Repayment term | The maturity date is 18 (eighteen) years from the date of issuance of the NCDs. | |

As per the terms of the agreement dated October 14, 2015, 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 been created against the debentures issued. As per the terms of the revised agreement, NCDs have been secured through Axis Trustee Services Limited by way of following:

1. first and exclusive charge over the Company's Investment in equity shares of Fortis Hospotel Limited, Hospitalia Eastern Private Limited, International Hospital Limited and Escorts Heart and Super Speciality Hospital Limited;
2. pledging of Corporate bank account held with IndusInd Bank; and
3. financial guarantee by International Hospital Limited and Escorts Heart and Super Speciality Hospital Limited.

Effective August 3, 2020 Axis Trustee Services Limited has satisfied the above said charge based on the no Objection certificate dated June 1, 2020 from Fortis Healthcare Limited. Accordingly, these NCDs are disclosed as unsecured.

- B. The principal amount of NCDs are repayable on October 13, 2033 and the interest on NCDs are payable on the half yearly basis i.e. July 13 and January 13 of every year.

As per the terms of the amended agreement dated July 12, 2017, consequent to the default in payment of interest, the outstanding principal and interest is repayable on demand. During the current year, the Company has defaulted in payment of interest and accordingly, the outstanding liabilities have been classified as current.

Further, the Board of Directors of Fortis Healthcare Limited have confirmed through an extension letter 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.

(ii) Optionally convertible debentures (OCDs)

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------|--|-------------------------|
| Number of OCDs issued | 5,419,500 | 5,419,500 |
| Principal Amount (₹ in lacs) | 54,195.00 | 54,195.00 |
| Rate of Interest (p.a.) | 9% to 22% depending upon earnings before interest and tax (EBIT) of the Company. For the year ended March 31, 2021, EBIT is less than ₹ 1,800 lacs (for year ended March 31, | |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------|--|-------------------------|
| | 2020, EBIT is less than ₹ 1,800 lacs), therefore, interest rate is 9% p.a. (for the year ended March 31, 2020 @ 9% p.a.) | |
| Accrued interest (₹ in lacs) | 35,826.09 | 31,600.67 |
| Repayment terms | The maturity date of OCDs is September 16, 2030 or earlier by giving a six-month notice | |

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

During the year ended March 31, 2020, the Company had defaulted in payment of interest. The Company continues with the default in the payment of interest in the current year. The principal amount has been classified as current due to the option of early redemption available with both the parties.

Further, the Board of Directors of International Hospital Limited have confirmed through an extension letter 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.

(iii) Redeemable preference shares

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Number of preference shares issued | 62,803 | 62,803 |
| Principal Amount (₹ in lacs) | 7,536.36 | 7,536.36 |
| Rate of Interest using effective interest rate (p.a.) | 11.43% | 11.43% |
| Accrued interest (₹ in lacs) | 11,319.93 | 9,112.75 |
| Repayment date | October 19, 2022 | October 19, 2022 |

Further, the Board of Directors of International Hospital Limited have confirmed through an extension letter 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.

(iv) Redeemable preference shares

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| Number of preference shares issued | 29,000 | 29,000 |
| Principal Amount (₹ in lacs) | 2,900.00 | 2,900.00 |
| Rate of Interest using effective interest rate (p.a.) | 11.46% | 11.46% |
| Accrued interest (₹ in lacs) | 5,407.26 | 4,552.82 |
| Repayment date | July 26, 2021 | July 26, 2021 |

Further, the Board of Directors of International Hospital Limited have confirmed through an extension letter 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.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(v) **Loan from related party**

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

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|------------------------------|-------------------------|-------------------------|
| Principal Amount (₹ in lacs) | - | 80.00 |
| Rate of interest (p.a.) | - | 10.50% |
| Accrued interest (₹ in lacs) | - | 30.09 |

The loan has been repaid by the Company during the year.

38. Employee benefits plan

a. Defined contribution plan

Under the defined contribution plans, the Company makes provident fund (PF) and employee state insurance (ESI) contributions for qualifying employees. The Company is required to contribute a specified percentage of the payroll costs to fund the benefits based on rates specified in the rules of the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 respectively. During the year, the Company has recognised an amount of Rs. 31.36 Lacs (March 31, 2020: Rs.33.05 Lacs) in the statement of profit and loss under the defined contribution plans.

b. Defined benefit plan

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

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

i. Movement in net liability

| Particulars | (Rupees in lacs) | |
|--|----------------------|----------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Present value of obligation at the beginning of the year | 40.51 | 29.92 |
| Current service cost | 6.87 | 6.96 |
| Interest cost | 2.54 | 2.17 |
| Actuarial (gain) / loss recognised in other comprehensive income | (2.06) | 5.15 |
| Acquisition credit { transfers in/(out) } | (4.31) | (1.70) |
| Benefits paid | (5.72) | (1.99) |
| Present value of obligations at the end of the year | 37.83 | 40.51 |

| Particulars | (Rupees in lacs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Present value of unfunded obligation | | |
| Amounts in the Balance Sheet | | |
| (a) Liabilities | 37.83 | 40.51 |
| (b) Assets | - | - |
| (c) Net liability/(asset) recognised in the Balance Sheet | 37.83 | 40.51 |
| Current Liability | 3.36 | 3.36 |
| Non-Current Liability | 34.47 | 37.15 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(Rupees in lacs)

| ii. Expense recognised in Statement of Profit and Loss is as follows: | Year ended | |
|---|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Amount recognised in employee benefit expense | | |
| Current service cost | 6.87 | 9.13 |
| Total | 6.87 | 9.13 |
| Amount recognised in finance cost | | |
| Interest cost | 2.54 | - |
| Total | 2.54 | - |
| Total Amount charged to Statement to Profit and Loss | 9.41 | 9.13 |

| iii. Expense recognised in Statement of Other comprehensive income is as follows: | Year ended | |
|---|----------------|----------------|
| | March 31, 2021 | March 31, 2020 |
| Net actuarial loss / (gain) due to experience adjustment recognised during the year | (2.06) | 2.90 |
| Net actuarial loss / (gain) due to assumptions changes recognised during the year | - | 2.25 |
| Total | (2.06) | 5.15 |

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

| Principal Actuarial assumptions for gratuity and compensated absences | As at | |
|---|--|--|
| | March 31, 2021 | March 31, 2020 |
| Discounting rate (p.a.) | 6.75% | 6.75% |
| Expected salary increase rate (p.a.) | 7.50% | 7.50% |
| Withdrawal rate | | |
| Age up to 30 years | 18% | 18% |
| Age from 31 to 44 years | 6% | 6% |
| Age above 44 years | 2% | 2% |
| Mortality table used | Indian Assured Lives Mortality (2006-08) | Indian Assured Lives Mortality (2006-08) |
| Experience (gain)/loss adjustments on plan liabilities | (2.06) | 5.15 |

Notes:

- Weighted average duration of defined benefit obligation is 9 years.
- 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.
- Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

(Rupees in lacs)

| Particulars | As at | | As at | |
|--------------------------------------|----------------|----------|----------------|----------|
| | March 31, 2021 | | March 31, 2020 | |
| | Increase | Decrease | Increase | Decrease |
| Change in discount rate by 0.5% | 1.81 | 1.97 | 1.53 | 1.65 |
| Change in salary increase rate by 1% | 4.03 | 3.48 | 3.36 | 2.95 |
| Change in withdrawal rate by 5% | 2.08 | 2.59 | 1.59 | 1.96 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Expected benefit payments for the future years

| (Rupees in lacs) | | | | | |
|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|--|
| Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2025 | Year ended March 31, 2026 | Year ended March 31, 2027 to year ended March 31, 2031 |
| 3.46 | 3.44 | 3.85 | 4.50 | 5.35 | 36.59 |

39. Financial Instruments

a) Capital management

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

The capital structure of the Company consists of net debt (borrowings, lease liabilities offset by cash and bank balances) and total equity of the Company.

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

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

Gearing ratio

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

| Particulars | (Rupees in lacs) | |
|--------------------------|-------------------------|-------------------------|
| | As at 31 March, 2021 | As at 31 March, 2020 |
| Debt* | 119,891.53 | 112,881.67 |
| Cash and bank balances | (237.19) | (90.49) |
| Net debt | 119,654.34 | 112,791.18 |
| Total equity | (58,559.69) | (50,767.27) |
| Net debt to equity ratio | (204.33%) | (222.17%) |

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

Also refer para 51 of these standalone financial statements.

b) Financial risk management objectives

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

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

Market Risk

The Company activity is not exposed to the market risks.

(i) Interest rate risk management

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

(ii) Other price risks

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



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Credit risk management

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

Refer note 15 of the standalone 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 in subsidiaries, associates, fellow subsidiaries and interest accrued on such investment, security deposits, bank deposits and interest accrued thereon, balances with banks, loans to related parties and interest accrued thereon, other receivable etc. Company monitors the credit exposure on these financial assets on a case-to-case basis. Loans to subsidiaries are assessed for credit risk based on the underlying valuation of the entity and their ability to repay within the contractual repayment terms. Company creates loss allowance wherever there is an indication that credit risk has increased significantly.

Liquidity risk management

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

e) Liquidity and interest risk tables

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

The tables include both interest and principal cash flows:

(Rupees in lacs)

| Particulars | Within 1 year | 1-2 year | More than 2 year | Total | Carrying amount |
|--|-------------------|------------------|------------------|-------------------|-------------------|
| As at 31 March, 2021 | | | | | |
| Optionally convertible debentures** (including accrued interest) | 90,021.09 | - | - | 90,021.09 | 90,021.09 |
| Redeemable preference shares* (including accrued interest) | 8,609.95 | 22,382.58 | - | 30,992.53 | 27,193.55 |
| Non-convertible debentures** (including accrued interest) | 1319.69 | - | - | 1319.69 | 1,319.69 |
| Lease liabilities (non-current) | - | 217.14 | 1,801.82 | 2,018.96 | 1,306.77 |
| Lease liabilities (current) | 184.21 | - | - | 184.21 | 50.43 |
| Trade payables | 554.57 | - | - | 554.57 | 554.57 |
| Other financial liabilities – current | 305.80 | - | - | 305.80 | 305.80 |
| Other financial liabilities –non-current | - | 5.00 | 8.33 | 13.33 | 7.44 |
| Total | 100,995.31 | 22,604.72 | 1,810.15 | 125,410.18 | 120,759.34 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | (Rupees in laes) | | | | |
|--|------------------|-----------------|------------------|-------------------|-------------------|
| | Within 1 year | 1-2 year | More than 2 year | Total | Carrying amount |
| As at 31 March, 2020 | | | | | |
| Optionally convertible debentures*# (including accrued interest) | 85,795.67 | - | - | 85,795.67 | 85,795.67 |
| Redeemable preference shares* (including accrued interest) | - | 8,609.95 | 22,382.58 | 30,992.53 | 24,401.93 |
| Non-convertible debentures*# (including accrued interest) | 1,206.25 | - | - | 1,206.25 | 1,206.25 |
| Lease liabilities (non-current) | - | 180.29 | 2,003.84 | 2,184.13 | 1,328.85 |
| Lease liabilities (current) | 172.96 | - | - | 172.96 | 38.88 |
| Inter-corporate loan from related party (including accrued interest) | 110.09 | - | - | 110.09 | 110.09 |
| Trade payables | 601.86 | - | - | 601.86 | 601.86 |
| Other financial liabilities – current | 54.98 | - | - | 54.98 | 54.98 |
| Other financial liabilities – non-current | - | 5.00 | 13.33 | 18.33 | 10.85 |
| Total | 87,941.81 | 8,795.24 | 24,399.75 | 121,136.80 | 113,549.36 |

*The Board of Directors of the respective lenders 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 note 37(i), 37(ii), 37(iii) and 37(iv).

excludes interest payable for future periods

d) Fair value measurement

Financial assets and liabilities measured at amortised cost

| Particulars | Note | (Rupees in laes) | | | Fair value* |
|--|------|--|-----------------|-----------------|-----------------|
| | | Carrying value | | | |
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | |
| Financial assets | | | | | |
| Cash and cash equivalents | (a) | - | 237.19 | 237.19 | 237.19 |
| Trade receivables | (a) | - | 204.18 | 204.18 | 204.18 |
| Other financial assets – current | (a) | - | 34.22 | 34.22 | 34.22 |
| Investments in equity instruments as at amortised cost | (b) | - | 0.01 | 0.01 | 0.01 |
| Loan to related party (including interest accrued) | (b) | - | 416.97 | 416.97 | 416.97 |
| Loans – non-current | (b) | - | 121.46 | 121.46 | 121.46 |
| Total | | - | 1,014.03 | 1,014.03 | 1,014.03 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(Rupees in lacs)

| Particulars | Note | Carrying value | | | Fair value |
|--|------|--|-------------------|-------------------|-------------------|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | |
| Financial Liabilities | | | | | |
| Optionally convertible debenture: Current (including interest accrued) | (a) | - | 90,021.09 | 90,021.09 | 90,021.09 |
| Lease liabilities non-current | (c) | - | 1,306.77 | 1,306.77 | 1,306.77 |
| Lease liabilities current | (c) | - | 50.43 | 50.43 | 50.43 |
| Redeemable preference share capital (including interest accrued) | (d) | - | 27,193.55 | 27,193.55 | 27,994.55 |
| Non-convertible debentures: Current (including interest accrued) | (a) | - | 1,319.69 | 1,319.69 | 1,319.69 |
| Trade payables | (a) | - | 554.57 | 554.57 | 554.57 |
| Other financial liabilities – current | (a) | - | 305.80 | 305.80 | 305.80 |
| Other financial liabilities – non-current | (b) | - | 7.44 | 7.44 | 7.44 |
| Total | | - | 120,759.34 | 120,759.34 | 120,759.34 |

31 March, 2020

(Rupees in lacs)

| Particulars | Note | Carrying value | | | Fair value* |
|--|------|--|-----------------|-----------------|-----------------|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | |
| Financial assets | | | | | |
| Cash and cash equivalents | (a) | - | 90.49 | 90.49 | 90.49 |
| Trade receivables | (a) | - | 661.55 | 661.55 | 661.55 |
| Other financial assets – current | (a) | - | 40.07 | 40.07 | 40.07 |
| Investments in equity instruments as at amortised cost | (b) | - | 0.01 | 0.01 | 0.01 |
| Loan to related party non-current and current (including interest accrued) | (b) | - | 416.97 | 416.97 | 416.97 |
| Other financial assets – non-current | (b) | - | 132.17 | 132.17 | 132.17 |
| Total | | - | 1,341.26 | 1,341.26 | 1,341.26 |

| Particulars | Note | Carrying value | | | Fair value |
|--|------|--|-------------------|-------------------|-------------------|
| | | Fair value through profit and loss (FVTPL) | Amortized cost | Total | |
| Financial Liabilities | | | | | |
| Optionally convertible debenture: Current (including interest accrued) | (a) | - | 85,795.67 | 85,795.67 | 85,795.67 |
| Lease liabilities non-current | (c) | - | 1,328.85 | 1,328.85 | 1,328.85 |
| Lease liabilities current | (c) | - | 38.88 | 38.88 | 38.88 |
| Redeemable preference share capital (including interest accrued) | (d) | - | 24,401.93 | 24,401.93 | 24,887.18 |
| Non-convertible debentures: Current (including interest accrued) | (a) | - | 1,206.25 | 1,206.25 | 1,206.25 |
| Loans from related parties: Current (including interest accrued) | (a) | - | 110.09 | 110.09 | 110.09 |
| Trade payables | (a) | - | 600.82 | 600.82 | 600.82 |
| Other financial liabilities – current | (a) | - | 56.02 | 56.02 | 56.02 |
| Other financial liabilities – non-current | (b) | - | 10.85 | 10.85 | 10.85 |
| Total | | - | 113,549.36 | 113,549.36 | 113,549.36 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

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

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

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

Financial instruments measured at amortized cost

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

40. Loss per share (EPS)

| Particulars | Denomination | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---|-----------------|------------------------------|------------------------------|
| Loss as per statement of profit and loss | ₹ in lacs | (7,794.48) | (7,840.81) |
| Weighted average number of equity shares in calculating basic EPS | Numbers in lacs | 25 | 25 |
| Weighted average number of equity shares in calculating diluted EPS | Numbers in lacs | 25 | 25 |
| Basic and diluted EPS | ₹ | (311.78) | (313.63) |

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

41. 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

| Particulars | (Rupees in lacs) | |
|---|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year: | | |
| -Principal amount due to micro and small enterprises including amount due to capital creditors* | 63.07 | 10.58 |
| -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 | - | - |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---|-------------------------|-------------------------|
| 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. 17.01 lacs (March 31,2020: Nil)

42. Deferred tax

(a) Unrecognised deferred tax asset

| Particulars | (Rupees in lacs) | |
|--|-------------------------|-------------------------|
| | As at March 31, 2021 | As at March 31, 2020 |
| Deferred tax liability | | |
| Difference between book base and tax base of Property, Plant and Equipment | 290.75 | 202.91 |
| Right to use asset | 284.95 | 285.11 |
| Total | 575.70 | 488.02 |
| Deferred tax assets | | |
| Defined benefit obligations | 18.53 | 15.72 |
| Allowance for expected credit loss | 17.89 | 48.98 |
| Lease liabilities | 377.57 | 344.23 |
| Unabsorbed depreciation and carry forward tax losses | 4,629.69 | 2,974.01 |
| Total | 5,043.68 | 3,382.94 |
| Net deferred tax asset | 4,467.98 | 2,894.92 |
| Deferred tax assets recognised to the extent of deferred tax liability* | 575.70 | 488.02 |
| Unrecognised deferred tax asset | 4,467.98 | 2,894.92 |

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

(b) The unrecognised tax losses and unabsorbed depreciation will expire as detailed below:

| Financial year | Business loss | Unabsorbed depreciation | (Rupees in lacs) | |
|----------------|------------------|-------------------------|---|---|
| | | | Business loss can be carried forward up to financial year | Unabsorbed depreciation can be carried forward up to financial year |
| 2010-11 | - | 252.62 | - | Unlimited |
| 2011-12 | - | 381.05 | - | Unlimited |
| 2012-13 | - | 558.34 | - | Unlimited |
| 2013-14 | - | 659.62 | - | Unlimited |
| 2014-15 | - | 571.85 | - | Unlimited |
| 2015-16 | - | 520.33 | - | Unlimited |
| 2016-17 | - | 327.91 | - | Unlimited |
| 2017-18 | - | 416.74 | - | Unlimited |
| 2018-19 | 3,683.79 | 378.47 | 2026-27 | Unlimited |
| 2019-20 | 3,511.59 | 327.24 | 2027-28 | Unlimited |
| 2020-21 | 4,804.14 | 247.90 | 2028-29 | Unlimited |
| Total | 11,999.52 | 4642.07 | | |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

(Rupees in lacs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|--|------------------------------|------------------------------|
| Accounting loss before tax | (7,794.48) | (7,840.81) |
| Statutory income tax rate | 27.820% | 25.168% |
| Tax at statutory income tax rate | (2,168.42) | (1,973.38) |
| Effect of expenses that are not deductible in determining taxable profit | 802.50 | 970.77 |
| Effect of tax in relation to DTA on recognised tax losses | 1,289.65 | (5,192.57) |
| Effect of change in Tax rate | - | 272.57 |
| Effect of Tax in relation to previous year | 25.90 | 5,933.53 |
| Effect of deferred tax on goodwill due to change in law | 53.32 | - |
| Others | (2.95) | (10.92) |
| Total | 2,168.42 | 1,973.38 |
| Tax expense recognised in statement of profit and loss | - | - |

43. Segment reporting

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

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

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

(Rupees in lacs)

| Particulars | Year ended March 31, 2021 | Year ended March 31, 2020 |
|---------------|------------------------------|------------------------------|
| India | 3,659.90 | 5,253.38 |
| Outside India | - | - |
| Total | 3,659.90 | 5,253.38 |

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

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

(Rupees in lacs)

| Particulars | As at March 31, 2021 | As at March 31, 2020 |
|---------------|-------------------------|-------------------------|
| India | 9,276.09 | 9,681.09 |
| Outside India | - | - |
| Total | 9,276.09 | 9,681.09 |

Major customer

Fortis Malar Hospitals Limited, a fellow subsidiary contributes more than 10% to the revenue of the Company. The revenue earned during the current year is Rs. 929.46 lacs (for the year ended March 31, 2020 Rs. 1,886.90 lacs).

44. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since, during the year the Company has not entered 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 standalone financial statements, particularly on the amount of tax expense and that of provision for taxation.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

45. Contingent liability

Claims against the company not acknowledged as debt

| S.No. | Particulars | (Rupees in lacs) | |
|-------|---------------------------|-------------------------|-------------------------|
| | | As at March 31, 2021 | As at March 31, 2020 |
| 1 | Medical related | - | 20.00 |
| 2. | Income tax (Refer note 1) | 5.77 | 0.20 |
| 3. | Luxury tax | 12.96 | 48.39 |
| | | 18.73 | 68.59 |

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

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

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

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

| Nature of the Instrument | Issuer's name | Rate of Interest/ Premium on redemption | Redemption/ Termination Date | Secured/ Unsecured | (Rupees in lacs) | |
|--------------------------|------------------------------------|--|---------------------------------|-----------------------|------------------------------------|----------------|
| | | | | | Principal amount outstanding as at | |
| | | | | | March 31, 2021 | March 31, 2020 |
| Inter-Corporate Deposits | Hospitalia Eastern Private Limited | 8.85% p.a. (March 31, 2020: 10.50% p.a.) | March 31, 2022 | Unsecured | 272.40 | 272.40 |

Note: During the year ended March 31, 2020, the Hospitalia Eastern Private Limited continued with the default in the payment of amount of principal and interest. As per the amended agreement, consequent to the default, the outstanding receivable on account of principal and Interest are receivable on demand.

During the current year, the Company and Hospitalia Eastern Private Limited has entered into a Memorandum of Understanding ("MOU") dated June 16, 2020 to amend the term of the loan agreement dated March 31, 2017 and as per the amended agreement, the principal amount of loan is receivable on March 31, 2022 and the interest outstanding on loan is receivable on an yearly basis. Also, the rate of interest has been changed from 12% to 10.50% w.e.f April 1, 2019 and from 10.50% to 8.85% w.e.f April 1, 2020. As per the amended agreement, Hospitalia Eastern Private Limited has defaulted in payment of interest.

Further, the Board of Directors of the Company have agreed that they will not call for the outstanding interest and/ or principal till the time, Hospitalia Eastern Private Limited is in a position to make these payments.

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

| Issuer's name | Redemption/ Termination Date | Secured/ Unsecured | (Rupees in lacs) | |
|---|---------------------------------|-----------------------|--|----------------|
| | | | Principal outstanding amount as at March 31, 2021 | March 31, 2020 |
| Fortis Hospotel Limited | Not applicable | Unsecured | 37,728.39 | 37,728.39 |
| Hospitalia Eastern Private Limited (refer note below) | Not applicable | Unsecured | 6.99 | 6.99 |
| International Hospital Limited | Not applicable | Unsecured | 10,946.28 | 10,946.28 |



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

| | | | | |
|---|---|-----------|----------|----------|
| Escorts Heart and Super Speciality Hospital Limited | Not applicable | Unsecured | 3,375.34 | 3,375.34 |
| Clover Energy Private Limited | At the time of termination of agreement | Unsecured | 0.01 | 0.01 |

During the year ended 31 March 2020, the Company had impaired its equity investment in Hospitalia Eastern Private Limited (refer note 47).

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

| Issuer's name | Premium on redemption | Redemption Date | Secured/Unsecured | (Amount in ₹ Lacs) | |
|------------------------------------|-----------------------|--------------------|-------------------|---|----------------|
| | | | | Principal outstanding amount as at March 31, 2021 | March 31, 2020 |
| Hospitalia Eastern Private Limited | Nil | September 30, 2022 | Unsecured | 40 | 40 |
| Hospitalia Eastern Private Limited | ₹1,500 per share | April 3, 2021 | Unsecured | 1,350 | 1,350 |

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

Further, the Board of Directors of the Company have agreed that they will not call for the outstanding amount till the time, Hospitalia Eastern Private Limited is in a position to make these payments.

47. Exceptional items

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

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

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

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

The outbreak of COVID - 19 pandemic has adversely impacted cash flows of the hospital operating companies. The hospital operating companies is taking recourse to the force majeure provisions, as per the terms of HMSAs since in the prevailing circumstances they are unable to perform their payment obligations. In such unforeseen scenario which is beyond the control of all parties to the HMSAs, Fortis Healthcare Limited (FHL) which is the holding company has obtained approval from its shareholders for waiver of base service fee payable for two quarters i. e. April to June, 2020 and July to September, 2020 and to amend and waive of terms and conditions of the HMSAs with effect from April 1,2020 including terminating the said HMSAs. Accordingly, the base service fee has been fully waived from April 2020 to September 2020 and 50% waiver has been given for the base service fee for the period from October 2020 to December 2020.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Board of Directors of holding company i.e. Fortis Healthcare Limited (FHL) and Fortis Malar Hospitals Limited (FMHL), collectively known as hospital operating companies, have confirmed that the above said shareholder approval with respect to the termination of HMSA is an enabling resolution and as of now Fortis Healthcare Limited and Fortis Malar Hospitals Limited do not have any plan to terminate the HMSA in the near future. Further, at this stage, all parties to HMSA have confirmed that they do not expect any further waiver in the base service fee for Financial Year 2021-22 and subsequent period.

For the year ended March 31, 2021, the Board of Directors have considered possible effects due to COVID 19 in its assessment of going concern assumption, the liquidity position for next one year and recoverability of assets comprising property, plant and equipment (PPE), goodwill, trade receivables, Investment in subsidiary, associates and/ or fellow subsidiaries and other financial assets. While assessing the recoverable amount of PPE, goodwill, investments and other financial assets the Company has used significant assumptions such as occupancy rates, terminal growth rate and weighted average cost of capital.

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

49. Interest on delayed payment of service fees

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 2019-20 and 2020-21 on account of the severity of the COVID 19 pandemic and uncertainty in the improvement of the situation. Consequently, the Company has not recognised interest on the delayed payment of the service fees/technology renewal fund during the year ended March 31, 2020 and March 31, 2021.

~~50. During the earlier years, Fortis Malar Hospitals Limited ("FMHL") had acquired a hospital premise which was subsequently sold by FMHL to Fortis Health Management Limited ("Company") in 2012. Thereafter, the Company had entered into a "Hospital and Medical Services Agreement" with FMHL w.r.t. rendering of medical and healthcare services at the hospital premises (including right to use of the hospital building).~~

Vide application dated 29th May 1999, FMHL had requested to the Chennai Metropolitan Development Authority ("CMDA") for regularization of the aforesaid hospital premises which was rejected by CMDA by its Order dated 18 March 2016 (Rejection Order). Consequentially, CMDA served a "Lock & Seal" notice on 3 May 2016 stating that in view of Rejection Order, the construction at the site of the Hospital premises is unauthorized and called upon to restore the land to its original state within 30 days from the date of the notice.

As of now, FMHL is taking necessary bonafide steps to settle this matter and complete the process of obtaining the requisite clearances and/ or certificates. Based on its internal assessment, the Company is of the view that the cash outflow required, if any, towards obtaining the required clearances and/ or certificates in respect to regularisation of aforesaid hospital premises or expenses that may be incurred in the unlikely event that the regularisation is not approved by the authorities are not expected to be material. Accordingly, no adjustments are required to be made in these standalone financial statements.

51. Going concern

The Company has accumulated losses of ₹ 61,014.69 lakhs as at March 31,2021 including loss of ₹ 7,794.48 lakhs incurred during the current year as against equity share capital of ₹ 250 lakhs. Further, the Company has current liabilities of ₹ 100,757.72 lakhs (including ₹ 99,953.21 payable to group companies) and current assets of ₹ 741.65 lakhs as at March 31,2021. The Company's current liabilities exceed its current assets by ₹ 100,016.07 lakhs.



FORTIS HEALTH MANAGEMENT LIMITED
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Company proposes to fund its operations in near future primarily from funds committed by the Intermediate Holding Company i.e. Fortis Healthcare Limited (FHL) which has confirmed that it will provide continuous unconditional financial support to the Company enabling it to meet its operating, capital and financing requirements for atleast 12 months from the date of the financial statements.

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

This will enable the Company to settle its obligations as and when they fall due and operate as a going concern. The management of the Company expects to generate positive operating cash flows in the foreseeable future. Accordingly, the Ind AS financial statements of the Company have been prepared using the going concern assumption.

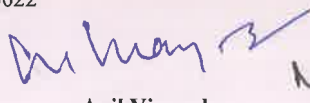
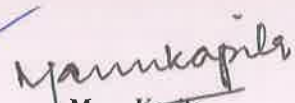
For BSR & Co. LLP
Chartered Accountants
ICAI Firm registration number: 101248W/W-100022



Rajesh Arora
Partner
Membership Number: 076124

Place: Gurgaon
Date: 21 September 2021

For and on behalf of Board of Directors
FORTIS HEALTH MANAGEMENT LIMITED

Anil Vinayak
Director
DIN: 02407380

Manu Kapila
Director
DIN: 03403696

Place: Gurgaon
Date: 21 September 2021

Place: Gurgaon
Date: 21 September 2021





