

# BSR & Co. LLP

Chartered Accountants

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## INDEPENDENT AUDITORS' REPORT

To the Members of Escorts Heart Institute and Research Centre Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Escorts Heart Institute and Research Centre Limited ("the Company"), which comprise the standalone balance sheet as at 31 March 2021, and 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 (hereinafter referred to as "the standalone financial statements").

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

- a) We draw attention to Note 50 and 51 of the standalone financial statements which deals with various matters including the ongoing investigation by Serious Fraud Investigation Office ("SFIO") and ongoing adjudication proceedings by Securities and Exchange Board of India ("SEBI") on Fortis Healthcare Limited ("Fortis" or "FHL" or "holding Company") and its subsidiaries ("Fortis Group") regarding alleged improper transactions and non-compliances with laws and regulations including Companies Act, 2013 (including matters relating to remuneration paid to managerial personnel) and SEBI laws and regulations. These transactions and non-compliances relate to or originated prior to take over of control by reconstituted board of directors of Fortis in the year ended 31 March 2018. As mentioned in the note, Fortis Group has been submitting information required by SFIO and Fortis has responded to the SEBI notice and is also cooperating in the regulatory investigations/proceedings.

As explained in the said note, the Fortis Group had recorded significant adjustments/ provisions in its books of account during the year ended 31 March 2018. Fortis has launched legal proceedings and has also filed a complaint with the Economic Offences Wing ('EOW') against erstwhile promoters and their related entities based on the findings of the investigation conducted by the Fortis Group. Further, based on management's detailed analysis and consultation with external legal

counsel, a further provision has been made by Fortis and recognised in the current year for any contingency that may arise from the aforesaid issues on Fortis Group. Fortis has undertaken that any penalty/fine, required to be paid by the Company, if any, in respect of this matter shall be reimbursed by Fortis. As per the management, any further additional impact, to the extent it can be reliably estimated as at present, is not expected to be material.

- b) We draw attention to note 38 (a),(b) and (c) of the standalone financial statements, relating to the outcome of civil suit/ arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Hon'ble High Court of Delhi in relation to provision of free treatment/ beds to poor by the Company.

Based on the advice given by external legal counsel, no provision /adjustment has been considered necessary by the management with respect to the above matters in these standalone financial statements.

- c) As explained in Note 38(d) of the standalone financial statements, a Civil Suit claiming Rs. 25,344 lacs was filed by a third party against various entities including the Company and certain entities within the Fortis Group relating to "Fortis, SRL and La-Femme" brands. Based on legal advice of external legal counsel, the Management believes that the claims are without legal basis and not tenable. Further, as mentioned in the said note, the tenure of brand license agreement entered by the Holding Company has expired and the Company has filed an application before the Hon'ble Supreme Court of India seeking permission for change of company name, brand and logo. The matter is currently sub-judice.
- d) We draw attention to Note 52 in 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/ hospital.

Our opinion is not modified in respect of these matters.

#### **Other Information**

The Company's management and Board of Directors are responsible for the other information. The other information comprises the information included in the Company's 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

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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 standalone 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.

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

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

1. (A) 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.
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) The matters described in the "Emphasis of Matters" paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) On the basis of the written representations received from the directors as on 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.
  - g) 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".
- (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 36, 37, 38, 50 and 51 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.

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

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

*For B S R & Co. LLP*

*Chartered Accountants*

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



**Rajesh Arora**

*Partner*

Membership No. 076124

UDIN: 21076124AAAABL3675

Place: Gurugram

Date: 28 May 2021

**Annexure A referred to in our Independent Auditor's Report to the members of Escorts Heart Institute and Research Centre Limited on the standalone financial statements for the year ended 31 March 2021 (Referred to in paragraph (1) under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date)**

- (i) a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has 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 three years. In accordance with this programme, all fixed assets were physically verified during the previous 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 noticed on such verification.
- c) In respect of land amounting to Rupees 21.11 Lacs, we are unable to verify if such immovable property is held in the name of the Company, as the original title deed is not in possession of the Company.

In respect of the leasehold land of hospital (classified as part of Right of use assets in the standalone financial statements) stated below, original lease deeds have been given as security for loans obtained from Banks. Accordingly, we report that:

Particulars of the land	Gross carrying value 31 March 2021 (Rs. in lacs)	Net carrying value 31 March 2021 (Rs. in lacs)	Remarks
Hospital land*	377.11	377.11	The lease deed is in the name of "Escorts Heart Institute and Research Centre, Delhi", which amalgamated into Escorts Heart Institute and Research Centre, Chandigarh under Societies Registration Act.  Escorts Hearth Institute and Research Centre, Chandigarh was thereafter incorporated as company "Escorts Heart Institute and Research Centre Limited" under the Companies Act, 1956.

\* In respect of the above land, Delhi Development Authority (DDA) has terminated the lease deed and allotment letters as explained in note 38(a) and 38 (b) to the standalone financial statements. The Company has appealed against the termination and matter is pending before the Hon'ble Supreme Court.

Other than for the immovable properties stated above, according to the information and explanations given to us and on the basis of our examination of the records of the Company, we report that, there are no other immovable properties of land and buildings.

- (ii) 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:
- a. The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013 during the current year.
  - b. The schedule of repayment of principal and payment of interest has been stipulated in respect of loans granted in earlier years. However, there were no repayments or receipts of principal amounts and interest due, in accordance with the aforesaid schedule during the year.
  - c. There are no overdue amount remaining outstanding as at the year-end.
- (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 Provident fund.

We are informed that the operations of the Company during the year did not give rise to any liability for duty of excise, Sales tax, Value added tax and Service tax. 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 in arrears as at 31 March 2021 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the following dues of income-tax and duty of customs have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rupees in Lacs)	Amount paid under protest (Rupees in Lacs)
The Customs Act, 1962	Custom Duty	Supreme Court of India	FY 2002-03	347.63	-
The Customs Act, 1962	Custom Duty	Central Excise and Service Tax Appellate Tribunal	FY 1990-91 to 1993-94	331.00	150.00
Income Tax Act, 1961	Income tax and interest thereon	Commissioner of Income Tax (Appeals), Delhi	AY 2011-12 to AY 2014-15 and AY 2017-18	2,812.82	522.98
Income Tax Act, 1961	Income tax and interest thereon	Income Tax Appellate Tribunal, Delhi	AY 2009-10, AY 2011-12, AY 2016-17 and AY 2017-18	1,417.00	157.37
Income Tax Act, 1961	Income tax and interest thereon	High Court of Delhi	AY 2001-02	22,969.00	-
Income Tax Act, 1961	Income tax and interest thereon	Supreme Court of India	AY 2003-04 to AY 2007-08	1,497.23	-

We are informed that there are no dues in respect of Duty of excise, Sales tax, Goods and Services tax, Value added tax and Service tax as at 31 March 2021 which have not been deposited with the appropriate authorities on account of any dispute.

- (viii) According to the information and explanations given to us and on the basis of examination of the records, the Company has not defaulted in repayment of loans or borrowings to its banks during the year. The Company has neither taken any loans or borrowings from financial institutions or government, nor has it issued any debentures 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 term loans taken during the year have been applied by the Company for the purposes for which they were raised. 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 by way of initial public offer or further public offer (including debts instruments).

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- (x) As explained in Note 50 and 51 of the standalone financial statements:
- a) The investigation and additional procedures/ inquiries carried out by the Holding Company noted certain findings in relation to past transactions concerning Fortis and its subsidiaries with companies whose current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters. All such identified transactions emanating out of the investigation and additional procedures/ enquiries had been previously provided for or expensed in the financial statements of the Holding Company or its subsidiaries. Refer Note 50 (C) of the standalone financial statements for the key findings.
  - b) SEBI has issued a show cause notice to various entities including the Company alleging that the consolidated financials of the Holding Company for certain relevant period were untrue and misleading for the shareholders and the Company has circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. Further, as stated in the said note, SEBI has also alleged misuse and/or diversion of funds from the Holding Company and its subsidiaries. Various other regulatory authorities including Serious Fraud Investigation Office ('SFIO') are also undertaking their own investigations which are currently ongoing.

According to the information and explanations given to us, no other 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 based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the provisions of Section 197 read with Schedule V to the Act.
- (xii) According to the information and explanations given to us, and based on 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.
- (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 its directors or persons connected with them. Accordingly, paragraph 3 (xv) of the Order is not applicable.

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- (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.

*For B S R & Co. LLP*

*Chartered Accountants*

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



**Rajesh Arora**

*Partner*

Membership No. 076124

UDIN: 21076124AAAABL3675

Place: Gurugram

Date: 28 May 2021

**Annexure B to the Independent Auditors' report on the standalone financial statements of Escorts Heart Institute and Research Centre 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)(g) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Opinion**

We have audited the internal financial controls with reference to standalone financial statements of Escorts Heart Institute and Research Centre 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 standalone 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 standalone 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 standalone financial statements and their operating effectiveness. Our audit of internal financial controls with reference to standalone 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 the standalone financial statements.

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### **Meaning of Internal Financial controls with Reference to Standalone Financial Statements**

A company's internal financial controls with reference to standalone financial statements is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial controls with reference to standalone 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 standalone 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 Standalone Financial Statements**

Because of the inherent limitations of internal financial controls with reference to standalone 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: 21076124AAAABL3675

Place: Gurugram  
Date: 28 May 2021

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE 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)
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, plant and equipment	4	8,026.81	9,934.93
(b) Capital work-in-progress	4(a)	44.42	68.32
(c) Right of use assets	4(b)	398.22	398.22
(d) Intangible assets	5	375.05	10.12
(e) Intangible assets under development	5(a)	5.79	162.35
(f) Financial assets			
(i) Investments	6	65,751.05	65,810.10
(ii) Loans	7	79.27	79.27
(iii) Other financial assets	8	470.32	297.93
(g) Deferred tax assets (net)	9	4,388.93	4,388.93
(h) Non-current tax assets (net)	10	2,662.85	3,750.10
(i) Other non-current assets	11	655.89	681.72
<b>Total non-current assets (A)</b>		<b>82,858.60</b>	<b>85,581.99</b>
<b>B. Current assets</b>			
(a) Inventories	12	162.93	193.84
(b) Financial assets			
(i) Trade receivables	13	2,792.59	2,941.27
(ii) Cash and cash equivalents	14 (a)	108.01	551.01
(iii) Bank balances other than (ii) above	14 (b)	132.97	147.40
(iv) Loans	7	44.11	36.61
(v) Other financial assets	8	563.40	353.17
(c) Other current assets	11	443.26	524.50
(d) Assets held for sale	15	49.87	134.28
<b>Total current assets (B)</b>		<b>4,297.14</b>	<b>4,882.08</b>
<b>Total assets (A+B)</b>		<b>87,155.74</b>	<b>90,464.07</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	16	216.11	200.03
(b) Compulsory convertible preference share capital	16	40.18	40.18
(c) Other equity		57,581.02	55,422.41
<b>Total equity (A)</b>		<b>57,837.31</b>	<b>55,662.62</b>
<b>Liabilities</b>			
<b>B. Non-current liabilities</b>			
(a) Financial Liabilities			
(i) Borrowings	17	982.80	14,181.34
(ii) Other financial liabilities	18	744.51	1,119.45
(b) Provisions	19	1,307.37	1,359.21
<b>Total non-current liabilities (B)</b>		<b>3,034.68</b>	<b>16,660.00</b>
<b>Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	20	8,542.01	4,715.67
(ii) Trade payables:	21		
- Total outstanding dues of micro enterprises and small enterprises		493.33	877.50
- Total outstanding dues of creditors other than micro enterprises and small enterprises		6,875.13	8,218.44
(iii) Other financial liabilities	18	7,811.49	1,819.97
(b) Provisions	19	1,604.35	1,785.40
(c) Other current liabilities	22	829.23	604.47
(d) Liabilities directly associated with assets classified as held for sale	23	128.21	120.00
<b>Total current liabilities (C)</b>		<b>26,283.75</b>	<b>18,141.45</b>
<b>Total liabilities (B+C)</b>		<b>29,318.43</b>	<b>34,801.45</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>87,155.74</b>	<b>90,464.07</b>
<b>The accompanying notes are an integral part of these standalone financial statements.</b>	1-52		

As per our report of even date attached

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

Rajesh Arora  
Partner  
Membership No: 076124

Place : Gurugram  
Date : May 28, 2021

For and on behalf of the Board of Directors  
Escorts Heart Institute And Research Centre Limited

Anil Vinayak  
Director  
DIN: 02407380

Bidish Chander Paul  
Whole Time Director  
DIN: 08596135

Place : Gurugram  
Date : May 28, 2021

Place : Gurugram  
Date : May 28, 2021



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED  
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED March 31, 2021

Particulars	Notes	Year ended	Year ended
		March 31, 2021 (Rupees in Lacs)	March 31, 2020 (Rupees in Lacs)
I Revenue from operations	24	25,140.47	33,295.14
II Other income	25	633.25	36.84
III Total income (I+II)		<u>25,773.72</u>	<u>33,331.98</u>
IV Expenses			
i) Purchases of medical consumable and drugs		6,388.91	8,733.81
ii) Changes in inventories of medical consumable and drugs	26	30.91	(39.05)
iii) Employee benefits expense	27	7,412.14	9,247.11
iv) Finance costs	28	1,964.76	1,989.71
v) Depreciation and amortization expense	29	1,202.77	1,495.98
vi) Other expenses	30	11,665.88	15,238.42
Total expenses (IV)		<u>28,665.37</u>	<u>36,665.98</u>
V Loss from continuing operations before exceptional item and tax (III-IV)		<u>(2,891.65)</u>	<u>(3,334.00)</u>
VI Exceptional items	31	(59.05)	(10,253.31)
VII Loss from continuing operations before tax (V-VI)		<u>(2,950.70)</u>	<u>(13,587.31)</u>
VIII Tax expense			
i) Current tax	32	-	-
ii) Deferred tax charge/(credit), net	32	-	622.60
Total tax expenses		<u>-</u>	<u>622.60</u>
IX Loss from continuing operations after tax (VII-VIII)		<u>(2,950.70)</u>	<u>(14,209.91)</u>
Other comprehensive income			
Items that will not be reclassified subsequently to profit or loss			
- Remeasurements of the defined benefit plans		125.42	(0.04)
- Income tax relating to items that will not be reclassified subsequently to profit or loss	32	-	0.01
X Other comprehensive income/(loss) for the year ( net of tax)		<u>125.42</u>	<u>(0.03)</u>
XI Total comprehensive income/(loss) for the year (IX-X)		<u>(2,825.28)</u>	<u>(14,209.94)</u>
Earnings per equity share :			
i) Basic (in Rupees)	41	(120.63)	(591.57)
ii) Diluted (in Rupees)	41	(120.63)	(591.57)
The accompanying notes are an integral part of these standalone financial statements.	1-52		

As per our report of even date attached

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

  
Rajesh Arora  
Partner  
Membership No: 076124

For and on behalf of the Board of Directors  
Escorts Heart Institute And Research Centre Limited

  
Anil Vinayak  
Director  
DIN: 02407380

  
Bidesh Chander Paul  
Whole Time Director  
DIN: 08596135

Place : Gurugram  
Date : May 28, 2021



Place : Gurugram  
Date : May 28, 2021



Place : Gurugram  
Date : May 28, 2021

**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021**

Particulars	Year ended March 31, 2021 (Rupees in Lacs)	Year ended March 31, 2020 (Rupees in Lacs)
<b>Cash flows from operating activities</b>		
<b>Loss before tax for the year</b>	<b>(2,950.70)</b>	<b>(13,587.31)</b>
Exceptional items (including deemed equity)	59.05	10,253.31
Amortization of corporate guarantees income	(330.42)	-
Finance costs	1,722.97	1,693.05
Interest income	(227.36)	(13.32)
Balances written back	(714.45)	(660.05)
Profit on disposal of property, plant and equipment	(60.45)	(23.52)
Allowances for credit losses	-	1,196.67
Provision for doubtful advances	7.85	40.96
Depreciation and amortisation of expense	1,202.77	1,495.98
Provision for contingencies	-	13.38
<b>Operating profit/(loss) before changes in following assets and liabilities</b>	<b>(1,290.74)</b>	<b>409.15</b>
<b>Change in operating assets and liabilities:</b>		
Decrease/(Increase) in inventories	30.92	(39.05)
Decrease in trade and other receivables	148.68	280.48
(Increase)/Decrease in financial assets	(403.60)	106.47
Decrease/(Increase) in other assets	106.72	(39.65)
Decrease in trade payables	(1,013.07)	(1,458.38)
Increase in financial liabilities	57.99	348.42
Decrease in provisions	(358.31)	(163.43)
Increase/(Decrease) in other liabilities	224.71	(261.07)
<b>Cash generated from/(used in) from operations</b>	<b>(2,496.70)</b>	<b>(817.06)</b>
Income taxes refund/ (paid)	1,087.25	(1,051.38)
<b>Net cash used in operating activities (A)</b>	<b>(1,409.45)</b>	<b>(1,868.44)</b>
<b>Cash flows from investing activities</b>		
Sale proceeds of property, plant and equipment	1,132.68	104.57
Advance against assets held for sale	128.21	-
Purchase of property, plant and equipment	(278.07)	(720.16)
Purchase of intangible assets	(426.34)	(67.21)
Proceeds from maturity of term deposits (net)	12.37	(17.48)
Interest received	227.58	13.59
<b>Net cash generated from/(used in) investing activities (B)</b>	<b>796.43</b>	<b>(686.69)</b>



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**STANDALONE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021**

Particulars	Year ended March 31, 2021 (Rupees in Lacs)	Year ended March 31, 2020 (Rupees in Lacs)
<b>Cash flows from financing activities</b>		
Proceeds from allotment of equity shares (including securities premium)	4,999.97	-
Proceeds from non-current borrowings	796.72	17,130.00
Proceeds from current borrowings	3,470.00	-
Repayment of non-current borrowings	(7,806.67)	(13,590.55)
Repayment of current borrowings (net)	(420.24)	(528.00)
Finance cost paid	(907.48)	(1,144.67)
<b>Net cash flow generated from financing activities (C)</b>	<b>132.30</b>	<b>1,866.78</b>
<b>Net (decrease) / increase in cash and cash equivalents during the year (A+B+C)</b>	<b>(480.72)</b>	<b>(688.35)</b>
Add: Cash and cash equivalents as at the beginning of the year	(1,892.66)	(1,204.31)
<b>Cash and cash equivalents as at the end of the year (refer note 14a)</b>	<b>(2,373.38)</b>	<b>(1,892.66)</b>

The accompanying notes are an integral part of these standalone financial statements. 1-52

**Notes**

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

(b) The Company has paid Rs. 267.39 lakhs for the year ended 31 March 2021 and Rs. Nil for the year ended 31 March 2020 towards Corporate Social Responsibility (CSR) expenditure.

As per our report of even date attached  
For **B S R & Co. LLP**  
Firm Registration No 101248W/W-100022  
Chartered Accountants

  
**Rajesh Arora**  
Partner  
Membership No: 076124

Place : Gurugram  
Date : May 28, 2021

**For and on behalf of the Board of Directors**  
**Escorts Heart Institute And Research Centre Limited,**

  
**Anil Vinayak**  
Director  
DIN: 02407380

Place : Gurugram  
Date : May 28, 2021

  
**Bidish Chander Paul**  
Whole Time Director  
DIN: 07854645

Place : Gurugram  
Date : May 28, 2021





**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED  
STANDALONE STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

Particular	Equity			Other equity			Total other equity	(Rupees in Lacs) Total
	Equity share capital	Compulsory convertible preference share capital	Securities premium*	General reserve**	Deemed equity share capital	Capital reserve***		
<b>Balance at April 01, 2019</b>	200.03	40.18	29,960.15	848.20	-	10,683.75	28,914.69	70,406.79
Loss for the year transferred from statement of profit and loss (a)	-	-	-	-	0	-	(14,209.91)	(14,209.91)
Remeasurement of net defined benefit plan for the year, net of income tax (b)	-	-	-	-	-	-	0.03	0.03
Guarantee given for loan availed by holding company (c)	-	-	-	-	(774.50)	-	-	(774.50)
<b>Total comprehensive income/(loss) for the year (a+b+c)</b>	-	-	-	-	(774.50)	-	(14,209.88)	(14,984.38)
<b>Balance at March 31, 2020</b>	200.03	40.18	29,960.15	848.20	(774.50)	10,683.75	14,704.81	55,422.41
Loss for the year transferred from statement of profit and loss (d)	-	-	-	-	-	-	(2,950.70)	(2,950.70)
Remeasurement of net defined benefit plan for the year, net of income tax (e)	-	-	-	-	-	-	125.42	125.42
Allotment of Equity Share to Fortis Healthcare Ltd (Holding Company) (f)	16.08	-	4,983.89	-	-	-	-	4,983.89
<b>Total comprehensive income/(loss) for the year (d+e+f)</b>	16.08	-	4,983.89	-	-	-	(2,825.28)	2,158.61
<b>Balance at March 31, 2021</b>	216.11	40.18	34,944.04	848.20	(774.50)	10,683.75	11,879.53	57,581.02

\* The unutilised accumulated excess of issue price over face value on issue of shares. This reserve is utilized in accordance with the provisions of the Act.

\*\* The general reserve is created from time to time on transfer of profits from retained earnings. General reserve is created by transfer from one component of equity to another and is not an item of other comprehensive income, items included in general reserve will not be reclassified subsequently to profit and loss.

\*\*\* Capital reserve was created on May 30, 2000 pursuant to registration of Escorts Heart Institute and Research Centre (EHIRC - a registered society under the Societies Registration Act, 1860) as a company.

**The accompanying notes are an integral part of these standalone financial statements.**

As per our report of even date attached

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

*Rajesh Arora*  
Partner  
Membership No: 076124

For and on behalf of the Board of Directors  
Escorts Heart Institute And Research Centre Limited

*Anil Vinayak*  
Director  
DIN: 02407380

*Bidesh Chandra Paul*  
Whole Time Director  
DIN: 08596135

Place : Gurugram  
Date : May 28, 2021

Place : Gurugram  
Date : May 28, 2021

Place : Gurugram  
Date : May 28, 2021



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED MARCH 31, 2021**

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**Note 1. Corporate Information**

Escorts Heart Institute and Research Centre Limited ('EHIRCL' or the 'Company') was incorporated in the year 2000. EHIRCL is a limited company and is providing the highest standards of healthcare in particular cardiac care to patients. The Company has also set up various Heart Command Centers/ Satellite Centers. The Company is a wholly owned subsidiary of Fortis Healthcare Limited ('FHL'). FHL is a listed entity on both BSE Limited and National Stock Exchange of India Limited.

The registered office of the Company is located at SCO 11, Sector-11-D, Chandigarh -160011 and the principal place of business of the Company is located at Escorts Heart Institute and Research Centre Limited, Okhla Road, New Delhi – 110025.

**Note 2. Significant accounting policies**

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

**(a) Basis of preparation**

*(i) Statement of compliance*

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

The financial statements have been authorised for issue by the Company's Board of Directors on 28 May 2021.

*(ii) Functional and presentation currency*

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

*(iii) Historical cost convention*

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

*(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 months after the reporting period.

The Company classifies all other assets as non-current.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED MARCH 31, 2021**

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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) Critical estimates and judgements**

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

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

**Judgments**

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

- Leasing arrangement (classification) – Note 34
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 36, 37, 38, 50 and 51

**Assumptions and estimation uncertainties**

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

- Leasing arrangement (accounting) – Note 34
- Financial instruments - Note 40
- Fair value measurement – Note 40
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(f)(iii)
- Recognition and estimation of tax expense including deferred tax– Note 32
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 39
- Estimated impairment of financial assets and non-financial assets – Note 6, 7, 8 and 11

**(d) 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).



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED MARCH 31, 2021**

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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.

**(e) 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.

**(f) 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.

**(ii) Intangible assets**

- 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 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





**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED MARCH 31, 2021**

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 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 following classes of property, plant and equipment which are depreciated based on the internal technical assessment of the management as under:

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Buildings	30 years	60 years
Plant and Machinery	3- 15 years	15 years
Medical Equipment	2-13 years	13 years
Computers	3 years	3 years
Furniture and fixtures	10 years	10 years
Office equipment	5 years	5 years
Vehicles	4-8 years	8 years

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Computer software	3-6 years
Business rights	Over period of agreement of purchase

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

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

**(iv) Derecognition**

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

**(g) Non-current assets held for sale**

Assets are classified as held for sale if it is highly probable that they will be recovered primarily through sale rather than through continuing use. Such assets are generally measured at the lower of their carrying amount and fair value less cost to sell. Losses on initial classification as held for sale and subsequent gains and losses on re-measurement are recognized in the Statement of Profit or Loss.

Once classified as held-for sale, property, plant and equipment and intangible assets are no longer amortised or depreciated.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED MARCH 31, 2021**

**(h) 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 amortized cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR**  
**ENDED MARCH 31, 2021**

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***Financial guarantee contracts***

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of (i) the amount determined in accordance with the expected credit loss model as per Ind AS 109 and (ii) the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation by the Holding Company, the fair values are accounted for as a deemed equity contribution (under the head 'Investment in subsidiaries') in the books of Holding Company and as a part of 'Other Equity' in the books of subsidiary.

Where guarantees in relation to loans or other payables of the Holding Company are provided by subsidiary for no compensation, the fair values are accounted for as a distribution and recognised under the head 'Other Equity' in the books of subsidiary and credited to statement of profit and loss in the books of holding company.

***Equity investments***

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

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

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

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

***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.



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*Derecognition of financial assets*

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

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

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

*Write-off of financial assets*

The gross carrying amount of a financial asset is written off when the Company has no reasonable expectations of recovering a financial asset in its entirety or a portion thereof. The Company expects no significant recovery from the amount written off.

*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.

*Derivative financial instruments*

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

*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.





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**(i) 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.

**(j) 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.

**(k) Contingent liabilities and contingent Assets**

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent liabilities and commitments are reviewed by the management at each balance sheet date.

Contingent assets are neither recognised nor disclosed in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognised in the period in which the change occurs.

**(l) Provisions**

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

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

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



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**(m) Revenue recognition**

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services, sale of medical and non-medical items and medical testing charges. Hospital services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to patients. Medical testing charges consists of fees received for various tests conducted in the field of pathology and radiology.

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 from hospital services is recognized as and when services are performed and from sale of products is recognised upon transfer of control of products to customers at the time of delivery of goods to the customers

Revenue from medical tests is recognized on accrual basis when the reports are generated and released to customers, net of discounts, if any.

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

Excess of revenue earned over billings on contracts is recognised as unbilled revenue. Unbilled revenue is classified as 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 ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

Other operating revenue comprises revenue from various ancillary revenue generating activities like operations and maintenance agreements, satellite centers, clinical research activities, sponsorship arrangements and academic services. The revenue in respect of such arrangements is recognized as and when services are performed.

Income from 'Service Export from India Scheme' (SEIS), included in other operating revenue, is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received on a net basis to the extent it is certain that economic benefits will flow to the Company.

**(n) Interest Income**

Interest income on financial assets (including deposits with banks) is recognized using the effective interest rate method on a time proportionate basis.

**(o) Dividend Income**

Dividend income from investments is recognised in statement of profit and loss on the date that the right to receive payment is established.

**(p) 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



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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. The gratuity liability for certain employees of the Company is funded with Life Insurance Corporation of India.
- b) **Provident fund**
  - (i) The Company makes contribution to the recognised provident fund - "Escorts Heart Institute and Research Centre Employees Provident Fund Trust" for most of its employees in India, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

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

*Other long-term employee benefits:*

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

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

*Actuarial valuation*

The liability in respect of all defined benefit plans and other long-term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured 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).



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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).

**(q) 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 freehold land and investments in subsidiaries, 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; and

For operations carried out in under tax holiday facilities, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends

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

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





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**(r) Ind AS 116 – Leases**

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

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

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

**(i) As a lessee**

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

The Company 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.



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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.

**(s) Foreign currency translation**

*(i) Functional and presentation currency*

The functional currency of the Company is the Indian rupee. These financial statements are presented in Indian rupees.

*(ii) 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).

**(t) Cash flow statement**

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 segregate. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

**(u) Segment reporting**

An operating segment is a component of the Company 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").

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



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**(v) Earnings per share**

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

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

(ii) *Diluted earnings per share*

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

- the after-income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares

**Note 3. 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 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 consolidated financial statements.

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



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**Note 4: Property, plant and equipment**

Particulars	(Rupees in Lacs)								
	Land-leasehold	Buildings	Plant and machinery	Medical equipment	Furniture and fixtures	Computers	Office equipment	Vehicles	Total
<b>Gross carrying value</b>									
<b>As at April 01, 2019</b>	398.22	3,143.47	1,480.53	9,353.68	197.42	72.07	111.96	444.94	15,202.29
Additions	-	15.61	141.84	286.12	6.81	44.08	1.41	160.91	656.78
Disposals	-	-	-	(71.61)	-	-	-	-	(71.61)
Reclassified on account of adoption of Ind AS 116 (refer note 4(b))	(398.22)	-	-	-	-	-	-	-	(398.22)
<b>As at March 31, 2020</b>	-	3,159.08	1,622.37	9,568.19	204.23	116.15	113.37	605.85	15,389.24
Additions	-	35.62	27.33	187.75	5.30	21.63	24.34	-	301.97
Disposals	-	-	(17.47)	(1,660.76)	(2.41)	(0.65)	(0.97)	(186.94)	(1,869.20)
<b>As at March 31, 2021</b>	-	3,194.70	1,632.23	8,095.18	207.12	137.13	136.74	418.91	13,822.01
<b>Accumulated Depreciation</b>									
<b>As at April 01, 2019</b>	-	614.42	517.60	2,418.17	72.87	50.74	54.88	317.13	4,045.81
Charge for the year	-	177.85	104.16	824.11	22.79	26.68	39.34	137.45	1,332.38
Disposals	-	-	-	(24.68)	-	-	-	-	(24.68)
Other adjustments	-	100.80	-	-	-	-	-	-	100.80
<b>As at March 31, 2020</b>	-	893.07	621.76	3,217.60	95.66	77.42	94.22	454.58	5,454.31
Charge for the year	-	183.65	121.48	704.59	21.86	21.18	14.34	80.05	1,147.15
Disposals	-	-	(6.23)	(610.84)	(1.08)	(0.65)	(0.94)	(186.52)	(806.26)
<b>As at March 31, 2021</b>	-	1,076.72	737.01	3,311.35	116.44	97.95	107.62	348.11	5,795.20
<b>Net carrying value</b>									
<b>As at March 31, 2020</b>	-	2,266.01	1,000.61	6,350.59	108.57	38.73	19.15	151.27	9,934.93
<b>As at March 31, 2021</b>	-	2,117.98	895.22	4,783.83	90.68	39.18	29.12	70.80	8,026.81

**Notes :**

- (a) Certain assets included under property, plant and equipment are held as pledge against loans taken by the Company [refer note 17 and 20].  
(b) Refer note 35 for estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances).

**Note 4(a) Capital work in progress (CWIP)**

	(Rupees in Lacs)	
	As at 31 March 2021	As at 31 March 2020
Opening Balance	68.32	31.06
Additions *	278.07	694.04
Transfer to property, plant and equipment	(301.97)	(656.78)
<b>Closing balance</b>	<b>44.42</b>	<b>68.32</b>

The Company accounts for all capitalisation 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 in additions to property, plant and equipment.





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**Note 4 (b): Right of use assets**

<b>Particulars</b>	<b>(Rupees in Lacs)</b> <b>Amount</b>
As at April 01, 2019	398.22
Charge for the year	-
As at March 31, 2020	398.22
Charge for the year	-
As at March 31, 2021	398.22

**Notes :**

(i) During the financial year 2005-06, Delhi Development Authority has terminated all the allotment letter / lease deeds for which the Company has filed an appeal in the Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 38).

(ii) No amortization has been made in respect to leasehold lands since these have been taken on perpetual lease.

(iii) Leasehold land includes Rupees 21.11 lacs (March 31, 2020 : Rupees 21.11 lacs) for which the deed is not in possession of the Company. The Company has written to the authority to provide a copy of the deed and reply is awaited.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
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**Note 5 : Intangible assets**

Particulars	(Rupees in Lacs)		
	Software	Business Rights	Total
<b>Gross Carrying Value</b>			
As at April 01,2019	715.47	420.00	1,135.47
Additions	67.21	-	67.21
Deletions	-	-	-
As at March 31,2020	782.68	420.00	1,202.68
Additions	420.55	-	420.55
Deletions	-	-	-
As at March 31,2021	1,203.23	420.00	1,623.23
<b>Accumulated amortization and impairment</b>			
As at April 01,2019	622.01	406.95	1,028.96
Charge for the year	150.55	13.05	163.60
Deletions	-	-	-
As at March 31,2020	772.56	420.00	1,192.56
Charge for the year	55.62	-	55.62
Deletions	-	-	-
As at March 31,2021	828.18	420.00	1,248.18
<b>Net Carrying Value</b>			
As at March 31, 2020	10.12	-	10.12
As at March 31, 2021	375.05	-	375.05

**Note 5(a) Intangible assets under development**

	(Rupees in Lacs)	
	As at 31 March 2021	As at 31 March 2020
Opening Balance	162.35	162.35
Additions *	263.99	67.21
Transfer to property, plant and equipment	(420.55)	(67.21)
Closing balance	5.79	162.35

\* 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.



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NOTES FORMING PART OF 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)
<b>6 Investments</b>		
<b><u>Non Current</u></b>		
<b>Unquoted investments (fully paid)</b>		
<b>(a) Investments in subsidiaries (measured at cost)</b>		
<b>(I) Investments in equity instruments</b>		
i) Fortis Asia Healthcare Pte Limited 32,722,596 (32,722,596 as at March 31, 2020) ordinary shares of SGD 1 each Less: Impairment in value of investment	12,720.52  (12,720.52)	12,720.52  (12,720.52)
ii) Fortis Healthstaff Limited 4,900,000 (4,900,000 as at March 31, 2020) equity shares of Rupees 10 each (refer note 42) Less: Impairment in value of investment	147.46  (147.46)	147.46  (147.46)
<b>Total</b>	<u>-</u>	<u>-</u>
<b>(II) Investment in debt instruments</b>		
Fortis Asia Healthcare Pte Limited* 10,000,000 (10,000,000 as at March 31, 2020) Redeemable preference shares of SGD 1, each redeemable on expiry of 5 years from date of allotment at a premium of 4.60% p.a. (Previous year: 4.60% p.a.) (refer note 43b)	3,454.10	3,454.10
Less: Impairment in value of investment (refer note 42)	(2,703.05)	(2,644.00)
 * The Company has subscribed to the preference shares of Fortis Asia Healthcare Pte. Limited on December 14, 2010. The shares were allotted on December 15, 2010 and were redeemable on December 15, 2015. As per the revised addendum dated November 20, 2019, the shares are redeemable on March 31, 2022. However considering the management's recoverability assessment, these are not considered recoverable within the next 12 months. (refer note 43b)		
<b>Aggregate unquoted investments in subsidiaries</b>	<u>751.05</u>	<u>810.10</u>
<b>Aggregate carrying value of unquoted investments in subsidiaries</b>	<u>751.05</u>	<u>810.10</u>
<b>Aggregate amount of impairment in value of investments in subsidiaries</b>	<u>(15,571.03)</u>	<u>(15,511.98)</u>
<b>(b) Investment in fellow subsidiary/ associate (measured at cost)</b>		
<b>Investment in equity instruments: compulsory convertible preference shares</b>		
Fortis Hospitals Limited 13,000,000 (13,000,000 as at March 31, 2020) .01% Non-Cumulative Compulsory Convertible Preference Shares of face value of Rupees 10 each compulsory convertible into equal number of equity shares on expiry of 10 years from date of allotment. i.e. (60,00,000 on February 18, 2026 and 70,00,000 on May 30, 2026) purchased @ Rupees 500 per share (refer note 43c)	65,000.00	65,000.00
<b>Aggregate unquoted investments in fellow subsidiary/ associate</b>	<u>65,000.00</u>	<u>65,000.00</u>
<b>Aggregate carrying value of unquoted investments in fellow subsidiary/ associate</b>	<u>65,000.00</u>	<u>65,000.00</u>
<b>Aggregate amount of impairment in value of investments in fellow subsidiary/ associate</b>	<u>-</u>	<u>-</u>
<b>Total</b>	<u>65,751.05</u>	<u>65,810.10</u>



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Particulars	As at March 31, 2021 (Rupees in Lacs)	As at March 31, 2020 (Rupees in Lacs)
<b>7 Loans</b>		
<b>Non-current - at amortised cost</b>		
<b>Unsecured, considered good</b>		
- Security deposits	79.27	79.27
Total	79.27	79.27
<b>Current - at amortised cost</b>		
<b>Unsecured, considered good</b>		
- Security deposits	44.11	36.61
Total	44.11	36.61
<b>Unsecured, credit impaired</b>		
(a) Loans to subsidiary company	850.15	850.15
(b) Loans to body corporates and others	966.92	966.92
	1,817.07	1,817.07
Less: Allowances for credit losses	(1,817.07)	(1,817.07)
	-	-
Total	44.11	36.61
<b>8 Other financial assets</b>		
<b>Non current - at amortised cost</b>		
<b>Unsecured, considered good</b>		
(a) Deposit accounts with banks*	10.32	8.25
(b) Interest accrued and due on bank deposits	0.25	0.46
(c) Other recoverable with fellow subsidiary (refer note 33)	459.75	289.22
	470.32	297.93
*Fixed deposits are under lien with banks and are restricted from being exchanged for more than 12 months from the Balance Sheet date.		
<b>Current - at amortised cost</b>		
<b>Unsecured, considered good</b>		
(a) Staff advances	0.16	10.41
(b) Interest accrued and due on bank deposits	6.22	4.77
(c) Unbilled revenue	557.02	282.26
(d) Other recoverable with fellow subsidiary (refer note 33)	-	55.73
	563.40	353.17
<b>Considered doubtful</b>		
(a) Advances recoverable	16.07	16.07
(b) Advances to subsidiary company	172.41	171.71
(c) Other recoverable from staff	125.40	118.24
	313.88	306.02
Less : Allowances for credit losses	(313.88)	(306.02)
	-	-
Total	563.40	353.17



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9 Deferred tax (net)

The following is the analysis of movement in deferred tax assets

Recognized in Standalone Statement of Profit and Loss and Other Comprehensive Income

Deferred tax in relation to	As at April 01, 2020	Credit / (Charge) to Profit or loss	(Credit) / Charge to Other Comprehensive Income	As at March 31, 2021
<b>Deferred tax assets ( 'DTA' )/(liabilities)</b>				
Property, plant and equipment	(58.77)	-	-	(58.77)
Intangible assets	99.64	-	-	99.64
Allowance for expected credit loss on advances	337.33	-	-	337.33
Allowance for expected credit loss on receivables	779.86	-	-	779.86
Employee benefits	601.76	-	-	601.76
Carried forward loss	2,629.11	-	-	2,629.11
<b>Deferred tax assets (net)</b>	<b>4,388.93</b>	-	-	<b>4,388.93</b>

Deferred tax in relation to	As at April 01, 2019	Credit / (Charge) to Profit or loss	(Credit) / Charge to Other Comprehensive Income	As at March 31, 2020
<b>Deferred tax assets/(liabilities)</b>				
Property, plant and equipment	28.55	(87.32)	-	(58.77)
Intangible assets	142.38	(42.74)	-	99.64
Allowance for expected credit loss on advances	453.16	(115.83)	-	337.33
Allowance for expected credit loss on receivables	1,947.45	(1,167.59)	-	779.86
Employee benefits	892.63	(290.88)	0.01	601.76
Carried forward loss	1,547.35	1,081.76	-	2,629.11
<b>Deferred tax asset (net)</b>	<b>5,011.52</b>	<b>(622.60)</b>	<b>0.01</b>	<b>4,388.93</b>

No deferred tax asset has been recognised on

	As at March 31, 2021 (Rupees in Lacs)	As at March 31, 2020 (Rupees in Lacs)
Business losses	2,533.06	-
Unabsorbed Depreciation	1,416.49	-
Loan and advance to subsidiary	1,022.56	1,021.86
	<b>4,972.11</b>	<b>1,021.86</b>

During the year ended March 31, 2021, the Management has reassessed its expectation of future taxable profit, and recognized Deferred tax assets ('DTA') only to the extent considered recoverable. No additional deferred tax asset (net) has been recognized in the current year based on the assessment of future expected taxable profits. In view of the management, the DTA recognised in books on unabsorbed depreciation and other temporary differences is fully recoverable and will be utilised against future taxable profits. Analysis of temporary tax differences on which deferred tax has not been recognised is as below:

Amount of deferred tax asset/ (liability) not recognised

	For the year ended March 31, 2021 (Rupees in Lacs)	For the year ended March 31, 2020 (Rupees in Lacs)
Property, plant and equipment	(11.69)	-
Intangible assets	(25.63)	-
Allowance for expected credit loss on advances	(5.26)	-
Allowance for expected credit loss on receivables	(130.83)	-
Employee benefits	(19.98)	-
Carried forward loss and unabsorbed depreciation under Income Tax Act, 1961	994.02	-
	<b>800.63</b>	<b>-</b>



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Particulars	As at March 31, 2021 (Rupees in Lacs)	As at March 31, 2020 (Rupees in Lacs)
<b>10 Non-current tax assets</b>		
Advance Income tax (net of Provision for Taxation of Rs 18,182.00 lacs, previous year Rs 18,182.00 lacs) *	2,662.85	3,750.10
	<u>2,662.85</u>	<u>3,750.10</u>
* Including refund adjusted by tax authorities against demand orders of earlier years which are being contested by the Company under various forums.		
<b>11 Other assets (Unsecured)</b>		
<b>Non-current</b>		
<b>Considered good</b>		
(a) Capital advances	2.20	11.65
(b) Balances with customs excise and other authorities paid under protest (Refer note 38(c))	650.00	650.00
(c) Prepaid expenses	3.69	20.07
	<u>655.89</u>	<u>681.72</u>
<b>Current</b>		
<b>Considered good</b>		
(a) SEIS licenses receivable	172.73	359.74
(b) Advance to vendors	95.78	38.12
(c) Prepaid expenses	143.36	95.14
(d) Advances others	31.39	31.50
	<u>443.26</u>	<u>524.50</u>
<b>Considered doubtful</b>		
(a) SEIS licenses in hand	86.43	86.43
(b) Advance to vendors	28.49	28.49
(c) Advances others	48.56	48.56
	<u>163.48</u>	<u>163.48</u>
<b>Less: Loss allowances</b>	<u>(163.48)</u>	<u>(163.48)</u>
	-	-
<b>Total</b>	<u>443.26</u>	<u>524.50</u>
<b>12 Inventories</b>		
<b>Valued at lower of cost and net realisable value</b>		
Medical consumables, drugs and others	162.93	193.84
	<u>162.93</u>	<u>193.84</u>



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NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

Particulars	As at	As at
	March 31, 2021	March 31, 2020
	(Rupees in Lacs)	(Rupees in Lacs)
<b>13 Trade receivables</b>		
<b>Current</b>		
<b>Unsecured</b>		
(a) Considered good	2,792.59	2,941.27
(b) Considered credit impaired		
- From others	2,578.81	3,098.61
Less: Allowances for credit losses	(2,578.81)	(3,098.61)
	<u>2,792.59</u>	<u>2,941.27</u>

The Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period. The allowance matrix used to compute the expected credit loss allowance for trade receivables is as follows.

Ageing	Expected Credit Allowance %	
	March 31, 2021	March 31, 2020
0 - 1 year	3 % - 56 %	2 % - 44 %
1 - 2 year	14 % - 54 %	10 % - 92 %
2 - 3 year	27 % - 80 %	24 % - 100 %
More than 3 years	100%	100%

The Company does not have any significant concentration of exposures to specific category of customer

**The movement in expected credit loss during the year is as follows**

Balances at the beginning of the year	3,098.61	5,573.05
Creation of the allowance for credit losses	402.96	1,196.67
Utilisation of allowance	(560.59)	(3,671.11)
Reversal of allowance	(362.17)	-
<b>Balances at the end of the year</b>	<u>2,578.81</u>	<u>3,098.61</u>

Current assets are held as pledge against loan taken by the Company (refer note no 17)

**14 (a) Cash and cash equivalents**

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the standalone statement of cash flows can be reconciled to the related items in the standalone balance sheet as follows:

(a) Balances with Banks		
- on current accounts	81.14	548.56
(b) Cash on hand	26.87	2.45
<b>Cash and cash equivalents as per balance sheet</b>	<u>108.01</u>	<u>551.01</u>
Bank overdraft (refer note 20)	(2,481.39)	(2,443.67)
<b>Cash and cash equivalents as per statement of cash flows</b>	<u>(2,373.38)</u>	<u>(1,892.66)</u>

**14 (b) Bank balances other than above**

**Other bank balances**

Deposits with maturity of more than 3 months and less than 12 months \*

	132.97	147.40
<b>Other bank balances as per balance sheet</b>	<u>132.97</u>	<u>147.40</u>

\*Fixed deposits are under lien with banks against bank guarantee.

**15. Assets classified as held for sale**

Buildings*	49.87	134.28
	<u>49.87</u>	<u>134.28</u>

\* Include one flat (31 March 2020: two flats) for which registration of transfer is pending with the authorities.



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Particulars	As at March 31, 2021 (Rupees in Lacs)		As at March 31, 2020 (Rupees in Lacs)	
	<b>16 Share capital</b>			
<b>Authorized share capital:</b>				
2,700,000 (2,050,000 as at March 31, 2020) Equity Shares of Rupees 10 each		270.00		205.00
450,000 (450,000 as at March 31, 2020) 0.01% Compulsory Convertible Preference Shares ("CCPS") of Rupees 10 each		45.00		45.00
<b>Total authorized share capital</b>		<b>315.00</b>		<b>250.00</b>
<b>Issued, subscribed and fully paid up shares</b>				
2,161,117 (2,000,310 as at March 31, 2020) Equity Shares of Rupees 10 each		216.11		200.03
401,769 (401,769 as at March 31, 2019) 0.01% CCPS of Rupees 10 each		40.18		40.18
<b>Total issued, subscribed and fully paid up share capital</b>		<b>256.29</b>		<b>240.21</b>

Notes :

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

Equity Shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	(Rupees in Lacs)	Number	(Rupees in Lacs)
At the beginning of the year	2,000,310	200.03	2,000,310	200.03
Add :- Share issued during the year	160,807	16.08	-	-
<b>Outstanding at the end of the year</b>	<b>2,161,117</b>	<b>216.11</b>	<b>2,000,310</b>	<b>200.03</b>

Preference Shares

Particulars	As at March 31, 2021		As at March 31, 2020	
	Number	(Rupees in Lacs)	Number	(Rupees in Lacs)
At the beginning of the year	401,769	40.18	401,769	40.18
<b>Outstanding at the end of the year</b>	<b>401,769</b>	<b>40.18</b>	<b>401,769</b>	<b>40.18</b>

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms/ rights attached to compulsory convertible preference shares

During the year ended March 31, 2013, the Company issued 401,769 0.01% Compulsory Convertible Preference shares of Rupees 10 each at a premium of Rupees 7,456.98 per share. These shares are convertible into equal number of equity shares, provided price for conversion of Investor CCPS into equity share shall not be less than the investment valuation. The holders of each CCPS shall be entitled to receive dividends in respect of the par value of the Investor CCPS at a rate of 0.01%, payable at the end of period of 15 years from the closing date. Holder of CCPS shall have voting rights relating to liquidation or a resolution or any other matter which directly affects or varies the right of the holders. 0.01% CCPS are compound instruments as it also contain liability towards payment of 0.01% dividend at the end of the period of 15 years. Such liability component is insignificant to the total instrument and therefore, not segregated from the instrument value.

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

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

Equity Shares

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*, the Holding company	2,161,117	216.11	2,000,310	200.03

\*including 50 equity shares held by its nominees

Compulsory convertible preference shares

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 Hospitals Limited, fellow subsidiary	401,769	40.18	401,769	40.18

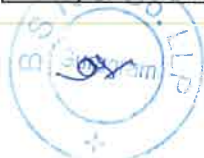
(f) Details of shareholders holding more than 5% shares in the Company

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, the Holding company	2,161,117	100%	2,000,310	100%

Compulsory convertible preference 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 Hospitals Limited, fellow subsidiary	401,769	100%	401,769	100%





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Particulars	As at March 31, 2021 (Rupees in Lacs)	As at March 31, 2020 (Rupees in Lacs)
<b>17. Non current borrowings</b>		
<b>Secured - at amortised cost</b>		
(a) Term loans - from banks		
- HSBC Bank (foot note 1)	458.33	1,140.00
- DBS Bank (foot note 2)	764.48	-
Current maturities of term loans (Refer Note 18)		
- HSBC Bank	(83.33)	(148.33)
- DBS Bank	(156.68)	-
	<u>982.80</u>	<u>991.67</u>
<b>Unsecured - at amortised cost</b>		
(b) Loan from fellow subsidiaries (foot note 3)	3,500.00	3,500.00
(c) Loan from holding company (foot note 4)	2,564.67	9,689.67
Current maturities of loans from others (Refer Note 18)	(6,064.67)	-
	<u>-</u>	<u>13,189.67</u>
	<u>982.80</u>	<u>14,181.34</u>

Note 1 :- During the previous year, the Company had taken term loan from HSBC Bank of Rs. 1,140 lacs with rate of interest being MCLR i.e. 8.10% plus 50 bps with quarterly reset linked to 3 month MCLR or any other rate as may be mutually agreed from time to time. The loan is secured by exclusive charge on the fixed assets (immovable) with minimum assets cover of 1.33X on cumulative property value of Escorts Heart and Super Speciality Hospital Limited (Immovable property situated in Mohali), International Hospital Limited (Immovable property situated in Faridabad and Noida), Hospitalia Eastern Private Limited (Immovable property situated in Ludhiana), Fortis Hospital Limited (Immovable property situated in Gurgaon) and corporate guarantee from Fortis Healthcare Limited, International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Hospitals Limited and Fortis Hospital Limited along with first pari passu charge on the current assets and movable fixed assets of the borrower (Company). The average effective interest rate is 8.10% p.a, payable on monthly basis. During the year the Company has repaid loan of Rs. 108.23 lacs and refinanced term loan facility of Rs. 573.44 lacs from DBS Bank. Further, remaining term loan facility is repayable in 7 years in 24 equal quarterly installments started from November 20, 2020 post a one year moratorium.

Note 2 :- During the current year, DBS bank has sanctioned term loan of Rs. 573 Lacs and Capex facility of Rs. 500 lacs. Out of total facility available, the Company has availed term loan facility to refinance loan from HSBC bank of Rs. 573 lacs along with availment of Capex loan facility of Rs. 223.28 lacs. The loan is secured by:

- (i) First pari passu charge over current assets and moveable fixed assets of the borrower,
- (ii) Exclusive charge over immovable fixed assets of International Hospital Limited located at Anandpur, Kolkata and BG Road, Bengaluru and Escorts Heart and Super Speciality Hospital Limited located at Jaipur, Rajasthan with a security cover of minimum 1.33x,
- (iii) Corporate guarantees from Fortis Hospitals Limited, Fortis Healthcare Limited, International Hospital Limited, Fortis Hospital Limited and Escorts Heart and Super Speciality Hospital Limited.

The term loan facility is availed at rate of interest of 3 months MCLR+ 100 bps and is repayable over a period of 5 years (in 20 equal quarterly installments) with a demand option exercisable on or after September 1, 2023. Capex loan facility is availed at rate of interest of 3 months MCLR+ 100 bps and is repayable in 16 quarterly instalments beginning from December 01, 2021.

Note 3: During the previous year, the Company has taken a loan for Rs. 3,500 lacs from Fortis Malar Hospitals Limited at an interest rate of 10.50% p.a. which is repayable on or before January 31, 2022. Interest is repayable on demand or maturity. The loan is secured by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited. Outstanding as at March 31, 2021 is Rs. 3,500 lacs (Previous year Rs. 3,500 lacs).

Note 4: The term loan has been taken from Fortis Healthcare Limited at an interest rate 8.85% (Previous year 10.50% p.a.). The loan is repayable on or before March 31, 2022 and interest is repayable on demand or maturity. Further, during the current year, the holding Company ('lender') has converted balance payable of interest accrued amounting to Rs.706.62 lacs as a part of original borrowing.



## 18. Other financial liabilities

### Non-Current

#### Secured - at amortised cost

(a) Financial guarantee liability	744.51	1,119.45
	<u>744.51</u>	<u>1,119.45</u>

### Current

#### Secured - at amortised cost

(a) Current maturities of long term debt (refer note 17)	6,304.68	148.33
(b) Financial guarantee liability	159.25	-

#### Unsecured - at amortised cost

(a) Security deposits	64.69	57.07
(b) Interest accrued and due on borrowings from related party	1,054.26	946.89
(c) Interest accrued but not due on borrowings from bank	5.29	3.79
(d) Interest accrued and due on MSME vendors (Refer note 48)	10.64	10.64
(e) Capital creditors *	156.55	97.50
(f) Employee payable	56.13	555.75
	<u>7,811.49</u>	<u>1,819.97</u>

\* This also includes amount payable to micro and small enterprises amounting to Rupees 60.79 Lacs as at March 31 2021.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**18(a) Changes in liabilities arising from financing activities**

<b>Particulars</b>	<b>Non- current borrowings</b>	<b>Current borrowings *</b>	<b>Interest accrued</b>
<b>As at 01 April 2019</b>	<b>10,755.55</b>	<b>-</b>	<b>447.62</b>
Proceeds from borrowings	17,130.00	-	-
Repayment of borrowings	(13,590.55)	(528.00)	-
Reclassifications of bank overdraft*	-	-	-
Finance cost expenses	-	-	1,693.04
Finance cost paid	-	-	(1,144.67)
Conversion of interest accrued into borrowing	34.67	-	-
Conversion of liabilities in borrowings	-	2,800.00	(34.67)
<b>As at 31 March 2020</b>	<b>14,329.67</b>	<b>2,272.00</b>	<b>961.32</b>
<b>As at 01 April 2020</b>	<b>14,329.67</b>	<b>2,272.00</b>	<b>961.32</b>
Proceeds from borrowings	796.72	3,470.00	-
Repayment of borrowings	(7,806.67)	(420.24)	-
Conversion of interest accrued into borrowing	-	706.62	(706.62)
Finance cost expenses	-	-	1,722.97
Finance cost paid	-	-	(907.48)
<b>As at 31 March 2021</b>	<b>7,319.72</b>	<b>6,028.38</b>	<b>1,070.19</b>

\* Excluding bank overdraft.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF 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)
<b>19. Provisions</b>		
<b><u>Non current</u></b>		
<b>Provision for employees benefits</b>		
- Provision for gratuity (refer Note 39)	1,307.37	1,359.21
	<u>1,307.37</u>	<u>1,359.21</u>
<b><u>Current</u></b>		
<b>Provision for employees benefits</b>		
(a) Provision for gratuity (refer Note 39)	266.57	397.25
(b) Provision for compensated absences	612.20	634.52
<b><u>Others</u></b>		
(a) Provision for contingencies*	47.56	75.61
(b) Provision for litigation **	678.02	678.02
	<u>1,604.35</u>	<u>1,785.40</u>

**\* Provision for contingencies :**

Particulars	As at March 31, 2021	As at March 31, 2020
Opening balance	75.61	62.23
Add: provision made during the year	-	13.38
Less: provision reversed during the year	(28.05)	-
<b>Closing balance</b>	<u>47.56</u>	<u>75.61</u>

Provision for contingency is made against refund due to the patients, which is expected to be settled in due course and therefore considered as current in nature.

\*\* During the year ended March 31, 2017, Provision of Rupees 347.63 lacs (excluding interest) was made on account of penalty levied by the Commissioner of Customs (Import and General), Delhi towards classification of imported surgical machine under the Customs Act, 1962. Further, provision of Rupees 330.39 Lacs (excluding interest) was recorded in earlier years towards customs duty levied on the Company on import of medical equipment, spares and consumables.

The Company has challenged the aforesaid matters and the provision will be settled on closure of the matter.

**20. Current borrowings**

<b>Secured - repayable on demand</b>		
- Bank overdraft (refer note (a))	2,481.39	2,443.67
<b>Unsecured</b>		
- Loans from fellow subsidiary (refer note (b))	1,884.00	2,272.00
- Loan from a holding company (refer note (c))	4,176.62	-
	<u>8,542.01</u>	<u>4,715.67</u>

Note (a) During the previous year, the company has availed bank overdraft facility of Rupees 2,500 lacs from HSBC Bank at the interest rate of HSBC Overnight MCLR + 70 bps p.a or any other rate as may be mutually agreed, secured by exclusive charge on the fixed assets (immovable) of Escorts Heart and Super Speciality Hospital Limited (Immovable property situated in Mohali), International Hospital Limited (Immovable property situated in Faridabad and Noida), Hospitalia Eastern Private Limited (Immovable property situated in Ludhiana), Fortis Hospotel Limited (Immovable property situated in Gurgaon) with minimum assets cover of 1.33X basis cumulative property value of assets of such entities. Further, overdraft facility is secured by first pari passu charge on the current assets and movable fixed assets of the borrower (Company) and corporate guarantee from Fortis Healthcare Limited, International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Hospitals Limited and Fortis Hospotel Limited. As on March 31, 2021, the outstanding balance of overdraft is Rupees 2,481.39 lacs (Previous year 2,443.67 lacs).

Note (b) During the previous year, the Company had converted balance of trade payable for fellow subsidiary 'SRL Limited' amounting to Rs. 2800 lacs into current borrowings. The repayment had been started as per the agreement in previous year. Further, agreement was last amended on December 10, 2020 to modify repayment to Rs. 53 lacs per month and full amount repayable along with interest @ 10.50% p.a. on or before June 10, 2021. Outstanding as at March 31, 2021 is Rs. 1,884 lacs (Previous year Rs. 2,272 lacs)

Note (c) The loan has been taken from Fortis Healthcare Limited at an interest rate 8.85% p.a. The loan is repayable on or before March 31, 2022 and interest is repayable on demand or maturity.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF 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)
<b>21. Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises. (refer note 48)	493.33	877.50
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises *	6,875.13	8,218.44
	<u>7,368.46</u>	<u>9,095.94</u>
* Includes payable to related parties, refer note 33.		
<b>22. Other current liabilities</b>		
(a) Contract liabilities	492.83	285.91
(b) Statutory dues payable	336.40	318.56
	<u>829.23</u>	<u>604.47</u>
<b>23 Liabilities directly associated with assets classified as held for sale</b>		
Advance against building held for sale	128.21	120.00
	<u>128.21</u>	<u>120.00</u>







**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF 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)
<b>26 Changes in inventories of medical consumable and drugs</b>		
(a) Inventory at the beginning of the year	193.84	154.79
(b) Inventory at the end of the year	162.93	193.84
Decrease/ (increase) in inventories [(a)-(b)]	<u>30.91</u>	<u>(39.05)</u>
<b>27 Employee benefits expense</b>		
(a) Salaries, wages and bonus	6,770.91	8,618.77
(b) Gratuity expense (refer note 39)	121.76	128.92
(c) Compensated absences	45.10	30.46
(d) Contribution to provident and other funds	358.31	424.56
(e) Staff welfare expenses	116.06	44.40
	<u>7,412.14</u>	<u>9,247.11</u>
<b>28 Finance costs</b>		
(a) Interest expense		
- on term loans	91.69	128.03
- on cash credit	140.72	131.72
- on others	1,490.56	1,433.30
- on defined benefit plan and other long term benefits	148.24	173.64
(b) Other borrowing cost (including bank charges)	93.55	123.02
	<u>1,964.76</u>	<u>1,989.71</u>
<b>29 Depreciation and amortisation expense</b>		
(a) Depreciation of property, plant and equipment	1,147.15	1,332.38
(b) Amortisation of intangible assets	55.62	163.60
	<u>1,202.77</u>	<u>1,495.98</u>
<b>30 Other expenses</b>		
(a) Contractual manpower	823.57	1,633.19
(b) Power, fuel and water	885.39	966.57
(c) Housekeeping expenses including consumables	716.91	545.98
(d) Patient food and beverages	260.40	693.77
(e) Pathology laboratory expenses	1,385.91	1,629.02
(f) Radiology expenses	44.93	237.54
(g) Professional and consultation fees to doctors	4,631.40	4,443.21
(h) Repairs and maintenance -		
- Building	3.21	-
- Plant and machinery	570.66	637.99
- Others	398.39	444.70
(i) Rent- (refer note 34)		
- Equipment	64.70	191.22
- Others	99.51	132.08
(j) Legal and professional fee (refer note (i) below)	270.70	316.39
(k) Travel and conveyance	64.70	88.86
(l) Rates and taxes	282.53	77.17
(m) Recruitment & training	9.86	3.37
(n) Printing and stationary	77.67	93.90
(o) Communication expenses	20.53	24.06
(p) Directors' sitting fees	0.12	2.24
(q) Insurance	263.93	218.83
(r) Marketing and business promotion	489.52	1,538.69
(s) Foreign exchange fluctuation loss (net)	-	23.39
(t) Allowance for credit losses (refer note 13)	-	1,196.67
(u) Allowance for doubtful advances	7.85	40.96
(v) Provision for contingencies (refer note 19)	-	13.38
(w) Corporate social responsibility expenses (refer note 47)	267.39	-
(x) Miscellaneous expenses	26.10	45.24
	<u>11,665.88</u>	<u>15,238.42</u>



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF 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)
<b>Note (i) : Auditor's remuneration comprises (excluding GST)</b>		
a. Statutory audit fees	22.00	22.00
b. Tax audit fees	3.15	3.15
c. Certifications	1.00	1.18
d. Out of pocket expenses	0.78	1.12
	<b>26.93</b>	<b>27.45</b>

**31 Exceptional Items**

(a) Exceptional loss (refer note 42)	59.05	10,253.31
	<b>59.05</b>	<b>10,253.31</b>

**32 Income tax**

**Recognized in Profit or loss account**

**Current tax**

(a) In respect of the current year	-	-
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**Deferred tax**

(a) In respect of the current year	-	622.60
	-	<b>622.60</b>

**Tax expense/(credit) recognized through profit & loss account**

-	<b>622.60</b>
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**Recognized in Other Comprehensive Income**

**Deferred tax**

In respect of the current year	-	(0.01)
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**Tax credit recognized through Other Comprehensive income**

-	<b>(0.01)</b>
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**The income tax expense for the year can be reconciled to the accounting profit as follows:**

Loss before tax for the year	(2,950.70)	(13,587.34)
Enacted income tax rate in India	25.168%	25.168%
Income tax expense	(742.63)	(3,419.66)
Effect of expenses not deductible in determining taxable profit	(17.87)	2,593.36
Previous year adjustment of deferred tax assets	(1.97)	49.23
Effect due to change in income tax rates	-	1,402.03
Others	(4.69)	(2.36)
Deferred tax asset not recognised based on the projected future taxable profits	767.16	-
<b>Total</b>	-	<b>622.60</b>
Adjustments recognized in the current year in relation to prior years	-	-
<b>Tax expense recognized in profit or loss</b>	-	<b>622.60</b>

**Details of losses on which deferred tax asset is not recognised:**

	As on 31 March 2021		As on 31 March 2020	
	Gross Amount	Tax effect	Gross Amount	Tax effect
<b>Unabsorbed depreciation</b>				
Never expire	1,416.49	356.50	-	-
<b>Total</b>	<b>1,416.49</b>	<b>356.50</b>	-	-
<b>Unabsorbed Business Loss</b>				
2029-30	2,533.06	637.52	-	-
<b>Total</b>	<b>2,533.06</b>	<b>637.52</b>	-	-



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
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**MARCH 31, 2021**

**33. Related party disclosures**

<b>Names of Related Parties and related party relationship</b>	
Ultimate Holding Company	IHH Healthcare Berhad
Intermediate Holding Companies	Integrated Healthcare Holdings Limited (Intermediate Holding Company) Parkway Pantai Limited (Intermediate Holding Company) Northern TK Venture Pte Ltd (Intermediate Holding Company)
Holding Company	Fortis Healthcare Limited ('FHL')
Subsidiary Companies	Fortis Asia Healthcare Pte Limited ('FAHPL') Fortis Healthstaff Limited ('FHSL')
Fellow Subsidiaries or joint venture (with whom transactions have been taken place)	SRL Limited Fortis Hospitals Limited ('FHsL') (and an associate) Fortis Malar Hospitals Limited ("FMHL") Malar Stars Medicare Limited ("MSML") Fortis Emergency Services Limited ('FESL') Fortis CSR Foundation Fortis Health Management (East) Limited Fortis C-Doc Healthcare Limited Escorts Heart and Super Specialty Hospital Limited Fortis Hospotel Limited International Hospital Limited Hospitalia Eastern Private Limited
Key Management Personnel	Mr. Avinash Khaitan (Director) (upto 22 October 2020) Mr. Bidesh Chandra Paul (Whole time Director) Mr. Anil Vinayak (Director) (w.e.f 24 September 2020) Mr. Manu Kapila (Director) (w.e.f 24 September 2020) Dr. Aparna Jaswal (Director) Dr. Kousar Ali Shah (Director) (upto 23 August 2019)

*(Rupees in Lacs)*

<b>Transaction Details</b>	<b>Year ended</b>	<b>Year ended</b>
	<b>March 31, 2021</b>	<b>March 31, 2020</b>
<b>Operating income (including income from medical services, rental and other income)</b>		
Fortis Hospitals Limited	4.45	157.29
Fortis C-Doc Healthcare Limited	4.47	2.35
Fortis Emergency Services Limited	-	2.36
Fortis Healthcare Limited	-	0.19
SRL Limited	0.28	0.13



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2021**

Transaction Details	Year ended	Year ended
	March 31, 2021	March 31, 2020
<b>Interest expense</b>		
Fortis Malar Hospitals Limited	367.50	317.21
Malar Stars Medicare Limited	-	153.71
SRL Limited	217.19	177.24
Fortis Healthcare Limited	905.87	785.14
<b>Pathology expenses</b>		
SRL Limited	1,336.58	1,550.07
<b>Travel and conveyance</b>		
Fortis Emergency Services Limited	18.69	22.05
<b>Consultation fees to doctor</b>		
Fortis Healthcare Limited	0.96	8.57
Fortis Health Management (East) Limited	-	1.34
Fortis Hospitals Limited	6.34	12.17
<b>Rent expense</b>		
Fortis Hospotel Limited	41.85	-
<b>Sale of fixed assets (Property, plant and equipment)</b>		
Fortis Hospitals Limited	1,038.43	57.20
<b>Purchase of intangible assets</b>		
Fortis Hospitals Limited	218.16	-
<b>Transfer of medical consumables and drugs from</b>		
Fortis Hospitals Limited	9.77	2.39
Fortis Healthcare Limited	3.25	0.27
Fortis C-Doc Healthcare Limited	0.01	0.24



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2021**

Transaction Details	Year ended	Year ended
	March 31, 2021	March 31, 2020
<b>Transfer of medical consumables and drugs to</b>		
Fortis Healthcare Limited	4.82	1.78
Fortis Hospitals Limited	7.36	1.11
Fortis C Doc Healthcare Limited	0.99	-
<b>Allotment of Equity Shares (Including securities premium)</b>		
Fortis Healthcare Limited	4,999.97	-
<b>Managerial remuneration (Refer note 1)</b>		
Dr. Kousar Ali Shah	-	30.44
Mr. Bidesh Chandra Paul	49.66	27.66
Dr. Aparna Jaswal	74.55	84.54
<b>Director's sitting fee</b>		
Mr. Avinash Khaitan	0.12	0.88
Mr. Saurabh Gupta	-	0.78
Dr. Aparna Jaiswal	-	0.58
<b>Advances given</b>		
Fortis Healthstaff Limited	0.70	-
<b>Loans repaid</b>		
Malar Stars Medicare Limited	-	6,130.00
Fortis Healthcare limited	7,125.00	3,900.00
Fortis Malar Hospitals Limited	-	1,577.54
SRL Limited	388.00	528.00
<b>Loans received</b>		
Fortis Healthcare Limited	3,470.00	12,490.00
Fortis Malar Hospitals Limited	-	3,500.00
<b>Conversion of liabilities into borrowings</b>		
SRL Limited	-	2,800.00
Fortis Healthcare Limited	706.62	34.67



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2021**

Transaction Details	Year ended	Year ended
	March 31, 2021	March 31, 2020
<b>Expenses incurred on behalf of</b>		
Fortis Hospitals Limited	23.86	25.33
Fortis Healthstaff Limited	3.83	10.87
Fortis CSR Foundation	1.83	7.92
Fortis Emergency Services Limited	4.94	2.47
Fortis Healthcare Limited	-	0.79
Fortis C-Doc Healthcare Limited	9.36	0.65
SRL Limited	103.32	111.06
<b>Expenses incurred on behalf of Company by</b>		
SRL Limited	-	11.91
Fortis Hospitals Limited	-	37.65
Fortis Emergency Services Limited	-	0.01
<b>Transfer of employee benefit liability by Company to</b>		
Fortis C-Doc Healthcare Limited	3.48	-
Fortis Healthcare Limited	0.23	8.31
Fortis Hospitals Limited	1.89	11.62
<b>Transfer of employee benefit liability to Company from</b>		
Fortis Hospitals Limited	0.15	0.58
Fortis Healthcare Limited	0.38	1.02
Fortis Health Management (East) Limited	-	1.34
<b>Collection by Company on behalf of</b>		
Fortis Healthcare Limited	1.05	183.17
Fortis Hospitals Limited	30.12	70.27
Fortis C-Doc Healthcare Limited	-	4.86
<b>Collection on behalf of Company by</b>		
Fortis Hospitals Limited	15.69	860.40
Fortis Healthcare Limited	61.93	175.15
Fortis Health Management (East) Limited	-	1.06
<b>Corporate guarantees received (for loans)</b>		
Fortis Healthcare Limited	4,780.00	7,640.00
Fortis Hospitals Limited	1,280.00	7,640.00
Escorts Heart and Super Specialty Hospital Limited	1,280.00	7,640.00
Fortis Hospotel Limited	1,280.00	4,140.00





**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2021**

Transaction Details	Year ended	Year ended
	March 31, 2021	March 31, 2020
International Hospital Limited	1,280.00	7,640.00
Hospitalia Eastern Private Limited	-	7,640.00
<b>Corporate guarantees received earlier for loans withdrawn by</b>		
Fortis Healthcare Limited	640.00	13,500.00
Fortis Hospitals Limited	640.00	3,500.00
Escorts Heart and Super Specialty Hospital Limited	640.00	3,500.00
Hospitalia Eastern Private Limited	640.00	3,500.00
International Hospital Limited	640.00	3,500.00
Fortis Hospotel Limited	640.00	-
<b>Corporate guarantees given to banks/related party by company for loans availed by</b>		
International Hospital Limited	3,500.00	3,800.00
Fortis Hospitals Limited	33,330.00	100,640.00
Fortis Healthcare Limited	11,075.82	122,890.00
Fortis Hospotel Limited	3,000.00	3,250.00
Hiranandani Healthcare Private Limited	-	50.00
<b>Corporate guarantees given to banks/related party by company for loans availed by related party withdrawn</b>		
Fortis Healthcare Limited	2,510.00	43,000.00
Fortis Hospitals Limited	27,590.00	33,500.00
<b>Provision for impairment of investment</b>		
Fortis Asia Healthcare Pte Limited	59.05	10,253.31
<b>Provision for doubtful loans and advances</b>		
Fortis Healthstaff Limited	0.70	10.88
<b>Deemed equity distribution for financial guarantee given to banks for loans availed by</b>		
Fortis Healthcare Limited	-	774.50



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
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**MARCH 31, 2021**

Balances outstanding at year end:	As at 31 March 2021	As at 31 March 2020
<b>Loan given</b>		
Fortis Healthstaff Limited	850.15	850.15
<b>Provision for loss allowance on loan</b>		
Fortis Healthstaff Limited	850.15	850.15
<b>Unsecured borrowings</b>		
Fortis Healthcare Limited	6,741.29	9,689.67
Fortis Malar Hospitals Limited	3,500.00	3,500.00
SRL Limited	1,884.00	2,272.00
<b>Interest accrued and due on borrowings</b>		
Fortis Healthcare Limited	837.93	706.62
Fortis Malar Hospitals Limited	169.50	184.25
SRL Limited	46.83	56.04
<b>Trade payables</b>		
SRL Limited	461.61	942.72
Fortis Hospitals Limited	1,082.22	686.80
Fortis Healthcare Limited	227.67	105.43
Fortis Emergency Services Limited	10.77	38.48
Fortis Hospotel Ltd	39.20	-
Fortis CSR Foundation	-	2.24
<b>Trade receivables</b>		
Fortis C-Doc Healthcare Limited	11.29	2.56
Fortis Health Management (East) Limited	0.02	0.49
<b>Other financial assets</b>		
<b>Recoverable from</b>		
Fortis Hospitals Limited	459.75	344.95
Fortis Healthstaff Limited	172.41	171.71
<b>Provisions for loss allowance</b>		
Fortis Healthstaff Limited	172.41	171.71
<b>Investments in equity/ debt instruments</b>		
Fortis Hospitals Limited	65,000.00	65,000.00
Fortis Asia Healthcare Pte Limited (Refer note 2)	16,174.62	16,174.62
Fortis Healthstaff Limited	147.46	147.46



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
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**MARCH 31, 2021**

Balances Outstanding at Year End:	As at	As at
	March 31, 2021	March 31, 2020
<b>Impairment of investment</b>		
Fortis Asia Healthcare Pte. Limited (Equity Instruments)	12,720.52	12,720.52
Fortis Asia Healthcare Pte. Limited (Debt Instruments)	2,703.05	2,644.00
Fortis Healthstaff Limited	147.46	147.46
<b>Compulsory Convertible Preference Shares</b>		
Fortis Hospitals Limited	40.18	40.18
<b>Outstanding Corporate guarantee given to banks/related party for loans availed by</b>		
Fortis Hospitals Limited	72,880.00	67,140.00
Hiranandani Healthcare Private Limited	50.00	50.00
Fortis Healthcare Limited	88,455.82	79,890.00
International Hospital Limited	7,300.00	3,800.00
Fortis Hospotel Limited	6,250.00	3,250.00
<b>Outstanding Corporate guarantee given to banks/ related party for loans availed by the Company by</b>		
Fortis Healthcare Limited *	8,280.00	4,140.00
Escorts Heart and Super Specialty Hospital Limited	4,780.00	4,140.00
Fortis Hospitals Limited	4,780.00	4,140.00
Fortis Hospotel Limited	4,780.00	4,140.00
International Hospital Limited	4,780.00	4,140.00
Hospitalia Eastern Private Limited	3,500.00	4,140.00

**Notes:**

- 1) As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above.
- 2) Refer note 43(b) for investment in Non-Cumulative Redeemable Preference Shares of Fortis Asia Healthcare Pte Limited.



**ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED**  
**MARCH 31, 2021**

**34. Leases:**

**(a) As a lessee:**

- (i) The Company has entered into lease arrangements for medical equipment and residential premises. Information about leases for which the Company is a lessee is presented below:

<b>Amounts recognized in Statement of Profit and Loss</b>	<b>Year ended March 31 2021</b>	<b>Year ended March 31 2020</b>
Variable lease payments not included in the measurement of lease liabilities	62.22	91.91
Expenses relating to short-term leases	101.99	231.39

**(b) As a lessor:**

**Assets given on operating lease:**

The Company has sub-leased some portion of hospital premises under a cancellable lease arrangement. Total lease income recognized in respect to such leases in the Statement of Profit and Loss for the year are Rupees 259.40 lacs (March 31, 2020: Rupees 355.47 lacs).

**35. Commitments:**

<b>Particulars</b>	<b>As at March 31, 2021 (Rupees in lacs)</b>	<b>As at March 31, 2020 (Rupees in lacs)</b>
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of capital advances)	118.89	56.90

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, for which there were any material foreseeable losses.

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

**36. Contingent liabilities:**

**A. Guarantees:**

Outstanding guarantees furnished by banks on behalf of the Company are Rupees 78.46 lacs (March 31, 2020: Rupees 100.54 lacs).



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- B. Claims against the Company, disputed by the Company, not acknowledged as debt (In addition, refer claims assessed as contingent liability described in Note 38 below. Also refer note 50 and 51):**

(Rupees in lacs)

Particulars	As at	As at
	31-Mar-21	31-Mar-20
Medical related	7,461.40	7,518.78
Income tax*	28,696.05	27,711.94
Others#	50,336.53	50,468.63

\* Refer note 37 below

# Refer note 38(c) below

- i) On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. As such, the Company has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment.
- ii) Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, investigations, and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

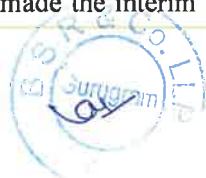
The management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. The cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various stages/forums

37. There was tax demand in the Company of Rupees 7,064 lacs [(after adjusting Rupees 15,905 lacs as at Mar 31, 2021) {As at March 31, 2020 Rupees 7,759 lacs (after adjustment of Rupees 15,210 lacs as at March 31, 2020)} of an escrow account which was maintained out of sale consideration payable by the holding Company to the erstwhile promoters of the Company] for various assessment years. Further, as per the Share Purchase Agreement, one third of any excess of the net demand, amounting to Rupees 2,355 lacs after adjusting the recovery from escrow account, would be borne by the said erstwhile promoters of the Company and the rest by the Company. During the year ended March 31, 2015, the Commissioner of Income Tax (Appeals) decided the case in favour of the Company. Income Tax Department had filed an appeal before Income Tax Appellate Tribunal (ITAT) and during the year ended March 31, 2020, ITAT decided the case in favour of the Company.

Income Tax Department has contested the decision of ITAT before the Hon'ble High Court of Delhi.

**38. Claims assessed as contingent liabilities and not provided for, unless otherwise stated:**

- (a) The Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of the Company. The Company had filed an Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing the Company without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. The Company also





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filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The arbitration application has been dismissed during the year 2013-14. The Civil Suit is still pending with the Hon'ble High Court of Delhi.

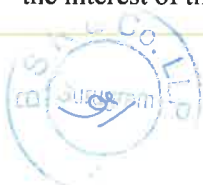
- (b) Pursuant to the above order in note 38(a), The Estate Officer of the DDA issued a show cause notice dated November 9, 2005 and initiated eviction proceedings against the Company. The Company filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. The Company had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to the Company for resuming the proceedings under the said Act. The eviction proceedings initiated before the Estate Officer were challenged before the Hon'ble Supreme Court. Hon'ble Supreme Court vide its order dated November 14, 2019 has quashed the show cause notice for eviction proceedings.

Based on the external legal counsel advice, the Company believes that it will be able to suitably defend the termination of lease deeds and allotment letters as mentioned in (a) and (b) above.

- (c) In relation to the order of the Hon'ble High Court of Delhi relating to provision of free treatment/beds to poor, the Directorate of Health Services, Government of NCT of Delhi ('DoHS') appointed a firm to calculate "unwarranted profits" arising to the Company due to non-compliance. During the year ended March 31, 2014, the special committee of DoHS stated that before giving a formal hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed firm, which as per their method of calculations amounted to Rupees 73,266.15 lacs for the period 1984-85 to 2011-12, seeking the hospital's comments and inputs if any. The Company responded to said intimation explaining errors and objections to the calculations. During the year ended March 31, 2016, the Company received notice from DoHS to appear for a formal and final hearing raising demand of recoverable number of Rupees 50,336.53 lacs for the period till FY 2006-2007, against which the Company has responded to such notice explaining errors and objections to the calculations.

During the quarter ended June 30, 2016, DoHS issued a demand notice dated June 9, 2016 directing the Company to deposit Rupees 50,336.53 lacs within one month. The Company had challenged the demand notice by way of a writ petition in the Hon'ble High Court of Delhi which vide order dated August 1, 2016 has set aside the demand of Rupees 50,336.53 lacs. DoHS agreed to grant hearing to the Company on the reply submitted to it. The hearing has been held before the Special Committee of DoHS and order dated May 28, 2018 was passed imposing a penal liability of Rupees 50,336.53 lacs. The order was challenged before Hon'ble High Court of Delhi and the court vide order dated June 1, 2018 has issued notice and directed that no coercive steps may be taken subject to the Company depositing a sum of Rupees 500.00 lacs before concerned authority. The Company had deposited Rupees 500 lacs (refer note 11(b)) on June 20, 2018. Based on its internal assessment and advice from its counsels on the basis of the documents available, management believes that it is in compliance of conditions of free treatment and free beds to the patients of economic weaker section and has a good case for success and expects the demand to be set aside.

- (d) A third party (to whom certain ICDs were assigned by a fellow subsidiary) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Holding Company (together "the Defendants") and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Holding Company is liable for claims owed by the Claimant to the certain party. In connection with this, the Hon'ble District Court passed an ex-parte order directing that any transaction undertaken by the Defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit.





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The Holding Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Holding Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with certain party.

In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rupees 1,800.00 lacs as per notices dated 30 May, 2018 and June 1, 2018 (ii) Rupees 21,582.00 lacs as per notice dated June 4, 2018; and (iii) Rupees 1,962.00 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

Separately, a certain party has also alleged rights to invest in the Holding Company. It has also alleged failure on part of the Holding Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Allegations made by the aforesaid party has been duly responded to by the Holding Company denying (i) execution of any binding agreement with the certain party and, (ii) liability of any kind whatsoever. The Holding Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

Based on advice of external legal counsel, the Management believes the claims are without legal basis and are not tenable and accordingly no adjustment has been made in the Standalone Ind AS Financial Statements with respect to these claims.

During the quarter ended September 30, 2020, an application was filed by the Holding Company before the Hon'ble Supreme Court of India, praying for permission to it and its subsidiaries for changing their respective names, brands and logos; and for continued usage of the same if the said application was not disposed of prior to expiry of the term of the Brand License Agreement to allow adequate time for smooth Brand transition without any disruption to business. Subsequent to the year end, the Brand license Agreements have expired. The Holding Company and the Company are awaiting order(s) of the Hon'ble Supreme court.

### **39. Employee Benefits:**

#### **Defined Contribution Plan**

The Company's part of the Provident Fund contribution towards its Provident Fund Scheme and contribution to Employee State Insurance Scheme are defined contribution retirement plans for qualifying employees.

The Company has recognised Rupees 166.68 lacs (Previous year Rupees 195.95 lacs) for Provident Fund and Employee state insurance contribution in the Statement of Profit and Loss. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

#### **Defined Benefit Plan**

##### **(i) Gratuity**

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



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The following table summarizes the components of net benefit expenses recognized in the statement of profit and loss and the amounts recognized in the balance sheet.

(Rupees in lacs)

Particulars	As at	As at
	March 31, 2021	March 31, 2020
<b>i. Movement in Net Liability</b>		
Present value of obligation at the beginning of the year	1,756.46	1,801.26
Current service cost	121.76	128.92
Interest cost	108.96	124.25
Amount recognized to OCI	(125.42)	0.04
Plan Amendments Cost / (Credit)	-	-
Benefits paid	(284.50)	(289.06)
Acquisition credit / (cost)	(3.32)	(8.95)
Present value of obligations at the end of the year	<b>1,573.94</b>	<b>1,756.46</b>

Particulars	As at	As at
	March 31, 2021	March 31, 2020
Present value of unfunded obligation	1,573.94	1,756.46
Amounts in the Balance Sheet		
(a) Liabilities	1,573.94	1,756.46
(b) Assets	-	-
(c) Net liability/(asset) recognized in the balance sheet	<b>1,573.94</b>	<b>1,756.46</b>
Current Liability	266.57	397.25
Non-Current Liability	1,307.27	1,359.21
	<b>1,573.84</b>	<b>1,756.46</b>

(Rupees in lacs)

ii. Expense recognized in Statement of Profit and Loss is as follows:	Year ended	Year ended
	March 31, 2021	March 31, 2020
<b>Employee Benefit Expense</b>		
Service cost	121.76	128.92
Past Service Cost	-	-
<b>Finance Cost</b>		
Interest cost	108.96	124.25
<b>Amount charged to Statement to Profit and Loss</b>	<b>230.72</b>	<b>253.17</b>

(Rupees in lacs)

iii. Expense/ (income) recognized in Statement of Other comprehensive income is as follows:	Year ended	Year ended
	March 31, 2021	March 31, 2020
Net actuarial loss / (gain) due to experience adjustment recognized during the year	(125.42)	0.04
Net actuarial loss / (gain) due to assumptions changes recognized during the year	-	-
<b>Expense/ (Income) charged to Other Comprehensive income</b>	<b>(125.42)</b>	<b>0.04</b>



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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	Year ended	Year ended
	March 31, 2021	March 31, 2020
Rate for discounting liabilities (p.a)	6.75%	6.75%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate (Per annum)		
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 (Rupees in lacs)	(125.42)	0.04

**Notes:**

a) Expected benefit payment 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
275.42	88.54	278.83	235.68	116.10

b) Weighted average duration of defined benefit obligation is 9 years. (Previous year 9 years)

c) 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.

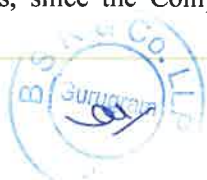
d) Significant actuarial assumption for the determination of the defined obligation are discount rate, and expected salary increase. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting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

**(Rupees in lacs)**

Particulars	Year ended March 31, 2021		Year ended March 31, 2020	
	Increase	Decrease	Increase	Decrease
Change in discount rate by 0.5%	46.44	49.57	49.62	53.00
Change in Salary escalation rate by 1%	100.83	90.27	107.88	96.40
Change in withdrawal rate by 5%	23.70	23.44	27.37	27.77

**(ii) Provident Fund**

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Such contribution for the current year is Rupees 191.63 lacs (Previous year Rupees 228.61 lacs). Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees.



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<b>Assumptions:</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Discount rate	6.75% p.a.	6.75% p.a.
Expected return on exempt fund	8.50% p.a.	8.50% p.a.
Expected EPFO return	8.50% p.a.	8.50% p.a.
Mortality rate	Indian Assured Lives Mortality (2006-08) (modified) Ultimate	Indian Assured Lives Mortality (2006-08) (modified) Ultimate

**Withdrawal Rate**

<b>Ages</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
From 20 – 30	18.00%	18.00%
From 31 – 44	6.00%	6.00%
From 45 – 58	2.00%	2.00%

<b>Asset Category</b>	<b>March 31, 2021</b>	<b>March 31, 2020</b>
Government of India Securities (Central and State)	52.94%	57.27%
High quality corporate bonds (including Public Sector Bonds)	38.19%	38.18%
Equity and Mutual Funds	5.47%	4.11%
Cash	3.40%	0.44%
<b>Total</b>	<b>100.00%</b>	<b>100.00%</b>

**40. Financial Instruments**

**(i) Capital Management**

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 17, 20 and 14(a) offset by cash and cash equivalents) 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.

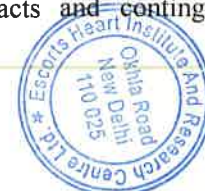
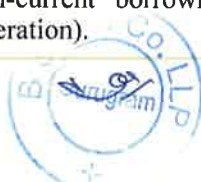
**Gearing ratio**

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

**(Rupees in lacs)**

<b>Particulars</b>	<b>As at March 31, 2021</b>	<b>As at March 31, 2020</b>
Debt*	16,883.84	19,996.02
Cash and cash equivalents	(108.01)	(551.01)
<b>Net debt</b>	<b>16,775.83</b>	<b>19,445.01</b>
<b>Total equity</b>	<b>57,837.31</b>	<b>55,662.62</b>
<b>Net debt to equity ratio</b>	<b>29.01%</b>	<b>34.93%</b>

\* Debt is defined as non-current and current borrowings; interest accrued and due and current maturities of non-current borrowings (excluding derivative, financial guarantee contracts and contingent consideration).





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**(ii) Financial risk management**

**Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic 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 analyze exposure by magnitude of risk. The Company has limited exposure from the international market as the Company's operations are in India. The Company has limited exposure towards foreign currency risk it earns less than 15% of its revenue in foreign currency from international patients. Also, capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Company has not taken any derivative contracts to hedge the exposure. However, the exposure towards foreign currency foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign Currency.

**Market Risk**

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

**(a) Foreign currency risk management**

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Company's foreign currency ('FC') denominated monetary assets and monetary liabilities at the end of the reporting year are as follows.

Particulars	Currency	As at March 31, 2021		As at March 31, 2020	
		FC in lacs	Equivalent Rupees in lacs	FC in lacs	Equivalent Rupees in lacs
Import Trade payable	USD	1.80	131.55	2.68	202.57

**Foreign currency sensitivity analysis**

The Company is mainly exposed to USD currency.

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupees against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the yearend for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the Rupees strengthens 5% against the relevant currency. For a 5% weakening of the Rupees against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.



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(Rupees in lacs)

If increase by 5%	Currency Impact USD	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Particulars		
Increase / (decrease) in profit or loss for the year	(6.58)	(10.13)
Increase / (decrease) in total equity as at the end of the reporting period	(6.58)	(10.13)

(Rupees in lacs)

If decrease by 5%	Currency Impact USD	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Particulars		
Increase / (decrease) in profit or loss for the year	6.58	10.13
Increase / (decrease) in total equity as at the end of the reporting period	6.58	10.13

**(b) Interest rate risk management**

The Company is exposed to interest rate risk because Company borrows funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. The fixed rate loans are generally annual loans wherein the interest rate is reset annually based on the market rate of interest.

**Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities (basis lending rates of respective bank plus spread), the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year.

A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

(Rupees in lacs)

If increase by 50 basis point	Interest impact	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Particulars		
Impact on profit or loss for the year	(18.52)	(17.92)
Impact on total equity as at the end of the reporting period	(18.52)	(17.92)

(Rupees in lacs)

If decrease by 50 basis point	Interest impact	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Particulars		
Impact on profit or loss for the year	18.52	17.92
Impact on total equity as at the end of the reporting period	18.52	17.92





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**(c) Other price risk**

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

**(d) 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 13 of the financial statements for carrying amount and maximum credit risk exposure for trade receivables.

*Expected credit loss on financial assets other than trade receivables:*

Company carries other financial assets such as balances with banks, inter-corporate deposits, advances, security deposits, loans to body corporates and interest accrued on such loans 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.

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

Particulars	(Rupees in lacs)	
	As at March 31, 2021	As at March 31, 2020
Balance at the beginning of the year	2,123.09	2,079.07
Loss allowance recognized	7.85	44.02
<b>Balance at the end of the year</b>	<b>2,130.94</b>	<b>2,123.09</b>

The Company does not have any significant concentration of exposures to specific markets.

**(e) 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. Note given below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

**As at March 31, 2021**

Particulars	(Rupees in lacs)	
	Sanctioned limit	Undrawn limit
HSBC Bank (term loan)	500.00	-
HSBC Bank (overdraft facility)	2,500.00	18.61
DBS Bank (term loan)	1,073.44	276.72
DBS Bank (overdraft facility) *	200.00	200.00

\*Sanction limit is available to the Company together with other group companies namely Fortis Healthcare Limited, Fortis Hospitals Limited, International Hospital Limited and Fortis Hospital Limited. The Limit has been sanctioned on a group basis and is interchangeable with other group Companies.



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As at March 31, 2020

Particulars	(Rupees in lacs)	
	Sanctioned limit	Undrawn limit
HSBC Bank (term loan)	1,140.00	-
HSBC Bank (overdraft facility)	2,500.00	56.33

**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.

Disclosure as at 31 March 2021, includes both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period. The contractual maturity is based on the earliest date on which the Company may be required to pay.

Particulars	(Rupees in lacs)			
	Within 1 year	More than 1 year	Total	Carrying amount
<b>As at March 31, 2021</b>				
Borrowings – non-current	323.15	1,120.00	1,443.15	1,222.81
Bank overdraft	2,481.39	-	2,481.39	2,481.39
Loan from a fellow subsidiary	5,727.56	-	5,727.56	5,384.00
Trade payables	7,368.46	-	7,368.46	7,368.46
Loan from holding Company	7,337.90	-	7,337.90	6,741.29
Security deposits	64.69	-	64.69	64.69
Interest accrued and due on borrowings from related party	1,054.26	-	1,054.26	1,054.26
Interest accrued but not due on borrowings from bank	5.29	-	5.29	5.29
Interest accrued and due on MSME vendors	10.64	-	10.64	10.64
Capital creditors	156.55	-	156.55	156.55
Employee payable	56.09	-	56.09	56.09
Financial guarantee liability	159.25	744.51	903.76	903.76
<b>Total</b>	<b>26,629.22</b>	<b>1,864.51</b>	<b>28,493.74</b>	<b>25,449.23</b>



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Particulars	(Rupees in lacs)			
	Within 1 year	More than 1 year	Total	Carrying amount
<b>As at March 31, 2020</b>				
Borrowings – non-current	233.79	1226.14	1,459.93	1,140.00
Bank overdraft	2,443.67	-	2,443.67	2,443.67
Loan from a fellow subsidiary	2,719.02	3,806.25	6,525.27	5,772.00
Trade payables	9,095.94	-	9,095.94	9,095.94
Loan from holding Company	1,017.42	10,707.08	11,724.50	9,689.67
Security deposits	57.07	-	57.07	57.07
Interest accrued and due on borrowings from related party	946.89	-	946.89	946.89
Interest accrued but not due on borrowings from bank	3.79	-	3.79	3.79
Interest accrued and due on MSME vendors	10.64	-	10.64	10.64
Capital creditors	97.5	-	97.50	97.50
Employee payable	555.75	-	555.75	555.75
Financial guarantee liability	-	1,119.45	1,119.45	1,119.45
<b>Total</b>	<b>17,181.48</b>	<b>16,858.92</b>	<b>34,040.40</b>	<b>30,932.37</b>

Also refer note 49 for disclosure on going concern and the working capital position of the Company.

**(iii) Fair value measurement**

Notes	(Rupees in lacs)	
	Carrying value as at	
	As at March 31, 2021	As at March 31, 2020
<b>Financial assets</b>		
<b>Measured at amortised cost</b>		
Loans - non-current (b)	79.27	79.27
Other financial assets - Non-current (b)	470.32	297.93
Trade receivables (a)	2,792.59	2,941.27
Cash and cash equivalents ('CCE') (a)	108.01	551.01
Bank balance other than CCE (a)	132.97	147.40
Loans – current (a)	44.11	36.61
Other financial assets – Current (a)	563.40	353.17
<b>Total</b>	<b>4,190.67</b>	<b>4,406.66</b>
<b>Financial liabilities</b>		
<b>Measured at amortised cost</b>		
Borrowings- Non-current ('NC') (c)	982.80	14,181.34
Borrowings – Current ('C') (a)	7,835.39	4,715.67
Trade payables – Current (a)	7,368.46	9,095.94
Other financial liabilities (C and NC) (a), (b)	9,262.62	2,939.43
<b>Total</b>	<b>25,449.28</b>	<b>30,932.38</b>



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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) The Company's borrowings (including borrowing from fellow subsidiaries and holding company) have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value. Fair value measurement of lease liabilities is not required.
- (d) Investment in subsidiaries and associates have not been disclosed above as these are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

There are no transfers between Level 1, Level 2 and Level 3 for the above financial assets and liabilities during the year ended March 31, 2021 and March 31, 2020.

**41. Earnings per share**

Earnings per share (EPS)	Denomination	Year ended	Year ended
		March 31, 2021	March 31, 2020
Loss for the year as per statement of profit and loss	Rupees in lacs	(2,950.70)	(14,209.91)
Weighted average number of equity shares in calculating Basic EPS	Numbers	2,446,135	2,402,079
Weighted average number of equity shares in calculating Diluted EPS	Numbers	*	*
Basic EPS	Rupees	(120.63)	(591.57)
Diluted EPS *	Rupees	(120.63)	(591.57)

\* Diluted earnings/ loss per share is same as basic loss per share (Basic EPS) for the year ended March 31, 2021 as the related impact of compulsory convertible preference shares on loss per share is anti-dilutive.

**42. Exceptional items:**

Particulars	(Rupees in lacs)	
	Year ended	Year ended
	March 31, 2021	March 31, 2020
Provision for impairment of equity and debt investment in Fortis Asia Healthcare Pte Limited	59.05	10,253.31
<b>Total</b>	<b>59.05</b>	<b>10,253.31</b>

The Company has investment aggregating to Rupees 16,174.62 lacs in Fortis Asia Healthcare Pte Limited.

The management based on its impairment test and considering the recoverable value of its investment, has recognised an impairment loss of Rupees 59.05 lacs (previous year Rupee 10,253.31 lacs) towards the amount invested.

Value of investment in the current year is based on quoted market price of one step-down investment in an associate which represents substantial portion of the recoverable amount.





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In the previous year, due to decline in trading volumes in stock exchanges of the step-down investment, the Company had determined the recoverable amount of the investment for the previous year based on fair value calculations which uses Earnings before Interest, Depreciation and Amortization (“EBITDA”) multiple for the step-down investment. The fair value measurement had been categorized as Level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in estimating the recoverable amount of investments in Fortis Asia Healthcare Pte Limited in the previous year are as set out below:-

Particulars	31 March, 2020
EBITDA multiple	9.2

The values assigned to the key assumptions represent management’s assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. Management has identified that a reasonably possible change in the key assumptions could cause a change in amount of impairment loss/ (reversal).

The following table shows the amount by which the impairment loss/ (reversal) would change in the previous year from change in these assumptions, all other factors remaining constant.

(Rupees in lacs)

Increase/ (decrease) in impairment loss	For the year ended March 31, 2021
<b>EBITDA multiple</b>	
Increase by 1X	(85.18)
Decrease by 1X	85.18

**43. Details of loans and investments**

**a. Details of loans given**

(Rupees in lacs)

Name of the party	Rate of Interest	Due date	Secured/ unsecured	As at March 31, 2021	As at March 31, 2020
Fortis Healthstaff Limited (Subsidiary)	8.85%	March 31, 2022	Unsecured	850.15	850.15
Reliant Healthcare Consultancy Private Limited	11.00%	Repayable on demand	Unsecured	966.92	966.92
<b>Total</b>				<b>1,817.07</b>	<b>1,817.07</b>

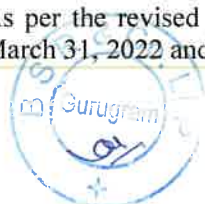
The above loans have been given for meeting the working capital requirements, purchase of capital assets and investments.

Based on management's review of the net assets position of the above said loans given, the company has provided Rupees 1,817.07 lacs as allowance for doubtful loans.

**b. Investment in Non-cumulative Redeemable Preference shares**

The Company had made an investment in non-cumulative Redeemable Preference shares of Fortis Asia Healthcare Pte Limited, subsidiary of the Company. These preference shares were allotted on December 15, 2010 and redeemable on December 15, 2015, at a premium of 5 % p.a.

As per the revised addendum dated November 20, 2019, these preference shares are redeemable on March 31, 2022 and the redemption premium will be 4.6% p.a. from 1 April 2019 to 31 March 2022.



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The Company has not accrued for any premium receivable on redemption of Preference Shares due to uncertainty of the recoverability of premium amount, in view of the inability of the subsidiary company to generate surplus cash required for payment of premium due on redemption. Accordingly, the Company has not recognized income aggregating to Rupees 249.13 lacs for the current year (March 31, 2020: 238.17 lacs) and cumulative income of Rupees 2,210.91 lacs as at March 31, 2021 (March 31, 2020: 2,210.91 lacs). Also refer note 42.

**c. Investment in compulsory convertible preference shares (CCPS):**

The Company had made investment in compulsory convertible preference shares (CCPS) of Fortis Hospitals limited (FHsL) for Rupees 30,000.00 lacs on February 18, 2016 and Rupees 35,000.00 lacs on May 30, 2016 aggregating to Rupees 65,000.00 lacs, which is outstanding as on March 31, 2020 and March 31, 2021. These are compulsory convertible into equal number of equity shares on expiry of 10 years from date of allotment. i.e. (6,000,000 on February 18, 2026 and 7,000,000 on May 30, 2026). The Company uses judgement while classifying its investment. The Company while making classification assessment of the investment in CCPS of FHsL has referred to the criteria of significant influence given in Ind AS 28 "Investment in associates and joint venture" and primarily concluded that Company meets the criteria of significant influence in FHsL and therefore, has classified these investments as investment in Associate. In terms of Ind AS 27 "Separate Financial Statements" the Company has measured this Investment in Associate at cost.

**44. Segment information**

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:

Particulars	(Rupees in lacs)	
	Year ended March 31, 2021	Year ended March 31, 2020
India	25,140.47	33,295.14
Outside India	-	-
<b>Total</b>	<b>25,140.47</b>	<b>33,295.14</b>

**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, Investments and deferred tax assets) by geographical area in which the assets are located:

Particulars	(Rupees in lacs)	
	As at March 31, 2021	As at March 31, 2020
India	12,169.03	15,005.76
Outside India	-	-
<b>Total</b>	<b>12,169.03</b>	<b>15,005.76</b>

**Major customer:**

The Company does not derive revenue from one customer which would amount to 10 per cent or more of the Company's revenue.

45. The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 31, 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2021.



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46. The Company has foreign currency payables of Rs. 40.87 lacs (March 31, 2020: 42.30 Lacs) which are outstanding for more than 3 years. As per Foreign Exchange Management Act, 1999 and the applicable rules/regulations, in case of any foreign currency dues which are not remitted within a period of 3 years or foreign currency receivables which are not realized within the stipulated time period of 9 months, prior approval from Reserve Bank of India (RBI) is required. Management is in the process of obtaining these approvals through authorised dealers and believes that the Company would be able to obtain these approvals, if required, from the authorities with levy of nominal penalty, if any.

**47. Corporate social responsibility (CSR)**

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profits. Details of CSR expenditures are as follows:

(Rupees in lacs)			
Particulars		Year ended March 31, 2021	Year ended March 31, 2020
Total amount planned to be spent during the year	(A)	267.39	267.39
Actual expenditure incurred during the year *	(B)	-	-
Gross amount required to be spent	(A+B)	267.39	267.39
Actual amount spent during the year on purposes other than construction/ acquisition of an asset (Pertaining to previous year)		267.39	-
Balance unspent at the end of the year		-	267.39

\* As the Company has incurred loss in the previous year, hence, no further amount towards CSR expenditure is required to be spent in the current year.

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

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

(Rupees in lacs)		
Particular	As at March 31, 2021	As at March 31, 2020
Details of dues to micro and small enterprises as per MSMED Act, 2006		
- principal amount *	554.12	877.50
- interest amount	10.64	10.64
The amount of interest paid by the buyer in terms of section 16, of the Micro Small and Medium Enterprise Development Act, 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-





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Particular	As at March 31, 2021	As at March 31, 2020
The amount of interest accrued and remaining unpaid at the end of each accounting year; and	10.64	10.64
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 Micro Small and Medium Enterprise Development Act, 2006	-	-

\* Including payable to micro enterprises and small enterprises included in other financial liabilities (refer note 18)

**49. Going concern**

For the year ended March 31, 2021, the financial statements of the Company reflect a net loss of Rupees 2,950.70 lacs and its current liabilities exceed its current assets by Rupees 21,986.61 lacs. In current financial year, the impact of COVID-19 (as explained in note 52 below) has adversely impacted the performance and cash flow position of the Company. These events or conditions raise doubt on the ability of the Company to continue as a Going Concern, which is dependent on obtaining support and working capital financing from its Holding Company. The Management has implemented few cost reduction measures which will significantly improve the financial performance and cash flows of the Company in subsequent years. As at March 31, 2021, the Company has funds available of Rupees 240.98 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 495.33 lacs. The Management believes that the going concern assumption used in preparation of these financial statements is appropriate, based on its future cash flow projections and continued financial and operational support from its Holding Company.

**50. Investigation initiated by the erstwhile Audit and Risk Management Committee of Holding Company:**

**A. Background**

- i) As disclosed in the standalone financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020, during the year ended March 31, 2018, there were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Holding Company about certain inter-corporate loans (“ICDs”) given by a wholly owned subsidiary of the Holding Company. The erstwhile Audit and Risk Management Committee of the Company decided to carry out an independent investigation through an external legal firm on this matter. The terms of reference of the investigation, *inter alia*, comprised: (i) ICDs amounting to a total of Rupees 49,414 lacs (principal), placed by the Holding Company’s wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 ; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017; (iv) investments made in certain overseas funds by the overseas subsidiaries of the Holding Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (v) certain other transactions involving acquisition of Fortis Healthstaff Limited (“Fortis Healthstaff”) from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company. The investigation report was submitted to the re-constituted Board of the Holding Company in June 2018.

The investigation noted certain significant findings in relation to past transactions concerning the holding Company, the Company and subsidiaries of the holding Company with companies whose



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current and/ or past promoters/ directors were known to/ connected with the erstwhile promoters of the holding Company. All such identified transactions were provided for by the holding Company and its subsidiaries in the financial statements for the year ended March 31 2018.

The investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report. It did not cover all related party transactions during the period under investigation. It was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions could be drawn in this regard.

- ii) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors of holding Company on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up to March 31, 2018. Therefore, the possibility could not have been ruled out that there may have been additional related parties whose relationship may not have been disclosed and, hence, not known to the Management. While such references could not be fully analyzed during the initial investigation, the nature of these references raised certain concerns.

In order to overcome the above, additional procedures/ enquiries were initiated as below.

**B. Additional procedures/enquiries by the reconstituted Board**

- (i) The holding Company's Board of Directors initiated additional procedures/ enquiries of certain entities of Fortis Healthcare Limited and its subsidiaries ("the Group") including the Company that were impacted in respect of the matters investigated by the external legal firm. Pending the additional procedures/enquiries ("**Additional Procedures/ Enquiries**") and since the investigation was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as disclosed in the audited financial statements for the years ended March 31, 2018, March 31, 2019 and March 31, 2020 certain audit qualifications were made in respect of the holding Company's and the Companies' financial statements for those financial years, as the statutory auditors were unable to comment on the nature of those matters, the provisions established thereof, or any further potential impact on the financial statements. In order to resolve the same, the Board of holding Company mandated the management to undertake review of certain areas in relation to historical transactions for the period April 1, 2014 to September 30, 2018 involving additional matters by engaging independent experts with specialized forensic skills to assist with the Additional Procedures/Enquiries and provide inputs and expert advice in connection therewith. The independent experts submitted their report which was discussed and considered by the holding Company's Board in its meeting held on September 16, 2020.
- (ii) The Board noted that the Additional Procedures/Enquiries, prima facie, revealed further instances of payments made to the erstwhile promoters or to their directly or indirectly related parties including erstwhile promoter group entities which were potentially improper. However, all of the amounts identified in the Additional Procedures/Enquiries had been previously provided for or expensed in the financial statements of FHL or its subsidiaries. There are no other improper transactions identified by the Additional Procedures/Enquiries or the management which had not been expensed or provided.
- (iii) In connection with the potentially improper transactions, the holding Company and the Company have undertaken a detailed review of each case to assess the Company's legal rights and has initiated necessary action.



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**C. Key findings during the investigation by the external legal firm and during the Additional Procedures/Enquiries by independent experts in relation to Company is as below:-**

During the year ended March 31, 2018, the Company, purchased further 71% equity interest in Fortis Healthstaff Limited ("Healthstaff") at an aggregate consideration of Rupees 3.46 lacs from erstwhile promoter group companies. Subsequently, The Company advanced a loan to Healthstaff which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to an erstwhile promoters group company. Certain documents suggest that the loan repayment by Healthstaff and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Holding Company. Further, Healthstaff was not in a position to repay loan to the erstwhile promoter group company. The Company also could not directly takeover the loan, as The Company (holding 29%) could not have taken over the burden of the entire debt of Healthstaff. Therefore, this transaction was in a way to help the erstwhile promoter group companies( 71% shareholders) to avoid making payment for its share, and place The Company in a situation where it would find it hard to recover from its own now wholly owned subsidiary. Further, the said loan advanced by the Company to Healthstaff was impaired in the books of account of the Company due to anticipated chances of non-recovery during the year ended March 31, 2019.

Complaint has been filed in this regard, with the EOW in November 2020 against erstwhile promoters / erstwhile promoters group company and EOW is investigating the matter.

**D. Based on investigation carried out by the external legal firm and the additional procedures/enquiries by independent experts, all identified/required adjustments/provisions/disclosures have been made in the financial Statements of the holding company/ Company. The holding Company has also submitted findings of the Investigation Report of the external legal firm and the additional procedures/ enquiries by independent experts to the relevant regulatory authorities. Further, on relevant aspects, the holding Company has also filed a complaint with the EOW against the erstwhile promoters/ erstwhile promoter group companies and EOW is investigating the matter. Recovery /claim proceedings have also been initiated in the matters where action was recommended by the legal counsels.**

Therefore, with this conclusion, the initial investigation which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current Board of holding Company had initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board of holding Company, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement for which the assessment work was done and corrective action plans were implemented.

Accordingly, the Board of the holding Company has taken necessary actions in consultation with the legal counsels in this regard. The investigations in so far as these issues involving the erstwhile promoters/ erstwhile promoter group companies is concerned are still pending with the regulatory authorities. The management of the Company also believes that if any action is initiated by regulatory authorities against the holding Company/ Company, the same should not have a significant material impact on the holding company/ Company as all items which may have financial impact have already been provided for in earlier years. The Holding Company/ Company would fully co-operate with the regulatory authorities in this regard.





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**51. Matters in relation to Regulatory Authorities:**

- a) In the above backdrop, during financial year 2017-18 the Holding Company received a communication from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Holding Company. In the aforesaid letter, SEBI required the Holding Company under section 11C (3) of the SEBI Act, 1992 to furnish certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. SEBI had appointed forensic auditors to conduct a forensic audit, of collating information from the Holding Company and certain of its subsidiaries. The Holding Company / its subsidiaries furnished requisite information and documents requested by SEBI.

In furtherance of the above, subsequently on October 17, 2018 SEBI passed an *ex-parte* Interim Order (“Order”) whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Holding Company, which were *prima facie* fictitious and fraudulent in nature and which resulted in *inter alia* diversion of funds from the Holding Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in financial statements of the Holding Company. Further, it issued certain interim directions that *inter alia* directed the Holding Company to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay Rupees 40,300 lacs along with due interest to Holding Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL’s beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI had also directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile promoters were also directed not to associate themselves with the affairs of the Holding Company in any manner whatsoever, till further directions. Parties named in the Order had been granted opportunity for filing their respective replies/objections within 21 days.

The Holding Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the order, for deletion of name of FHsL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHsL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHsL was accordingly removed. Vide Order dated March 19, 2019, (“Confirmatory Order”) SEBI confirmed the directions issued vide ad interim *ex-parte* order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Holding Company and FHsL to take all necessary steps to recover Rupees 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

The Holding Company and FHsL had filed necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities to the Holding Company and FHsL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, the Holding Company and FHsL may take necessary steps to comply with SEBI’s direction. FHsL has filed a civil suit for recovery of Rupees 52,019 lacs before Hon’ble Delhi High Court against the parties, named in the orders passed by SEBI.

The Investigation Report of the external legal firm was submitted by the holding Company to the SEBI and SFIO on June 12, 2018. Further, the holding Company has submitted a copy of the



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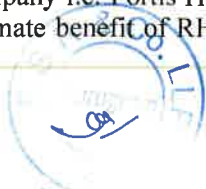
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complaint filed with the EOW and a copy of the report of the additional procedures/ enquiries done by the independent expert to SEBI and SFIO on November 10, 2020.

By an order dated November 12, 2020, SEBI revoked its Interim orders read with Confirmatory Order qua Best Healthcare Pvt. Ltd., Fern Healthcare Pvt. Ltd. and Modland Wears Pvt. Ltd. and directed that the ongoing proceedings against them be substituted with adjudication proceedings. The order expressly clarified that the Holding Company and FHsL were at liberty to pursue remedies under law, as deemed appropriate by them, against the abovementioned entities in respect of their role in the diversion of funds. A Show-Cause Notice (SCN) was issued by SEBI to various entities including the Holding Company and FHsL on November 20, 2020. In the SCN, it was inter-alia alleged that the consolidated financials of the Holding Company at the relevant period were untrue and misleading for the shareholders of the Holding Company and the Holding Company had circumvented certain provisions of the SEBI Act, Securities Contracts (Regulation) Act, 1956, and certain SEBI regulations. In response, a joint representation/reply was filed by the Holding Company and FHsL on December 28, 2020 praying for quashing of the SCN by inter alia reiterating that the Holding Company and FHsL, were in fact victims of the schemes of the Erstwhile Promoters (Malvinder Mohan Singh and Shivinder Mohan Singh) and justice, equity and fairness demands that the victim ought not be punished for the offences of the wrongdoers. All acts impugned in the SCN relate to the period when the Erstwhile Promoters controlled the affairs of Holding Company and FHsL and the erstwhile Promoters are no longer involved in the affairs of the Holding Company and FHsL. The Erstwhile Promoters were responsible for financial misrepresentation and not the Holding Company and FHsL. Post resignation of the Erstwhile Promoters in February 2018, the Board of Directors of the Holding Company, solely comprising independent Directors looked after its welfare until a new promoter, invested and took control of the Holding Company, till such time as the new promoters of the Holding Company (i.e. NTK Venture Pte. Ltd.) assumed control of the Holding Company pursuant to a preferential allotment which was approved by the Competition Commission of India and SEBI which approved the open offer which was triggered by such preferential allotment. Any adverse orders against the Holding Company and FHsL would harm their existing shareholders, employees and creditors. The Holding Company and FHsL have taken substantial legal actions against the Erstwhile Promoters and significant steps to recover the diverted amounts. Oral submissions in response to the SCN were made in a personal hearing before the SEBI Whole Time Member on January 20, 2021 and a written submissions were filed. Order of SEBI against the above SCN is awaited.

On April 09, 2021, SEBI issued another Show cause notice to various noticees including the Company. In the said show cause notice, with respect to the Company, it has been alleged that INR 567 crore was lent by the holding Company to the Company in 2011, which was subsequently transferred by the Company to Lowe Infra and Wellness Private Limited ("Lowe") in multiple transactions for the purchase of a land parcel. This land parcel, which was allegedly indirectly to be acquired by the holding Company through the Company and another entity Lowe, was then transferred to RHC Holdings Private Limited ("RHC Holdings"). It has been stated in the said Show cause notice that a structured rotation of funds was carried out to portray that the loan extended by the Company for the purchase of land had been paid back with interest in the year 2011. It is alleged that the holding Company was actually paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the holding Company and Fortis Hospitals Limited funds were allegedly routed through various layers in order to camouflage the transactions, and to circumvent legal provisions with respect to related party transactions.

In the Show cause Notice dated April 9, 2021 the Company has been clubbed along with the other noticees, and has been painted with the same brush as the other noticees in alleging that certain noticees, including the Company, were part of a fraudulent and deceptive device wherein they acted in fraudulent manner which led to the misuse and/or diversion of funds from a listed company i.e. Fortis Healthcare Limited, amounting to approximately INR 397.12 crore for the ultimate benefit of RHC Holdings and the erstwhile promoters. Thereby, it is alleged, that the



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Company has aided and abetted the routing of funds from the holding Company, ultimately to RHC Holdings, for the benefit of the promoter entities.

Basis legal advice received from external counsel, given the merits of the case, the likelihood of financial penalty being imposed against the holding Company, FHsL and the Company for the acts of the erstwhile promoters is low, especially given the fact that the erstwhile promoters are no longer involved in the affairs of the holding Company, FHsL and the Company in any manner. The holding Company believes that the Company as well as the holding Company is a victim of the wrongdoings of the erstwhile promoters rather than a perpetrator, and has suffered financial and reputational harm due to the acts of the erstwhile promoters and entities directly or indirectly owned/controlled by them. SEBI has itself noted that the frauds committed by the erstwhile promoters were deliberate and that they derived benefit at the cost of companies such as the Company/ FHsL/ the holding Company. The acts alleged in the show cause notice dated April 9, 2021 were actions done under the control and direction of the erstwhile promoters, who are no longer connected to the Company in any manner. Further, like FHsL, the Company is also a wholly owned subsidiary of the holding Company and it has not caused any loss to its Holding company, i.e. FHL, especially given that the Company's accounts are consolidated with that of the holding Company.

The Board of Directors continue to be fully committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has also been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Holding Company and for preventing and detecting fraud and other irregularities on a going forward basis.

- b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, *inter alia*, had also sought information in relation to the Holding Company. All requisite information in this regard has been duly shared by the Holding Company with the ROC.
- c) The Serious Fraud Investigation Office (SFIO) of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, *inter alia*, initiated an investigation and sought information in relation to the Holding Company, its subsidiaries, joint ventures and associates. The Holding Company has submitted requisite information in this regard with SFIO, as requested from time to time. The impact that may result from the SFIO investigation, if any, cannot be reliably estimated as of now keeping in view the present stage of the investigation.

The Holding Company/ Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters.

Based on management's analysis, a provision has been made and recognised in the current year by Holding Company for any contingency that may arise from the aforesaid issues. The Holding Company being a parent entity for the Company, has undertaken that it will reimburse such penalty/fine which it shall finally pay, if required after exhausting available legal remedies. This may not be regarded as admission in any manner whatsoever by the Holding Company of any of the violations, as alleged by any of the authorities or otherwise, against it. Further, as per the management and in consultation with external legal counsel it is believed that the likelihood of additional impact, if any, is low and is not expected to be material.





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52. During the current year, the COVID – 19 pandemic impacted the revenues and profitability of the Company with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. The Company took various initiatives to support operations and optimize the cost. With a slew of these measures, the Company has been able to significantly reduce the negative impact on business.

The Company has a well- capitalized Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and external funding.

During the last quarter of the current year, the Company has further witnessed improvement in business. It has gradually moved towards normalization of business during the course of the current financial year. The Company has considered internal and external information while finalizing various estimates in relation to these financial statements. Going forward, the actual impact of the COVID-19 pandemic may still be different from that what has been estimated, as the COVID-19 situation is further evolving in India and globally and with the surge in number of cases in India.

As per our report even date attached

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

*For and on behalf of the Board of Directors*  
**Escorts Heart Institute and Research Centre Limited**



**Rajesh Arora**  
*Partner*  
Membership no: 076124



**Anil Vinayak**  
*Director*  
DIN: 02407380



**Bidesh Chander Paul**  
*Whole Time Director*  
DIN: 08596135

Place: Gurugram  
Date: May 28, 2021

Place: Gurugram  
Date: May 28, 2021

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