

# B S R & Co. LLP

Chartered Accountants

Building No. 10, 12th Floor, Tower-C,  
DLF Cyber City, Phase-II,  
Gurugram – 122 002, India

Telephone: +91 124 719 1000  
Fax: +91 124 235 8613

## INDEPENDENT AUDITORS' REPORT

To the Members of Fortis Hospitals Limited

Report on the Audit of the Standalone Financial Statements

### Opinion

We have audited the standalone financial statements of Fortis Hospitals Limited (“the Company”), which comprise the standalone balance sheet as at 31 March 2021, the standalone statement of profit and loss (including other comprehensive income), standalone statement of changes in equity and standalone statement of cash flows for the year then ended, and notes to the standalone financial statements, including a summary of the significant accounting policies and other explanatory information (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, of its loss, 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 23 and 24 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.

## B S R & Co. LLP

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) As explained in Note 11(b) 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 said note, the tenure of brand license agreement entered by the Holding Company has expired and the Holding 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.
- c) We draw attention to Note 27 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/ hospitals.

Our opinion is not modified in respect of the above 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, loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that

as

## B S R & Co. LLP

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.



## B S R & Co. LLP

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

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

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

1. As required by the Companies (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 matter described in the "Emphasis of Matter" paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
  - f) The matters described in the "Emphasis of Matter" paragraphs above, in our opinion, may have an adverse effect on the functioning of the Company.
  - g) 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.
  - h) 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".

91

B S R & Co. LLP

(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 11, 23 and 24 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 ; and
- iv. The disclosures in the standalone financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these standalone financial statements since they do not pertain to the financial year ended 31 March 2021.

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

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: 21076124AAAABH1855

Place: Gurugram  
Date: 26 May 2021

B S R & Co. LLP

**Annexure A to the Independent Auditor's report on the standalone financial statements of Fortis Hospitals Limited 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 (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 fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were physically verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds/ conveyance deed/ lease deeds of immovable properties are held in the name of the Company.
- (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. The Company had granted loans to five subsidiaries in earlier years, balance outstanding of which as at 31 March 2021 is Rs. 20,203.43 lacs (gross of provision recognized in books of Rs. 17,405.68 lacs). These subsidiaries have incurred significant losses in current and earlier years. Although, these loans were granted to provide financial support to these subsidiaries, considering the borrowers' financial standing, in our opinion, the terms and conditions of such unsecured loans granted are, prima facie, prejudicial to the interest of the Company on a standalone basis.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and the repayments or receipts of principal amounts and interest have been regular as per stipulations except for loans granted to four subsidiaries as reported in (a) above for which the schedule of repayment of principal and interest has been extended by the Company during the current year. Also, refer note 18 of the standalone financial statements.
  - (c) There are no overdue amounts remaining outstanding as at the year-end as the terms of repayment of principal and interest have been extended by the Company during the current year.

101

B S R & Co. LLP

- (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 slight delay in a few cases of deposit of Provident fund, Income-tax (Tax deducted at Source) and Goods and Services tax.

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 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, Value added tax and luxury tax have not been deposited by the Company with appropriate authorities on account of disputes:

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. in lacs)	Amount paid under protest (Rs. in lacs)
Finance Tax, 19994	CENVAT Credit	Customs Excise & Service Tax Appellate Tribunal	FY 2010-11 and FY 2011-12	1,200.00	-

B S R & Co. LLP

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rs. in lacs)	Amount paid under protest (Rs. in lacs)
Rajasthan Value Added Tax Act, 2003	Value Added tax and Interest thereon	High Court of Rajasthan	FY 2011-12 and FY 2012-13	502.00	-
The Uttar Pradesh Value Added Tax Act 2008	Value Added tax and Interest thereon	Additional. Commissioner (Appeals) - Noida	FY 2015-16	612.00	61.00
The Maharashtra Value Added Tax Act, 2002	Value Added tax and Interest thereon	Joint Commissioner -VAT Maharashtra	FY 2015-16	20.18	0.89
Rajasthan Tax on Luxuries (in Hotels and Lodging houses) Act 1990	Luxury Tax	High Court of Rajasthan	FY 2011-13	316.33	-
Karnataka Tax on Luxuries Act, 1979	Luxury Tax	The Assistant Commissioner - Commercial Tax - Bangalore	FY 2015-16	82.17	-
Income Tax Act, 1961	Penalty	Commissioner of Income Tax (Appeals), Delhi	AY 2010-11	527.00	527.00
Income Tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals), Delhi	AY 2012-13	336.00	-
Income Tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals), Delhi	AY 2013-14	585.42	-
Income Tax Act, 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals), Delhi	AY 2014-15	371.09	-
Income Tax Act. 1961	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals), Delhi	AY 2016-17 and 2017-18	918.00	-



B S R & Co. LLP

We are informed that there are no dues in respect of duty of excise, Duty of Customs, Service tax and Goods and Services tax as at 31 March 2021 which have not been deposited on account of any dispute.

- (viii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not defaulted in repayment of loans or borrowings to banks and financial institutions and dues to debenture holders. The Company did not have any loans or borrowings from government during the year.
- (ix) In our opinion and 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 by the Company during the year have been applied for the purpose 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 moneys by way of initial public offer or further public offer (including debt instruments).

- (x) As explained in Note 23 and 24 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 the Holding Company 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 23 (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 financial statements 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 give 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 on the basis of our examination of the records of the Company, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.



**B S R & Co. LLP**

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

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

*Chartered Accountants*

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



**Rajesh Arora**

*Partner*

Membership No. 076124

UDIN: 21076124AAAABH1855

Place: Gurugram

Date: 26 May 2021

B S R & Co. LLP

**Annexure B to the Independent Auditors' report on the standalone financial statements of Fortis Hospitals 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)(h) 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 Fortis Hospitals 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 standalone 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 standalone 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 standalone 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 standalone 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.



B S R & Co. LLP

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 standalone financial statements.

**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*

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



**Rajesh Arora**

*Partner*

Membership No. 076124

UDIN: 21076124AAAABH1855

Place: Gurugram

Date: 26 May 2021

**FORTIS HOSPITALS LIMITED**  
**STANDALONE BALANCE SHEET AS AT 31 MARCH 2021**

	Notes	As at 31 March 2021 (Rupees in lacs)	As at 31 March 2020 (Rupees in lacs)
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, plant and equipment	5 (i)(a)	47,014.42	48,769.11
(b) Capital work-in-progress	5 (i)(b)	934.11	1,384.36
(c) Right-of-use of assets	7(i)	147,847.75	170,158.35
(d) Goodwill	5 (ii)	43,953.58	43,953.58
(e) Other intangible assets	5 (iii)(a)	2,383.64	2,547.90
(f) Intangible assets under development	5 (iii)(b)	118.10	964.31
(g) Financial assets			
(i) Investments	5 (iv), 5(v)	-12,340.97	43,299.93
(ii) Loans	5 (vii)	3,418.01	3,443.77
(iii) Other financial assets	5 (viii)	442.31	629.77
(h) Deferred tax assets (net)	5 (ix)	20,815.57	21,384.23
(i) Non-current tax assets	5 (x)	17,382.34	30,633.93
(j) Other non-current assets	5 (xi)	336.07	416.54
<b>Total Non-current assets (A)</b>		<b>326,986.87</b>	<b>367,585.58</b>
<b>B. Current assets</b>			
(a) Inventories	5 (xii)	2,399.37	3,242.24
(b) Financial assets			
(i) Trade receivables	5 (vi)	16,542.88	22,037.91
(ii) Cash and cash equivalents	5 (xiii)	1,054.62	1,116.79
(iii) Bank balances other than (ii) above	5 (xiv)	780.07	359.58
(iv) Loans	5 (vii)	2,239.28	3,012.06
(v) Other financial assets	5 (viii)	5,016.01	3,277.72
(c) Other current assets	5 (xi)	2,969.40	3,978.02
<b>Total current assets (B)</b>		<b>30,601.63</b>	<b>37,044.32</b>
<b>Total assets (A+B)</b>		<b>357,588.50</b>	<b>404,629.90</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	5 (xv)	6,698.76	4,030.06
(b) Convertible non-participating preference share capital	5 (xv)	1,300.00	1,300.00
(c) Other equity		(59,292.21)	(100,228.42)
<b>Total Equity (A)</b>		<b>(51,293.45)</b>	<b>(94,898.36)</b>
<b>LIABILITIES</b>			
<b>B. Liabilities</b>			
<b>I Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	5 (xvii)	74,361.83	165,599.23
(ii) Lease liabilities	7(i)	163,549.64	179,510.65
(iii) Other financial liabilities	5 (xviii)	16,304.79	21,249.73
(b) Provisions	5 (xix)	2,469.33	2,536.74
<b>Total Non-current liabilities (B)</b>		<b>256,685.59</b>	<b>368,896.35</b>
<b>II Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	5 (xx)	27,722.47	32,063.39
(ii) Lease liabilities	7(i)	18,343.31	15,554.22
(iii) Trade payables	5 (xxi)		
-Total outstanding dues of micro enterprises and small enterprises		3,115.31	3,244.58
-Total outstanding dues of creditors other than micro enterprises and small enterprises		66,347.68	61,906.06
(iv) Other financial liabilities	5 (xxiii)	27,408.48	7,983.35
(b) Provisions	5 (xix)	3,409.05	2,718.81
(c) Other current liabilities	5 (xxii)	5,850.06	7,161.50
<b>Total current liabilities (C)</b>		<b>152,196.36</b>	<b>130,631.91</b>
<b>Total liabilities (B+C)</b>		<b>408,881.95</b>	<b>499,528.26</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>357,588.50</b>	<b>404,629.90</b>

See accompanying notes forming part of the standalone financial statements

1-27

As per our report of even date attached

For BSR & Co. LLP  
Chartered Accountants  
Firm Registration Number: 101248W/W-100022

Rajesh Arora  
Partner  
Membership Number: 376124

Place: Gurugram  
Date: 26 May 2021

For and on behalf of Board of Directors  
Fortis Hospitals Limited

Narayani Shivkumar  
Whole-time Director  
DIN: 06993476

Sandeep Singh  
Company Secretary  
Membership No: FCS9877

Place: Gurugram  
Date: 26 May 2021

Anil Vinayak  
Director  
DIN: 02407380

Akshay Tiwari  
Chief Financial Officer




*(Handwritten signature)*

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

	Notes	Year ended 31 March, 2021 (Rupees in lacs)	Year ended 31 March, 2020 (Rupees in lacs)
I Revenue from operations	5 (xxiii)	201,224.55	241,134.45
II Other income	5 (xxiv)	2,206.58	1,597.00
III Total income (I+II)		<u>203,431.13</u>	<u>242,731.45</u>
IV Expenses			
(i) Purchases of medical consumables and drugs		40,520.96	43,995.92
(ii) Changes in inventories of medical consumables and drugs	5 (xxv)	842.87	(1,152.67)
(iii) Employee benefits expense	5 (xxvi)	30,117.06	34,570.86
(iv) Finance costs	5 (xxvii)	39,064.59	44,505.00
(v) Depreciation and amortisation expense	5 (xxviii)	32,238.75	34,086.67
(vi) Other expenses	5 (xxix)	107,076.35	131,291.37
Total expenses (IV)		<u>249,860.58</u>	<u>287,297.15</u>
V Loss from continuing operations before exceptional items and tax (III-IV)		<u>(46,429.45)</u>	<u>(44,565.70)</u>
VI Exceptional (gain)/ loss	5 (xxx)	(20,146.44)	19,507.37
VII Loss from continuing operations before tax (V - VI)		<u>(26,283.01)</u>	<u>(64,073.07)</u>
VIII Tax expense			
(i) Current tax	5 (xxxi)	-	-
(ii) Deferred tax charge (net)	5 (xxxii)	568.66	10,394.72
Total tax expense (VIII)		<u>568.66</u>	<u>10,394.72</u>
IX Loss for the year (VII-VIII)		<u>(26,851.67)</u>	<u>(74,467.79)</u>
Other comprehensive income			
(i) Items that will not be subsequently reclassified to profit or loss			
(a) Remeasurements of the defined benefit liabilities		341.78	(31.95)
(b) Income tax relating to items that will not be subsequently reclassified to profit or loss		-	9.52
X Total other comprehensive income		<u>341.78</u>	<u>(22.43)</u>
XI Total comprehensive loss for the year (IX+X)		<u>(26,509.89)</u>	<u>(74,490.22)</u>
Earnings/ (loss) per equity share of Rupees 10 each:			
(i) Basic (in Rupees)	15	(56.40)	(184.78)
(ii) Diluted (in Rupees)	15	(56.40)	(184.78)
See accompanying notes forming part of the standalone financial statements	1-27		

As per our report of even date attached

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


  
**Rajesh Arora**  
Partner  
Membership Number: 076124


Place : Gurugram  
Date : 26 May 2021

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

  
**Narayan Shivkumar**  
Whole-time Director  
DIN: 06993476

  
**Anil Vinayak**  
Director  
DIN: 02407380

  
**Sandeen Singh**  
Company Secretary  
Membership No: FCS9877

  
**Akshav Tiwari**  
Chief Financial Officer

Place : Gurugram  
Date : 26 May 2021





**FORTIS HOSPITALS LIMITED**  
**STANDALONE STATEMENT OF CASH FLOW FOR THE YEAR ENDED 31 MARCH, 2021**

Notes	Year ended 31 March, 2021 (Rupees in lacs)	Year ended 31 March, 2020 (Rupees in lacs)
<b>Cash flows from operating activities</b>		
Loss before tax	(26,283.01)	(64,073.07)
Adjustments for:		
<u>Exceptional items</u>		
Impairment of Right-of-use assets [Refer note 20(i)]	1,091.37	12,694.31
Allowance for investment in subsidiaries [Refer note 20(f), 20(g), 20(h)]	958.96	6,519.51
(Reversal)/ creation of loss allowance for loans given [refer note 5(xxx)]	(50.00)	293.55
Lease concession on account of Covid-19 [Refer note 20(j)]	(22,146.77)	-
<u>Other non-cash items</u>		
Financial Guarantee cost	406.34	-
Finance Costs	38,658.25	42,920.73
Interest income	(2,055.53)	(1,512.09)
(Profit)/Loss on disposal of property, plant and equipment (net)	(0.44)	3.48
Allowance for doubtful receivables	2,029.01	3,043.07
Balances written back	(588.51)	(839.28)
Allowance for doubtful advances	81.62	147.14
Depreciation and amortisation expense	32,238.75	34,086.67
Provision for contingencies	-	45.53
<b>Operating profit / (loss) before changes in following assets and liabilities</b>	<b>24,340.04</b>	<b>33,329.55</b>
<b>Change in operating assets and liabilities</b>		
Decrease in trade and other receivables	3,466.02	656.87
Decrease/ (increase) in inventories	842.87	(1,152.67)
Decrease in other assets and financial assets	28.28	12,018.28
Increase in trade payables	4,900.86	6,052.98
Increase in provisions	964.61	367.22
(Decrease)/ increase in other liabilities and financial liabilities	11,272.75	816.78
<b>Cash generated from operations</b>	<b>45,815.43</b>	<b>52,089.01</b>
Income taxes refund/ (paid) (net of Income tax refund of Rs. 19,299.55 lacs, Previous year Rs. 4,286.20 lacs)	13,251.59	(3,780.56)
<b>Net cash generated by operating activities</b>	<b>(A) 59,067.02</b>	<b>48,308.45</b>
<b>Cash flows from investing activities</b>		
Interest received	2,109.44	352.22
Proceeds from sale of intangible assets under development	596.85	-
Purchases of intangible assets	(554.82)	(463.04)
Proceeds from sale of property, plant and equipment	75.50	347.13
Purchases of property, plant and equipment	(5,604.09)	(5,867.80)
<b>Net cash used in investing activities</b>	<b>(B) (3,377.12)</b>	<b>(5,631.49)</b>
<b>Cash flows from financing activities [refer note 5 (xvi)]</b>		
Proceeds from long term borrowings [refer note 8(i)(a) and 8(ii)(a)]	13,903.20	49,147.83
Proceeds from issue of shares (including Securities Premium)	20,000.00	-
Repayment of long term borrowings	(60,288.10)	(68,864.92)
Interest paid	(10,554.53)	(8,074.06)
Payment of lease liabilities	(14,491.72)	(35,786.62)
Net receipt of short term borrowings	2,314.47	25,408.00
<b>Net cash used in financing activities</b>	<b>(C) (49,116.68)</b>	<b>(38,169.77)</b>
<b>Net increase in cash and cash equivalents</b>	<b>(A+B+C) 6,573.22</b>	<b>4,507.19</b>
Cash and cash equivalents at the beginning of the year	5 (xiii) (5,518.60)	(10,025.79)
<b>Cash and cash equivalents at the end of the year</b>	<b>5 (xiii) 1,054.62</b>	<b>(5,518.60)</b>

See accompanying notes forming part of the Standalone financial statements 1-27

**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. Nil towards Corporate Social Responsibility (CSR) expenditure in the current and previous year.

As per our report of even date attached

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

**Rajesh Arora**  
Partner  
Membership Number: 076124

Place : Gurugram  
Date : 26 May 2021

For and on behalf of Board of Directors  
Fortis Hospitals Limited

**Narayani Shivkumar**  
Whole-time Director  
DIN: 06993476

**Sandeep Singh**  
Company Secretary  
Membership No: FCS9877  
Place Gurugram  
Date 26 May 2021

**Anil Vinayak**  
Director  
DIN: 02407380

**Akshay Tiwari**  
Chief Financial Officer



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


Other equity Particulars	Equity		Other equity				(Rupees in lacs)
	Equity share capital	Convertible non-participating preference share	Securities premium reserve*	Deficit	Deemed equity	Total	Total
(a) Balance at 1 April, 2019	4,030.06	1,300.00	99,880.52	(125,189.21)	-	(25,308.69)	(19,978.63)
(i) Loss for the year	-	-	-	(74,467.79)	-	(74,467.79)	(74,467.79)
(ii) Other comprehensive income/(loss) for the year, net of income tax	-	-	-	(22.43)	-	(22.43)	(22.43)
(b) Total comprehensive loss for the year	-	-	-	(74,490.22)	-	(74,490.22)	(74,490.22)
(iii) Provision of guarantee by holding company	-	-	-	-	344.95	344.95	344.95
(iv) Guarantee given for loan availed by holding company	-	-	-	-	(774.46)	(774.46)	(774.46)
(c) Balance at 31 March, 2020	4,030.06	1,300.00	99,880.52	(199,679.43)	(429.51)	(100,228.42)	(94,898.36)
(i) Issue during the year (including conversion of Borrowing)	2,668.70	-	67,331.30	-	-	67,331.30	70,000.00
(ii) Loss for the year	-	-	-	(26,851.67)	-	(26,851.67)	(26,851.67)
(iii) Other comprehensive income/(loss) for the year, net of income tax	-	-	-	341.78	-	341.78	341.78
(d) Total comprehensive loss for the year	2,668.70	-	67,331.30	(26,509.89)	-	40,821.41	43,490.11
(iv) Provision of guarantee by holding company	-	-	-	-	114.80	114.80	114.80
(e) Balance at 31 March, 2021	6,698.76	1,300.00	167,211.82	(226,189.32)	(314.71)	(59,292.21)	(51,293.45)

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

See accompanying notes forming part of the standalone financial statements 1-27

As per our report of even date attached

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

  
Rajesh Arora  
Partner  
Membership Number: 076124

Place : Gurugram  
Date : 26 May 2021

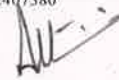
For and on behalf of Board of Directors  
Fortis Hospitals Limited

  
Narayani Shivkumar  
Whole-time Director  
DIN: 06993476

  
Sandeep Singh  
Company Secretary  
Membership No: FCS9877

Place : Gurugram  
Date : 26 May 2021

  
Anil Vinayak  
Director  
DIN: 02407380

  
Akshay Tiwari  
Chief Financial Officer





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

**1) Corporate information**

Fortis Hospitals Limited (the 'Company' or 'FHsL'), a public limited company, was incorporated on 18 June, 2009 as a wholly owned subsidiary of Fortis Healthcare Limited ('FHL') and registered office is located at Escorts Heart Institute and Research Centre, Okhla Road, New Delhi 110025 and the corporate office of the Company is located at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41, Gurugram 122001, Haryana.

The Company carries on the business of promotion, maintenance, management, operation and conduct of healthcare and related services and providing consultancy for establishment of healthcare services.

**2) Significant accounting policies**

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

**(a) Basis of preparation**

*(i) Statement of compliance*

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

The Standalone financial statements have been authorized for issue by the Company's Board of Directors on 26 May, 2021.

*(ii) Functional and presentation currency*

These Standalone financial statements are presented in Indian Rupees, which is also the Company's functional currency. All amounts are in Indian Rupees lacs except share data and per share data, unless otherwise stated.

*(iii) Historical cost convention*

The Standalone financial statements have been prepared under historical cost convention on accrual basis, unless otherwise stated. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

*(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.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

A liability is current when:

- It is expected to be settled in normal operating cycle;
- It is held primarily for the purpose of trading;
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

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

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

**(c) Measurement of fair values**

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

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised 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 recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(d) 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.

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

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.

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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**(e) 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 derecognised 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 attributable finance costs (in the same manner as in the case of property, plant and equipment). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

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

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of property, plant and equipment as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the 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	3-30 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 fittings	4-10 years	10 years
Office equipment	5 years	5 years
Vehicles	4-8 years	8 years



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of useful life
Computer software	3-6 years
License fee	3-10 years
Technical Know-how fees	3-5 Years

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

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

Depreciation on leasehold improvement is provided over the primary period of lease or useful life whichever is shorter.

**(iv) Derecognition**

Property, plant and equipment and intangible assets is derecognised 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.

**(f) Impairment of non-financial assets**

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

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

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

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

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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

**(g) Financial instrument**

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

*Financial assets*

*Initial recognition and measurement*

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

*Subsequent measurement*

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

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

*Debt instruments at amortised cost*

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation 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 categorisation as at amortised cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

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

*Equity investments*

Equity investments in subsidiaries, jointly controlled entities 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.

*Derecognition of financial assets*

A financial asset (or, where applicable, a part of a financial asset or part of a group 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 recognise the transferred asset to the extent of the Company's continuing involvement. In that case, the Company also recognises 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.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

*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 recognised in Statement of Profit and Loss.

*Derecognition of financial liabilities*

A financial liability is derecognised 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 realise the asset and settle the liability simultaneously.

*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.

**(h) Inventories**

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

The Company uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost. Cost includes all costs of purchase, and other costs incurred in



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable.

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

**(i) Cash and cash equivalents**

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

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

**(j) Contingent liabilities and Contingent Assets**

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

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

**(k) Provisions**

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

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all of 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 recognises any impairment loss on the assets associated with that contract.

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

**(l) Revenue recognition**

Revenue primarily comprises fees charged under contract for inpatient and outpatient hospital services and also includes sale of medical and non-medical items. Hospital services include charges for accommodation, medical professional services, equipment, radiology, laboratory and pharmaceutical goods used in treatments given to Patients.





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

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 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 of revenue from various ancillary revenue generating activities like operations and maintenance agreements, 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.

**(m) Employee benefits**

*Short-term employee benefits*

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

*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

The Company makes contribution to Regional Provident Fund Commissioner for its employees. This is treated as defined contribution plan.

The Company's contribution to the provident fund is charged to statement of profit and loss.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

*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 utilised 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).

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

**(n) 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 realise 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;



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

- temporary differences related to 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
- taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax assets (DTA) include Minimum Alternate Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability.

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. Unrecognised 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 realised 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 realise the asset and settle the liability on a net basis or simultaneously.

**(o) Leases**

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

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

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

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

**(i) As a lessee**

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

The Company 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.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

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

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

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

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

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

Short-term leases and leases of low-value assets

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

**(ii) As a lessor**

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

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

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

Leases are classified as finance leases when substantially all of the risks and rewards of ownership transfer from the Company to the lessee. Amounts due from lessees under finance leases are recorded as receivables at the Company's net investment in the leases. Finance lease income is allocated to accounting periods so as to reflect a constant periodic rate of return on the net investment outstanding in respect of the lease.

**(p) Foreign currency translation**

*Transactions and balances*

Foreign currency transactions are translated into the functional currency using the exchange rates at the date of the transaction. 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).



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

**(q) 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 segregated.

**(r) 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"). Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

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

**(s) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

- the profit/ (loss) 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

**3) Critical estimates and judgments**

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

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

**Judgments**

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

- Leasing arrangement (classification) – Note 7
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 11, 23 and 24



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

**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:

- Financial instruments - Note 13
- Fair value measurement – Note 14
- Leasing arrangement (accounting) – Note 7
- Estimated impairment of financial assets and non-financial assets – Note 5(iv), 5(v), 5(vi), 5(vii), 5(viii) and 5(xi)
- Recognition and estimation of tax expense including deferred tax– Note 5(ix)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(e)(iii)
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 12

**4) Changes in significant accounting policies**

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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

5 (i)(a) Property, plant and equipment

Particulars	Land (refer note a below)	Buildings (refer note b below)	Leasehold improvements	Plant and machinery	Medical equipment (refer note c below)	Medical equipment taken under finance lease [refer note 7(i)]	Furniture and fittings	Computers (refer note c below)	Office equipment	Vehicles	Total	(Rupees in lacs)	
<b>Gross carrying amount</b>													
As at 1 April, 2019	6,078.57	7,020.96	5,799.65	5,518.56	51,910.82	93.75	3,930.82	1,653.96	1,584.96	446.57	84,038.32		
Adjustment on initial application of IND AS 116	-	(447.07)	-	-	-	(93.75)	-	-	-	-	(540.82)		
Additions	-	9.74	89.42	405.63	6,735.92	-	213.21	342.50	92.07	-	7,888.49		
Disposals	-	-	(80.16)	(26.59)	(709.76)	-	(7.29)	(6.18)	(2.92)	(32.18)	(865.08)		
<b>As at 31 March, 2020</b>	<b>6,078.57</b>	<b>6,583.63</b>	<b>5,808.91</b>	<b>5,897.60</b>	<b>57,936.68</b>	-	<b>4,136.74</b>	<b>1,990.28</b>	<b>1,674.11</b>	<b>414.39</b>	<b>90,530.91</b>		
Additions	433.77	-	207.92	297.25	4,676.91	-	96.27	275.27	57.79	95.03	6,140.21		
Disposals	-	-	-	(24.06)	(610.26)	-	(15.64)	(15.62)	(6.55)	-	(672.13)		
<b>As at 31 March, 2021</b>	<b>6,512.34</b>	<b>6,583.63</b>	<b>6,016.83</b>	<b>6,170.79</b>	<b>62,003.33</b>	-	<b>4,217.37</b>	<b>2,249.93</b>	<b>1,725.35</b>	<b>509.42</b>	<b>95,988.99</b>		
<b>Accumulated depreciation</b>													
As at 1 April, 2019	-	1,014.10	2,085.68	1,683.84	25,286.97	90.40	1,888.66	1,391.17	1,077.89	330.77	34,849.48		
Adjustment on initial application of IND AS 116	-	(60.19)	-	-	-	(90.40)	-	-	-	-	(150.59)		
Charge for the year	-	218.12	536.93	423.87	5,521.05	-	419.71	194.89	224.82	48.01	7,587.40		
Disposals	-	-	(80.16)	(16.10)	(410.18)	-	(1.91)	(1.76)	(1.00)	(23.38)	(534.49)		
<b>As at 31 March, 2020</b>	<b>-</b>	<b>1,172.03</b>	<b>2,542.45</b>	<b>2,091.61</b>	<b>30,397.84</b>	-	<b>2,306.46</b>	<b>1,584.30</b>	<b>1,301.71</b>	<b>355.40</b>	<b>41,751.80</b>		
Charge for the year	-	247.87	561.46	422.74	5,582.72	-	416.63	231.44	177.83	32.74	7,673.43		
Disposals	-	-	-	(16.05)	(409.64)	-	(3.84)	(14.99)	(6.14)	-	(450.66)		
<b>As at 31 March, 2021</b>	<b>-</b>	<b>1,419.90</b>	<b>3,103.91</b>	<b>2,498.30</b>	<b>35,570.92</b>	-	<b>2,719.25</b>	<b>1,800.75</b>	<b>1,473.40</b>	<b>388.14</b>	<b>48,974.57</b>		
<b>Carrying value</b>													
As at 31 March, 2020	6,078.57	5,411.60	3,266.46	3,805.99	27,538.84	-	1,830.28	405.98	372.40	58.99	48,769.11		
As at 31 March, 2021	6,512.34	5,163.73	2,912.92	3,672.49	26,432.41	-	1,498.12	449.18	251.95	121.28	47,014.42		

Notes:

- a) The original title deeds for freehold land included in above are in the possession of banks against outstanding loans  
b) Buildings as at 1 April 2019 include hospital building taken under finance lease. [refer note 7(i)].  
c) The above assets include certain property, plant and equipment leased pursuant to operating lease agreement [refer note 7(ii)].

5 (i)(b) Capital work-in-progress

	(Rupees in lacs)	
	As at	As at
	31 March 2021	31 March 2020
Opening Balance	1,384.36	3,707.75
Additions *	5,689.96	5,565.10
Transfer to property, plant and equipment	(6,140.21)	(7,888.49)
<b>Closing balance</b>	<b>934.11</b>	<b>1,384.36</b>

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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**5 (ii) Goodwill**

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

(Rupees in lacs)

Particulars	31 March, 2020			31 March, 2021		
	As at 1 April, 2019	Addition	Impairment As at 31 March, 2020	As at 1 April, 2020	Addition	Impairment As at 31 March, 2021
<b>Carrying amount</b>						
<b>Hospital business</b>						
Fortis Hospital, Banergatta Road	17,057.66	-	17,057.66	17,057.66	-	17,057.66
Fortis Hospital, Cunningham Road	2,704.57	-	2,704.57	2,704.57	-	2,704.57
Fortis Hospital, Mulund	13,402.39	-	13,402.39	13,402.39	-	13,402.39
Fortis Hospital, Kalyan	1,523.11	-	1,523.11	1,523.11	-	1,523.11
Fortis Heart and Kidney Institute, Kolkata	1,984.82	-	1,984.82	1,984.82	-	1,984.82
Fortis Hospital Anandapur, Kolkata	6,503.88	-	6,503.88	6,503.88	-	6,503.88
Fortis Hospital, Noida	482.00	-	482.00	482.00	-	482.00
Fortis Escorts Hospital, Amritsar	295.15	-	295.15	295.15	-	295.15
<b>Total</b>	<b>43,953.58</b>	<b>-</b>	<b>43,953.58</b>	<b>43,953.58</b>	<b>-</b>	<b>43,953.58</b>

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

The Company made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management. Cash flow projections were developed covering a seven-year period as at 31 March, 2021 and 31 March, 2020 which reflects a more appropriate indication/trend of future track of business of the Company. Cash flows beyond the seven-year period were extrapolated using estimate rates stated below.

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

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

Particulars	As at 31 March, 2021	As at 31 March, 2020
Compound average net sales growth rate for seven year period	4%-12%	4%-12%
Growth rate used for extrapolation of cash flow projections beyond seven year period. (Refer note below)	4%	4%
Discount rate	12.60%	12.70%

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

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

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





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

5 (iii)(a) Other intangible assets

Particulars	(Rupees in Lacs)			Total
	License fee	Technical Knowhow	Computer Software	
<b>Gross carrying amount</b>				
As at 01 April, 2019	1,001.46	17.20	7,151.72	8,170.38
Additions	103.53	-	1,366.12	1,469.65
Disposals	-	-	(24.78)	(24.78)
<b>As at 31 March, 2020</b>	<b>1,104.99</b>	<b>17.20</b>	<b>8,493.06</b>	<b>9,615.25</b>
Additions	53.49	-	750.69	804.18
Disposals	-	-	-	-
<b>As at 31 March, 2021</b>	<b>1,158.48</b>	<b>17.20</b>	<b>9,243.75</b>	<b>10,419.43</b>
<b>Amortisation</b>				
As at 01 April, 2019	744.10	15.74	5,424.06	6,183.90
Charge for the year	111.41	-	776.93	888.34
Disposals	-	-	(4.89)	(4.89)
<b>As at 31 March, 2020</b>	<b>855.51</b>	<b>15.74</b>	<b>6,196.10</b>	<b>7,067.35</b>
<b>Amortisation</b>				
As at 01 April, 2020	855.51	15.74	6,196.10	7,067.35
Charge for the year	90.76	-	877.68	968.44
Disposals	-	-	-	-
<b>As at 31 March, 2021</b>	<b>946.27</b>	<b>15.74</b>	<b>7,073.78</b>	<b>8,035.79</b>
<b>Carrying value</b>				
<b>As at 31 March, 2020</b>	<b>249.48</b>	<b>1.46</b>	<b>2,296.96</b>	<b>2,547.90</b>
<b>As at 31 March, 2021</b>	<b>212.21</b>	<b>1.46</b>	<b>2,169.97</b>	<b>2,383.64</b>

5 (iii)(b) Intangible assets under development

	(Rupees in lacs)	
	As at 31 March 2021	As at 31 March 2020
Opening Balance	964.31	1,951.03
Additions *	554.82	482.93
Transfer to intangible assets	(804.18)	(1,469.65)
Sale to related parties	(596.85)	-
<b>Closing balance</b>	<b>118.10</b>	<b>964.31</b>

\* 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 in additions to intangible assets.



105

**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (iv) A. Investment in subsidiaries</b>		
<b>Non-current</b>		
<b><u>Unquoted investments (fully paid)</u></b>		
<b>(a) Investments in equity instruments - at cost</b>		
(i) Fortis Health Management (East) Limited 50,000 (as at 31 March, 2020 : 50,000) equity shares of Rs. 10 each, fully paid up  [Of the above, 6 shares (previous year 6 shares) are held by nominee share holders]	4.40	4.40
(ii) Fortis Cancer Care Limited 50,000 (as at 31 March, 2020 : 50,000) equity shares of Rs. 10 each, fully paid up  (Of the above, 6 shares (previous year 6 shares) are held by nominee share holders)	5.00	5.00
(iii) Stellant Capital Advisory Services Private Limited 17,499,997 (as at 31 March, 2020 : 17,499,997) equity shares of Rs. 10 each, fully paid up [Of the above, 6 shares (previous year 6 shares) are held by nominee share holders]	10,047.75	10,047.75
(iv) Birdie & Birdie Realtors Private Limited 10,000 (as at 31 March, 2020 : 10,000) equity shares of Rs. 10 each, fully paid up [Of the above, 6 shares (previous year 6) are held by nominee share holders]	7,725.00	7,725.00
(v) Fortis Global Healthcare (Mauritius) Limited 835,214 (as at 31 March, 2020 : 835,214) equity shares of USD 1 each, fully paid up	2,946.71	2,946.71
(vi) Fortis Emergency Services Limited 50,000 (as at 31 March, 2020 : 50,000) equity shares of Rs. 10 each Total aggregate unquoted non-current investment in subsidiaries	2.71	2.71
	<b>20,731.57</b>	<b>20,731.57</b>
Less: Impairment in value of investment		
Fortis Health Management (East) Limited	(4.40)	(4.40)
Fortis Cancer Care Limited	(5.00)	(5.00)
Stellant Capital Advisory Services Private Limited [Refer note 20(g)]	(5,431.79)	(4,472.83)
Fortis Global Healthcare (Mauritius) Limited	(2,946.71)	(2,946.71)
Fortis Emergency Services Limited	(2.71)	(2.71)
	<b>(8,390.61)</b>	<b>(7,431.65)</b>
	<b>12,340.96</b>	<b>13,299.92</b>
<b>B. Investment in fellow subsidiary/ associate</b>		
<b>Non-current</b>		
<b><u>Unquoted investments (fully paid)</u></b>		
<b>(a) Investments in equity instruments (compulsorily convertible preference shares) - at cost</b>		
(i) Escorts Heart Institute and Research Centre Limited 401,769 (as at 31 March, 2020 : 401,769) 0.01% compulsorily convertible preference shares of Rupees 10 each [refer note 20(h)]  Total aggregate unquoted non-current investment in fellow subsidiary/ associate	35,669.00	35,669.00
	<b>35,669.00</b>	<b>35,669.00</b>
Less: Impairment in value of investment [refer note 20(h)]	(5,669.00)	(5,669.00)
	<b>30,000.00</b>	<b>30,000.00</b>
<b><u>Quoted investments (fully paid)</u></b>		
<b>(a) Investments in equity instruments - at cost</b>		
<b>Investment in subsidiary</b>		
(i) Fortis Malar Hospitals Limited (refer note a below) 11,752,402 (as at 31 March, 2018 : 11,752,402) equity shares of Rs. 10 each fully paid up	0.01	0.01
	<b>0.01</b>	<b>0.01</b>
<b>Aggregate carrying value of investment</b>	<b>42,340.97</b>	<b>43,299.93</b>
<b>Aggregate value of quoted investment in subsidiary</b>	<b>0.01</b>	<b>0.01</b>
<b>Aggregate market value of quoted investment in subsidiary</b>	<b>6,516.71</b>	<b>5,053.53</b>
<b>Aggregate value of unquoted investments in subsidiaries and fellow subsidiaries/ associates</b>	<b>56,400.57</b>	<b>56,400.57</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
Aggregate carrying value of unquoted investments in subsidiaries and fellow subsidiaries/ associates	42,340.96	43,299.92
Aggregate amount of impairment in value of unquoted investments in subsidiaries and fellow subsidiaries/ associates	(14,059.61)	(13,100.65)

**Note:**

a) 11,752,402 quoted equity shares of Fortis Malar Hospitals Limited were received as a gift from International Hospitals Limited in earlier years which were recorded at a nominal value of Rupees 1,000.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (v) Investment in joint ventures</b>		
<b>Non-current</b>		
<b>(a) Investments in equity instruments - at cost</b>		
(i) Fortis C-Doc Healthcare Limited 4,060,637 (as at 31 March, 2018 4,060,637) equity shares of Rs. 10 each, fully paid up [Of the above, 3 shares (Previous year 3 shares) are held with nominee share holders]	622.85	622.85
	<u>622.85</u>	<u>622.85</u>
Less: Impairment of investment [refer note 20(d)]	(622.85)	(622.85)
<b>Aggregate value of unquoted investment in joint venture</b>	<u>622.85</u>	<u>622.85</u>
<b>Aggregate carrying value of unquoted investment in joint venture</b>	<u>-</u>	<u>-</u>
<b>Aggregate amount of impairment in value of unquoted investment in joint venture</b>	<u>622.85</u>	<u>622.85</u>

**5 (vi) Trade receivables (unsecured)**

**Current**

(a) Considered good	16,542.88	22,037.91
(b) Credit impaired	8,833.00	8,827.34
Less: Loss allowance	(8,833.00)	(8,827.34)
	<u>16,542.88</u>	<u>22,037.91</u>

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The Company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the payments. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The Company does not have any significant concentration of exposures to specific category of customer. The provision matrix at the end of the reporting period is as follows:

**Ageing**

	Expected credit allowance	
	31 March, 2021	31 March, 2020
0 - 1 year	1%-74%	1%-56%
1 - 2 year	1%-78%	1%-100%
2 - 3 year	3%-95%	1%-100%
More than 3 years	100%	100%

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

Balance at the beginning of the year	8,827.34	17,038.31
Creation of the allowance for expected credit loss	2,029.01	3,043.07
Utilisation of the allowance for expected credit loss (written off)	(2,023.35)	(11,254.04)
Balance at the end of the year	<u>8,833.00</u>	<u>8,827.34</u>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (vii) Loans</b>		
<b><u>Non-Current - at amortised cost</u></b>		
<b>Unsecured, considered good</b>		
(a) Loan to subsidiary companies [refer note 18]	2,797.75	2,797.75
(b) Loan to body corporate and others	8.74	8.74
(c) Security deposits	611.52	637.28
<b>Total (A)</b>	<b>3,418.01</b>	<b>3,443.77</b>
<b>Unsecured, credit impaired</b>		
(a) Loans to subsidiaries companies [refer note 18 and note 5(xcx)]	16,037.96	16,087.96
(b) Loan to joint venture [refer note 18]	1,367.72	1,367.72
(c) Loan to body corporate and others	294.66	294.66
<b>Total (B)</b>	<b>17,700.34</b>	<b>17,750.34</b>
Less: Loss allowance	(17,700.34)	(17,750.34)
<b>Total (C)</b>	<b>(17,700.34)</b>	<b>(17,750.34)</b>
<b>Total (A+B+C)</b>	<b>3,418.01</b>	<b>3,443.77</b>
<b><u>Current - at amortised cost</u></b>		
<b>Unsecured, considered good</b>		
(a) Loan to subsidiary [refer note 18]	-	980.06
(b) Other receivables from related party [refer note 6]	1,580.68	1,320.62
(c) Security deposits	658.60	711.38
<b>Total (A)</b>	<b>2,239.28</b>	<b>3,012.06</b>
<b>Secured, credit impaired</b>		
(a) Inter-corporate deposits [refer note 23(C)(i)]	40,243.00	40,243.00
<b>Total (B)</b>	<b>40,243.00</b>	<b>40,243.00</b>
<b>Unsecured, credit impaired</b>		
(a) Loan to body corporate and others	621.63	610.63
(b) Security deposit	41.00	41.00
<b>Total (C)</b>	<b>662.63</b>	<b>651.63</b>
Less: Loss allowance	(40,905.63)	(40,894.63)
<b>Total (D)</b>	<b>(40,905.63)</b>	<b>(40,894.63)</b>
<b>Total (A+B+C+D)</b>	<b>2,239.28</b>	<b>3,012.06</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (viii) Other financial assets (unsecured)</b>		
<b><u>Non-Current - at amortised cost</u></b>		
<b>Considered good</b>		
(a) Deposit accounts with banks*	25.86	51.86
(b) Interest accrued on loans to subsidiaries	33.89	126.76
(c) Advances others	280.50	349.09
(d) Commitment deposit (refer Note a below)	102.06	102.06
<b>Total (A)</b>	<b>442.31</b>	<b>629.77</b>
<b>Credit impaired</b>		
(a) Interest accrued on loan to joint venture [refer note 20(d)]	180.61	180.61
<b>Total (B)</b>	<b>180.61</b>	<b>180.61</b>
Less: Loss allowance	(180.61)	(180.61)
<b>Total (C)</b>	<b>(180.61)</b>	<b>(180.61)</b>
<b>Total (A+B+C)</b>	<b>442.31</b>	<b>629.77</b>

\*Fixed deposits is under lien with bank and is restricted from being exchanged for more than 12 months from the balance sheet date.

**Current - at amortised cost**

<b>Considered good</b>		
(a) Interest accrued but not due on bank deposits	13.14	26.40
(b) Technology renewal fund advance (refer note b below)	129.00	129.00
(c) Unbilled revenue	4,650.59	2,944.90
(d) Others	223.28	177.42
<b>Total (A)</b>	<b>5,016.01</b>	<b>3,277.72</b>
<b>Credit impaired</b>		
(a) Interest accrued on inter-corporate deposits [refer note 23(C)(i)]	4,259.62	4,259.62
(b) Others	880.96	817.32
<b>Total (B)</b>	<b>5,140.58</b>	<b>5,076.94</b>
Less: Loss allowance	(5,140.58)	(5,076.94)
<b>Total (C)</b>	<b>(5,140.58)</b>	<b>(5,076.94)</b>
<b>Total (A+B+C)</b>	<b>5,016.01</b>	<b>3,277.72</b>

**Notes:**

a) Commitment deposit represents funds paid to Hospital Service Companies (Escorts Heart Super Specialty Company Limited, International Hospitals Limited and Fortis Hospital Limited) as commitment for entering into Hospital and Medical Services Agreement (HMMA) upon development of a new clinical establishment.

b) Technology renewal fund advance represents funds paid from the services fee payable to the Hospital Service Companies (Escorts Heart Super Specialty Company Limited, International Hospitals Limited and Fortis Hospital Limited), for funding the replacement refurbishment and / or upgrade of radiology and other medical equipment, owned / used by the Hospital Services Companies.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

5 (ix) Deferred tax assets (Net)

	As at 31 March, 2021 (Rupees in Lacs)	As at 31 March, 2020 (Rupees in Lacs)
Deferred tax assets	31,544.12	31,544.12
Deferred tax liabilities	(10,728.55)	(10,159.89)
	<b>20,815.57</b>	<b>21,384.23</b>

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

Deferred tax assets/(liabilities) in relation to:	(Rupees in lacs)			
	As at 1 April, 2020	Credit / (charge) to Profit or loss	Credit / (charge) to other comprehensive income	As at 31 March, 2021
<b>Deferred tax liability</b>				
(a) Intangible assets	(10,159.89)	(568.66)	-	(10,728.55)
	<b>(10,159.89)</b>	<b>(568.66)</b>	-	<b>(10,728.55)</b>
<b>Deferred tax Asset</b>				
(a) Property, plant and equipment	853.04	-	-	853.04
(b) Provision for contingency	296.11	-	-	296.11
(c) Provision for credit impaired advances	2,602.54	-	-	2,602.54
(d) Provision for expected credit loss on receivables	2,643.01	-	-	2,643.01
(e) Defined benefit obligation	1,544.89	-	-	1,544.89
(f) Unabsorbed losses and depreciation/amortisation (Refer note a below)	23,604.53	-	-	23,604.53
	<b>31,544.12</b>	<b>-</b>	<b>-</b>	<b>31,544.12</b>
<b>Deferred tax asset (net)</b>	<b>21,384.23</b>	<b>(568.66)</b>	<b>-</b>	<b>20,815.57</b>

Deferred tax assets/(liabilities) in relation to:	(Rupees in lacs)			
	As at 1 April, 2019	Credit / (charge) to Profit or loss	Credit / (charge) to other comprehensive income	As at 31 March, 2020
<b>Deferred tax liability</b>				
(a) Intangible assets	(13,809.92)	3,650.03	-	(10,159.89)
	<b>(13,809.92)</b>	<b>3,650.03</b>	-	<b>(10,159.89)</b>
<b>Deferred tax Asset</b>				
(a) Property, plant and equipment	1,064.96	(211.92)	-	853.04
(b) Provision for contingency	265.86	30.25	-	296.11
(c) Provision for credit impaired advances	1,754.51	848.03	-	2,602.54
(d) Provision for expected credit loss on receivables	6,898.81	(4,255.80)	-	2,643.01
(e) Defined benefit obligation	1,372.24	163.13	9.52	1,544.89
(f) Unabsorbed losses and depreciation/amortisation	34,222.97	(10,618.44)	-	23,604.53
	<b>45,579.35</b>	<b>(14,044.75)</b>	<b>9.52</b>	<b>31,544.12</b>
<b>Deferred tax asset (net)</b>	<b>31,769.43</b>	<b>(10,394.72)</b>	<b>9.52</b>	<b>21,384.23</b>

No deferred tax asset has been recognised on

	(Rupees in Lacs)	
	As at 31 March, 2021	As at 31 March, 2020
MAT credit [refer note 5 (xxxi)]	7,414.11	7,414.11
Business losses [refer note 5 (xxxi)]	79,325.74	72,647.21
Inter-corporate deposits	40,243.00	40,243.00
Interest accrued on inter-corporate deposits	4,259.62	4,259.62
Loan to subsidiary	11,800.53	11,800.53
Interest accrued on loan to subsidiary	180.61	180.61
Capital losses [refer note 5 (xxxi)]	1,002.33	1,002.33
Unabsorbed depreciation [refer note 5 (xxxi)]	10,193.98	2,160.23
	<b>154,419.93</b>	<b>139,707.64</b>

Note:

- a) During the quarter ended 31 December, 2019, the Management has reassessed its expectation of future taxable profits taking into account the ongoing litigations on the Fortis Group which had impacted the ability of the Company to carry out restructuring activities. Based on the assessment, the Management had derecognised deferred tax assets (DTA) on brought forward business loss of Rs 24,836.06 lacs. Further, no deferred tax asset (net) has been recognised on the temporary differences originating post this re-assessment. 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	For the period 1 January 2020 to March 31, 2020
	(Rupees in Lacs)	(Rupees in Lacs)
Intangible assets	(38.99)	(46.71)
Property, plant and equipment	163.87	103.85
Provision for contingency	197.23	(19.98)
Provision for doubtful advances	20.62	29.28
Provision for expected credit loss on receivables	1.98	441.62
Defined benefit obligation	139.84	15.48
Carried forward loss and unabsorbed depreciation under Income Tax Act, 1961	5,141.07	2,400.63
	<b>5,625.62</b>	<b>2,924.17</b>

5 (x) Non-current tax assets  
(a) Advance income tax \*

	As at 31 March, 2021	As at 31 March, 2020
	(Rupees in Lacs)	(Rupees in Lacs)
	17,382.34	30,633.93
	<b>17,382.34</b>	<b>30,633.93</b>

\* Including refund adjusted by tax authorities against demand orders of earlier years which are being contested by the Company under various forums



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (xi) Other assets (unsecured)</b>		
<b>Non-current</b>		
<b>Considered good</b>		
(a) Capital advances (refer note 9)	171.11	299.41
(b) Prepaid expenses	164.96	116.93
	<u>336.07</u>	<u>416.34</u>
<b>Credit impaired</b>		
(a) Capital advance	12.08	14.80
	<u>12.08</u>	<u>14.80</u>
Less: Loss allowance	(12.08)	(14.80)
	<u>336.07</u>	<u>416.34</u>
<b>Current</b>		
<b>Considered good</b>		
(a) Balance with government authorities- goods and service tax recoverable	295.00	210.24
(b) Accrued operating income (service export from india scheme)	1,459.19	2,338.32
(c) Advance to vendors	324.73	545.60
(d) Prepaid expenses	890.48	883.86
	<u>2,969.40</u>	<u>3,978.02</u>
<b>Credit impaired</b>		
(a) Balances with service tax and other authorities	51.55	51.55
(b) Advance to vendors	74.72	34.35
(c) Others	8.81	12.10
	<u>135.08</u>	<u>98.00</u>
Less: Loss allowance	(135.08)	(98.00)
	<u>-</u>	<u>-</u>
	<u>2,969.40</u>	<u>3,978.02</u>
<b>5 (xii) Inventories</b>		
<b>Valued at lower of cost and net realisable value</b>		
(a) Medical consumables and drugs	2,399.37	3,242.24
	<u>2,399.37</u>	<u>3,242.24</u>
<b>5 (xiii) Cash and cash equivalents</b>		
(a) Balances with banks -on current accounts	802.78	1,054.36
(b) Cash on hand	251.84	82.43
<b>Cash and cash equivalents as per balance sheet</b>	<u>1,054.62</u>	<u>1,136.79</u>
Bank overdrafts [refer note 5(xx)]	-	(6,655.39)
<b>Cash and cash equivalents as per statement of cash flow</b>	<u>1,054.62</u>	<u>(5,518.60)</u>
<b>5 (xiv) Bank balances other than above</b>		
(a) Balances with banks to the extent held as margin money or security against borrowings	92.17	72.50
(b) Deposits with maturity of more than 3 months but less than 12 months from reporting date	287.90	287.08
	<u>380.07</u>	<u>359.58</u>





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (xv) Share capital</b>		
<b>Authorised share capital:</b>		
75,000,000 (as at 31 March, 2020: 45,000,000) equity shares of Rs. 10 each	7,500.00	4,500.00
15,000,000 (as at 31 March, 2020: 15,000,000) 0.01% Non-cumulative compulsory convertible preference shares ('CCPS') of Rs. 10 each	1,500.00	1,500.00
<b>Total authorised share capital</b>	<b>9,000.00</b>	<b>6,000.00</b>
<b>Issued, subscribed and fully paid up shares:</b>		
66,987,576 (as at 31 March, 2020: 40,300,577) equity shares of Rs. 10 each	6,698.76	4,030.06
13,000,000 (as at 31 March, 2020: 13,000,000) 0.01% Non-cumulative compulsory convertible preference shares ('CCPS') of Rs. 10 each	1,300.00	1,300.00
<b>Total issued, subscribed and fully paid up share capital</b>	<b>7,998.76</b>	<b>5,330.06</b>

**Notes :**

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

**Equity shares**

Particulars	Year ended 31 March, 2021		Year ended 31 March, 2020	
	Number	Rupees in Lacs	Number	Rupees in Lacs
At the beginning of the year	40,300,577	4,030.06	40,300,577	4,030.06
Issued during the year	26,686,999	2,668.70	-	-
<b>Outstanding at the end of the year</b>	<b>66,987,576</b>	<b>6,698.76</b>	<b>40,300,577</b>	<b>4,030.06</b>

**Non-cumulative compulsory convertible preference shares**

Particulars	Year ended 31 March, 2021		Year ended 31 March, 2020	
	Number	Rupees in Lacs	Number	Rupees in Lacs
At the beginning of the year	13,000,000	1,300.00	13,000,000	1,300.00
Issued during the year	-	-	-	-
<b>Outstanding at the end of the year</b>	<b>13,000,000</b>	<b>1,300.00</b>	<b>13,000,000</b>	<b>1,300.00</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. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

**(c) Terms/ rights attached to preference shares**

The preference shares are compulsorily convertible on expiry of 10 years from the date of the allotment. The holder of these preference shares will be entitled for 1 equity share for each preference share held by them. 0.01% CCPS are compound instruments as it also contain liability towards payment of 0.01% dividend at the end of the period of 10 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 31 March, 2021		As at 31 March, 2020	
	No. of Shares held	Rupees in Lacs	No. of Shares held	Rupees in Lacs
Fortis Healthcare Limited, the Holding company*	66,987,576	6,698.76	40,300,577	4,030.06

\* Including 6 equity share held by nominees.

**Non-cumulative compulsory convertible preference Shares**

Name of Shareholder	As at 31 March, 2021		As at 31 March, 2020	
	No. of Shares held	Rupees in Lacs	No. of Shares held	Rupees in Lacs
Escorts Heart Institute and Research Centre Limited, fellow Subsidiary	13,000,000	1,300.00	13,000,000	1,300.00

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

**Equity Shares**

Name of Shareholder	As at 31 March, 2021		As at 31 March, 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Limited, the Holding company*	66,987,576	100.00%	40,300,577	100.00%

\* Including 6 equity share held by nominees

**Non-cumulative compulsory convertible preference Shares**

Name of Shareholder	As at 31 March, 2021		As at 31 March, 2020	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Escorts Heart Institute and Research Centre Limited, fellow Subsidiary	13,000,000	100.00%	13,000,000	100.00%

As per records of the Company, including its register of share holders' members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**5 (xvi) Changes in liabilities arising from financing activities**

	Long term borrowings	Short term borrowings (net)	Lease Liabilities	Interest accrued
<b>As at 1 April, 2019</b>	<b>181,867.93</b>	<b>11,354.00</b>	<b>206,889.55</b>	<b>16,426.86</b>
Finance lease liabilities recognised at 01 April 2019 #	-	-	689.96	-
Lease liabilities paid	-	-	(13,215.71)	-
Addition of lease contract	-	-	957.85	-
Cancellation of lease contract	-	-	(256.78)	-
Proceeds from borrowings	49,147.84	-	-	-
Repayment of borrowings	(68,864.92)	25,408.00	-	-
Finance cost incurred	-	-	22,570.91	20,349.79
Finance cost paid	-	-	(22,570.91)	(8,074.06)
Reclassification of finance lease liability	(689.96)	-	-	-
Reclassification of bank overdraft*	-	(4,698.61)	-	-
Any other non-cash item **	8,152.33	-	-	(8,152.33)
<b>As at 31 March, 2020</b>	<b>169,613.22</b>	<b>32,063.39</b>	<b>195,064.87</b>	<b>20,550.26</b>
<b>As at 1 April, 2020</b>	<b>169,613.22</b>	<b>32,063.39</b>	<b>195,064.87</b>	<b>20,550.26</b>
Lease liabilities paid	-	-	(6,327.19)	-
Addition of lease contract	-	-	2,303.64	-
Conversion into equity shares	(50,000.00)	-	-	-
Proceeds from borrowings	13,903.20	-	-	-
Repayment of borrowings	(60,288.10)	2,314.47	-	-
Finance cost	-	-	21,162.92	17,495.32
Finance cost paid	-	-	(8,164.53)	(10,554.53)
Reclassification of bank overdraft*	-	(6,655.39)	-	-
Any other non-cash items **	8,679.21	-	(22,146.77)	(8,794.03)
<b>As at 31 March, 2021</b>	<b>81,907.53</b>	<b>27,722.47</b>	<b>181,892.94</b>	<b>18,697.02</b>

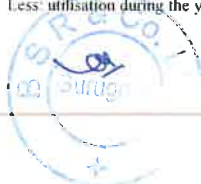
\* Bank overdraft has been reclassified from current borrowings to cash and cash equivalent for the purpose of preparation of cash flow statement.

\*\* Non cash item in long term borrowings primarily includes interest converted in loan received from Fortis Healthcare Limited Rupees 8,794.03 lacs (Previous year Rupees 8,152.33 lacs). Non cash item in lease liabilities pertains to Rs 22,146.77 lacs (Previous year Rs Nil) for Lease concession received on account of Covid-19 [Refer Note-# Reclassified from long term borrowings on transition to Ind AS 116 Leases



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (xvii) Non-current borrowings</b>		
<b>Secured [refer note 8(i)]</b>		
(a) Term loans- from banks *	25,422.60	29,679.88
(b) Vehicle loans	61.77	2.50
(c) Deferred payment liabilities	158.24	215.43
(d) Loan from Body corporates	95.08	169.03
	<u>25,737.69</u>	<u>30,066.84</u>
<b>Unsecured [refer note 8(ii)]</b>		
(b) Non-convertible debentures	48,624.14	48,624.14
(c) Loan from Holding Company	-	86,908.25
	<u>48,624.14</u>	<u>135,532.39</u>
	<u>74,361.83</u>	<u>165,599.23</u>
* Net of value of financial guarantee Rupees 413.93 lacs (Previous year Rupees 578.44 lacs)		
<b>5 (xviii) Other financial liabilities</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
(a) Interest accrued and not due on borrowings	15,286.92	20,223.18
(b) Security deposits	20.55	14.99
(c) Financial guarantees	537.57	666.61
(d) Payable to related parties	459.75	344.95
	<u>16,304.79</u>	<u>21,249.73</u>
<b>Current</b>		
<b>Secured</b>		
(a) Current maturities of long-term debt [refer note 8(i)] *	7,545.70	4,013.99
<b>Unsecured</b>		
(a) Current maturities of long-term debt [refer note 8(ii)]	13,270.25	-
(b) Security deposits	82.05	87.32
(c) Interest accrued and due on borrowings	3,410.10	327.07
(d) Capital creditors**	777.05	965.87
(e) Technology renewal fund payable to related party	574.86	418.36
(f) Payable to related parties	229.06	671.55
(g) Employee payable	1,072.13	1,094.73
(h) Other liabilities	276.70	296.61
(i) Financial guarantees	109.64	107.85
(j) Book overdrafts	60.94	-
	<u>19,862.78</u>	<u>3,969.36</u>
	<u>27,408.48</u>	<u>7,983.35</u>
* Net of value of financial guarantee Rupees 99.23 lacs (Previous year Rupees 111.46 lacs)		
**This also includes amount payable to micro and small enterprises amounting to Rupees 142.95 lacs as at 31 March 2021		
<b>5 (xix) Provisions</b>		
<b>Non-Current</b>		
<b>Provision for employees' benefits</b>		
(a) Provision for gratuity (refer note 12)	2,469.33	2,536.74
	<u>2,469.33</u>	<u>2,536.74</u>
<b>Current</b>		
<b>Provision for employees' benefits</b>		
(a) Provision for gratuity (refer note 12)	368.92	324.37
(b) Provision for compensated absences	1,685.50	1,604.22
<b>Others</b>		
(a) Provision for contingencies*	1,354.63	790.22
	<u>3,409.05</u>	<u>2,718.81</u>
* Provision for contingencies :		
Provision for contingency is made against clinical research studies and amounts due as refund to patients.		
Opening balance	790.22	751.32
Add: Provision created during the year	571.73	45.53
Less: utilisation during the year	(73.32)	6.63
	<u>1,354.63</u>	<u>790.22</u>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	As at 31 March, 2021 (Rupees in lacs)	As at 31 March, 2020 (Rupees in lacs)
<b>5 (xx) Current borrowings</b>		
<b><u>Secured - at amortised cost</u></b>		
(a) Bank overdraft [refer note 8(i)]	-	6,655.39
(b) Working capital demand loan [refer note 8(i)]	9,636.44	16,390.00
	9,636.44	23,045.39
<b><u>Unsecured - at amortised cost</u></b>		
(a) Loan from fellow subsidiaries [refer note 8(ii)]	7,492.00	9,018.00
(b) Loan from Holding Company [Refer note 8(ii)]	10,594.03	-
	18,086.03	9,018.00
	27,722.47	32,063.39
<b>5 (xxi) Trade payables (unsecured)</b>		
<b><u>Current</u></b>		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 17)	3,115.31	3,244.58
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	66,347.68	61,906.06
	69,462.99	65,150.64
<b>5 (xxii) Other current liabilities</b>		
(a) Contract liability		
- Advances from customers	3,496.07	3,301.09
- Deferred revenue	16.72	11.07
(b) Statutory dues payables	2,337.27	3,849.34
	5,850.06	7,161.50



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

	Year ended 31 March, 2021 (Rupees in lacs)	Year ended 31 March, 2020 (Rupees in lacs)
<b>5 (xxiii) Revenue from operations</b>		
<b>A Sale of services</b>		
<b>Healthcare services</b>		
-Operating income - in patient department	175,659.91	199,937.97
-Operating income - out patient department	30,713.47	43,100.55
-Laboratory/ clinical services	-	1.37
-Income from medical services	493.92	831.74
-Management fees from hospitals	174.83	1,047.30
-Income from satellite centers	5.00	23.24
-Income from clinical research	60.04	69.71
Less: Trade discounts	8,474.77	9,177.01
<b>Total (A)</b>	<b>198,632.40</b>	<b>235,834.87</b>
The revenue recognized during the current year is the balancing number for transactions with customers after opening and closing balances of receivables and liabilities.		
<b>B Sale of products - Trading</b>		
(a) Out patient pharmacy	722.38	782.99
<b>Total (B)</b>	<b>722.38</b>	<b>782.99</b>
<b>C Other operating revenues</b>		
(a) Income from academic services	194.76	259.80
(b) Income from rent	418.58	329.86
(c) Equipment lease rental [refer note 7]	173.04	221.72
(d) Export benefits	-	1,967.93
(e) Balances written back	588.51	839.28
(f) Miscellaneous income	494.88	898.00
<b>Total (C)</b>	<b>1,869.77</b>	<b>4,516.59</b>
<b>Total revenue from operations (A+B+C)</b>	<b>201,224.55</b>	<b>241,134.45</b>
<b>5 (xxiv) Other income</b>		
<b>I. Interest income</b>		
(a) Interest income from:		
- bank deposits	29.33	97.20
- loans to subsidiary / joint venture	63.51	153.76
- income tax refunds	1,876.21	1,148.88
- others	34.26	51.32
(b) Interest on financial assets carried at amortised cost	52.22	60.93
<b>II. Other non-operating income</b>		
(a) Profit on sale of property, plant and equipment	0.44	-
(b) Gain on foreign currency fluctuation (net)	16.19	66.58
(c) Miscellaneous income	134.42	18.33
	<b>2,206.58</b>	<b>1,597.00</b>
<b>5 (xxv) Changes in inventories of medical consumables and drugs</b>		
(a) Inventory at the beginning of the year	3,242.24	2,089.57
(b) Inventory at the end of the year	2,399.37	3,242.24
	<b>842.87</b>	<b>(1,152.67)</b>
<b>5 (xxvi) Employee benefit expense</b>		
(a) Salaries, wages and bonus	26,924.05	31,108.14
(b) Gratuity expense (refer note 12)	487.88	458.20
(c) Compensated absences	292.13	452.32
(d) Contribution to provident and other funds	1,581.86	1,764.57
(e) Staff welfare expenses	1,063.01	1,109.85
	<b>30,348.93</b>	<b>34,893.08</b>
Less: Expenses capitalized (refer note 19)	231.87	322.22
	<b>30,117.06</b>	<b>34,570.86</b>
<b>5 (xxvii) Finance costs</b>		
(a) Interest expense		
- on term loans	4,329.31	5,244.55
- on cash credit	279.73	653.38
- on other borrowings	11,645.59	14,451.89
- interest on lease liabilities (refer note 7)	21,162.92	22,570.91
- on defined benefit plan and other long term benefits	300.34	297.44
(b) Other borrowing cost (including prepayment charges)	940.36	1,286.83
(c) Financial Guarantee cost	100.34	-
	<b>39,064.59</b>	<b>44,505.00</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

	Year ended 31 March, 2021 (Rupees in lacs)	Year ended 31 March, 2020 (Rupees in lacs)
<b>5 (xxviii) Depreciation and amortisation expense</b>		
(a) Depreciation of property, plant and equipment	7,673.43	7,587.40
(b) Amortisation of intangible assets	968.44	888.34
(c) Amortisation of right of use assets	23,596.88	25,610.93
	<u>32,238.75</u>	<u>34,086.67</u>
<b>5 (xxix) Other expenses</b>		
(a) Contractual manpower	4,050.95	4,122.05
(b) Power and fuel	5,484.64	5,363.65
(c) Housekeeping expenses including consumables	2,345.22	2,548.13
(d) Patient food and beverages	2,506.21	3,039.24
(e) Pathology laboratory expenses	9,677.08	9,898.43
(f) Radiology expenses	677.37	746.02
(g) Professional and consultation fees to doctors	49,393.91	60,023.85
(h) Hospital service fee expense (refer note 6, 7(i) and 10)	12,660.33	14,939.72
(i) Repairs and maintenance		
- Building	188.30	254.67
- Plant and machinery (including medical equipments)	5,075.00	5,526.01
- Others	644.76	519.26
(j) Rent [refer note 7(i)]	2,357.27	2,460.30
(k) Legal and professional fee [refer note (i) below]	1,437.05	1,581.27
(l) Travel and conveyance	795.25	1,213.75
(m) Rates and taxes	206.43	653.92
(n) Recruitment and trainings	58.38	96.16
(o) Printing and stationary	684.44	932.37
(p) Communication expenses	536.92	682.33
(q) Directors' sitting fees	1.77	2.83
(r) Insurance	1,599.50	1,105.21
(s) Marketing and business promotion	4,428.16	12,060.30
(t) Accrued income written off	7.48	-
(u) Loss on sale of property, plant and equipment (net)	-	3.48
(v) Allowance for doubtful receivables	2,029.01	3,043.07
(w) Allowance for doubtful advances	81.62	147.14
(x) Provision for contingencies (net of advance from customer written back)	-	45.53
(y) Miscellaneous expenses	150.66	340.56
	<u>107,077.71</u>	<u>131,349.25</u>
Less: Expenses capitalized (refer note 19)	1.36	57.88
	<u>107,076.35</u>	<u>131,291.37</u>
<b>Note:</b>		
(i) <b>Auditors' remuneration comprises (inclusive of indirect taxes)</b>		
(a) Fees as auditors	131.84	139.30
(b) Tax audit fee	10.62	10.54
(c) Certification and other services	15.22	12.85
(d) Out of pocket expenses	6.62	6.37
	<u>164.30</u>	<u>169.06</u>
<b>5 (xxx) Exceptional items</b>		
<b>Expenses/(income):</b>		
(a) Allowance for loan given to Fortis Cancer Care Limited [refer note 20(a)]	-	35.00
(b) Allowance for loan given to Fortis Emergency Services Limited [refer note 20(b)]	-	70.00
(c) Reversal of allowance for loan given to body corporate and interest thereon [refer note 23(C)(ii)]	-	(2,275.45)
(d) Allowance for loan given to Birdie & Birdie Realtors Private Limited [refer note 20(c)]	-	2,714.00
(e) Reversal of allowance for investment and loan given to C-Doc Healthcare Limited [Refer note 20(d)]	-	(50.00)
(f) Reversal of allowance for investment and loan given to Fortis Health Management (East) Limited [Refer note 20(e)]	-	(200.00)
(g) Allowance for investment in subsidiaries [Refer note 20(f), 20(g), 20(h)]	958.96	6,519.51
(h) Impairment of Right-of-use assets [Refer note 20(i)]	1,091.37	12,694.31
(i) Reversal of allowance for loan given to Fortis Emergency Services Limited [refer note 20(b)]	(50.00)	-
(j) Lease concession on account of Covid-19 [Refer note 20(i)]	(22,146.77)	-
	<u>(20,146.44)</u>	<u>19,507.37</u>



**FORTIS HOSPITALS LIMITED**  
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Year ended 31 March, 2021 (Rupees in lacs)	Year ended 31 March, 2020 (Rupees in lacs)
<b>5 (xxxii) Income tax</b>		
<b>Recognised in statement of profit and loss</b>		
<b>Current tax</b>		
(a) Current income tax charge for the year	-	-
<b>Deferred tax charge/ (credit)</b>		
(a) Deferred tax for the year	568.66	10,394.72
	<u>568.66</u>	<u>10,394.72</u>
<b>Tax expense recognised through statement of profit and loss</b>	<u>568.66</u>	<u>10,394.72</u>
<b>Recognised in other comprehensive income</b>		
<b>Deferred tax charge / (credit)</b>		
Tax related to items that will not be reclassified to profit or loss	-	9.52
<b>Tax recognised through other comprehensive income</b>	<u>-</u>	<u>9.52</u>
<b>The income tax expense for the year can be reconciled to the accounting profit as follows:</b>		
Loss before tax from continuing operations	(26,283.01)	(64,073.07)
Enacted income tax rate in India	34.944%	34.944%
Income tax credit calculated	(9,184.34)	(22,389.69)
Deferred tax liability recognised on goodwill due to amendment in Income-tax Act, 1961	568.66	-
Derecognition of deferred tax asset on past brought forward losses	-	24,836.06
Deferred tax asset not recognised based on the projected future taxable profits	8,697.21	5,565.75
Rate change impact on intangible assets	(234.58)	(3,964.81)
Provision for impairment of investment in subsidiaries and right-of-use assets	716.47	6,714.08
Others	5.24	(366.67)
<b>Income tax expense (including deferred tax) recognised in profit or loss</b>	<u>568.66</u>	<u>10,394.72</u>

**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>MAT credit</b>				
2027-28	7,414.11	7,414.11	7,414.11	7,414.11
<b>Total</b>	<u>7,414.11</u>	<u>7,414.11</u>	<u>7,414.11</u>	<u>7,414.11</u>
<b>Unabsorbed depreciation</b>				
No expiry	10,193.98	3,562.19	2,160.23	754.87
<b>Total</b>	<u>10,193.98</u>	<u>3,562.19</u>	<u>2,160.23</u>	<u>754.87</u>
<b>Unused Long Term Capital Loss</b>				
2025-26	1,002.33	233.54	1,002.33	233.54
<b>Total</b>	<u>1,002.33</u>	<u>233.54</u>	<u>1,002.33</u>	<u>233.54</u>
<b>Business Loss</b>				
2021-22	1,573.32	549.78	1,573.32	549.78
2023-24	6,931.73	2,422.22	6,931.73	2,422.22
2025-26	4,663.78	1,629.71	4,663.78	1,629.71
2026-27	27,782.51	9,708.32	27,782.51	9,708.32
2027-28	31,613.72	11,047.10	31,695.87	11,075.80
2028-29	6,760.68	2,362.45	-	-
<b>Total</b>	<u>79,325.74</u>	<u>27,719.58</u>	<u>72,647.21</u>	<u>25,385.83</u>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**6. Related party disclosures**

**Names of related parties and related party relationship**

Ultimate Holding Company	IHH Healthcare Berhad
Intermediate Holding Company	(a) Integrated Healthcare Holdings Limited
	(b) Parkway Pantai Limited
	(c) Northern TK Venture Pte Ltd
Holding Company	Fortis Healthcare Limited ('FHL')
Subsidiary Companies - direct or indirect through investment in subsidiaries	(a) Fortis Cancer Care Limited ('FCCL')
	(b) Fortis Malar Hospitals Limited ('FMHL')
	(c) Fortis Emergency Services Limited ('FESL')
	(d) Fortis Health Management (East) Limited ('FHMELE')
	(e) Birdie & Birdie Realtors Private Limited ('B&BRPL')
	(f) Stellant Capital Advisory Services Private Limited ('SCASPL')
	(g) RHT Health Trust Manager Pte. Limited ('RHTTM')
	(h) Fortis Global Healthcare (Mauritius) Limited ('FGHML')
	(i) Malar Star Medicare Limited ('MSML')
Fellow Subsidiaries (with whom transactions have been taken place) (through FHL)	(a) Hiranandani Healthcare Private Limited ('HHPL')
	(b) Fortis Hospotel Limited ('FHTL')
	(c) SRL Limited ('SRL')
	(d) Escorts Heart Institute and Research Centre Limited ('EHICRL')
	(e) International Hospital Limited ('IHL')
	(f) Fortis Health Management Limited ('FHML')
	(g) Hospitalia Eastern Private Limited ('HEPL')
	(h) Escorts Heart and Super Speciality Hospital Limited ('EHSSHL')
	(i) Fortis CSR Foundation
Joint Ventures	(a) Fortis C-Doc Healthcare Private Limited ('C-Doc')
	(b) Fortis Cauvery, Partnership Firm (Joint Venture of FCCL)
Key Managerial Personnel ('KMP')	(a) Jasrita Dhir - Non-Independent Director (upto 25 June, 2020)
	(b) Dr. S Narayani - Whole time Director (w.e.f 24 April, 2019)
	(c) Naveen Raheja - Non-Independent Director (upto 10 September, 2020)
	(d) Ravi Rajagopal- Independent Director (w.e.f. 23 October, 2019)
	(e) Deepak Narang - Non-Independent Director (upto 1 October, 2020)

The schedule of Related Party Transactions is as follows:

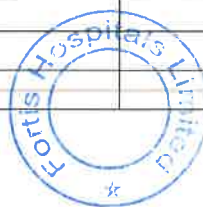
Particulars	(Rupees in lacs)	
	Year Ended	Year Ended
	31 March 2021	31 March 2020
<b>Operating income (including income from medical services, management fees from hospitals, rental and other income)</b>		
SRL Limited	41.22	22.49
International Hospital Limited	4.60	-
Fortis Healthcare Limited	31.53	37.62
Fortis Health Management Limited	13.68	2.87
Escorts Heart Institute and Research Centre Limited	6.34	0.99
Fortis C-Doc Healthcare Limited	0.52	-





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	(Rupees in lacs)	
	Year Ended	Year Ended
	31 March 2021	31 March 2020
<b>Expense incurred by the Company on behalf of</b>		
SRL Limited	64.57	42.92
International Hospital Limited	4.50	42.56
Fortis Healthcare Limited	1.03	45.97
Escorts Heart Institute and Research Centre Limited	-	37.62
Birdie and Birdie Realtors Private Limited	-	0.37
Hiranandani Healthcare Private Limited	26.36	-
Fortis CSR Foundation	3.45	35.54
Fortis Hospotel Limited	84.15	-
<b>Expense incurred on behalf of the Company by</b>		
Fortis Healthcare Limited	0.13	37.85
SRL Limited	184.42	182.06
Escorts Heart Institute and Research Centre Limited	23.86	25.33
Fortis Hospotel Limited	702.52	810.55
International Hospital Limited	2,174.37	2,303.15
Escorts Heart and Super Speciality Hospital Limited	416.39	488.66
Fortis CSR Foundation	-	1.43
<b>Interest income on loans to</b>		
Fortis Emergency Services Limited	12.80	13.75
Fortis C-Doc Healthcare Limited	3.39	3.67
Fortis Health Management (East) Limited	1.88	2.19
Fortis Cancer Care Limited	5.89	6.68
Birdie and Birdie Realtors Private Limited	34.80	34.77
Stellant Capital Advisory Services Private Limited	4.75	92.70
<b>Interest converted into loan (loan given)</b>		
Stellant Capital Advisory Services Private Limited	-	130.22
<b>Interest expense on loan taken from</b>		
Fortis Healthcare Limited	6,569.34	9,771.14
Fortis Hospotel Limited	4,170.57	3,927.98
SRL Limited	861.68	702.54
<b>Sale of Property, plant and equipment and Intangible assets</b>		
Hiranandani Healthcare Private Limited	-	108.76
Fortis Malar Hospitals Limited	-	160.21
Escorts Heart Institute and Research Centre Limited	218.16	-
Fortis C-Doc Healthcare Limited	2.50	-
Fortis Healthcare Limited	486.12	2.40
<b>Purchase of property, plant and equipment</b>		
Escorts Heart Institute and Research Centre Limited	1,038.43	57.11



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	(Rupees in lacs)	
	Year Ended	Year Ended
	31 March 2021	31 March 2020
<b>Loans given</b>		
Fortis Emergency Services Limited	-	70.00
Fortis Cancer Care Limited	-	35.00
Stellant Capital Advisory Services Private Limited	-	231.00
Birdie & Birdie Realtors Private Limited	-	225.00
<b>Loans received back</b>		
Stellant Capital Advisory Services Private Limited	980.06	-
Fortis C-Doc Healthcare Limited	-	50.00
Fortis Health Management (East) Limited	-	200.00
Fortis Cancer Care Limited	-	643.55
Fortis Emergency Services Limited	50.00	-
<b>Interest converted into loan (loan taken)</b>		
Fortis Healthcare Limited	8,794.03	8,152.33
<b>Loan converted into Share Capital (Including Premium)</b>		
Fortis Healthcare Limited	50,000	-
<b>Issue of equity shares</b>		
Fortis Healthcare Limited	20,000	-
<b>Loans taken</b>		
Fortis Healthcare Limited	1,800.00	6,665.00
SRL Limited	-	11,100.00
<b>Loans repaid</b>		
Fortis Healthcare Limited	23,638.00	25,105.00
SRL Limited	1,526.00	2,082.00
<b>Consultation fees to doctors</b>		
Escorts Heart Institute and Research Centre Limited	-	6.64
Fortis C-Doc Healthcare Limited	39.04	76.19
Fortis Healthcare Limited	33.56	67.92
<b>Rent expenses</b>		
Escorts Heart Institute and Research Centre Limited	4.45	157.67
<b>Legal and professional Fees</b>		
SRL Limited	32.70	72.41
<b>Pathology laboratory expenses</b>		
Escorts Heart Institute and Research Centre Limited	-	2.95
SRL Limited	8,810.31	9,109.97



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	(Rupees in lacs)	
	Year Ended	Year Ended
	31 March 2021	31 March 2020
<b>Hospital service fee expense</b>		
Escorts Heart and Super Speciality Hospital Limited	2,531.37	5,190.49
Fortis Hospotel Limited	7,753.84	16,679.37
International Hospital Limited	15,675.07	27,472.62
<b>Lease concessional income (exceptional items)</b>		
Escorts Heart and Super Speciality Hospital Limited	2,681.59	-
Fortis Hospotel Limited	8,329.64	-
International Hospital Limited	11,135.54	-
<b>Transfer of medical consumables from</b>		
Escorts Heart Institute and Research Centre Limited	7.36	1.11
Fortis C-Doc Healthcare Limited	1.10	-
Fortis Healthcare Limited	34.05	-
<b>Transfer of medical consumables to</b>		
Escorts Heart Institute and Research Centre Limited	9.77	2.39
SRL Limited	14.41	19.34
Fortis C-Doc Healthcare Limited	0.02	-
Fortis Health Management Limited	0.31	-
Fortis Healthcare Limited	14.03	-
<b>Travel and conveyance expenses</b>		
Fortis Emergency Services Limited	39.04	45.42
<b>Directors Sitting Fee</b>		
Ravi Rajgopal	0.83	0.24
Deepak Narang	0.35	0.83
Naveen Raheja	0.35	0.94
Jasrita Dhir	0.24	0.83
<b>Transfer of employee liability from</b>		
Fortis Health Management (East) Limited	-	1.62
Fortis Healthcare Limited	22.50	7.62
Fortis Health Management Limited	-	2.24
Hiranandani Healthcare Private Limited	1.20	0.63
International Hospital Limited	1.49	1.87
Stellant Capital Advisory Services Private Limited	-	1.15
Escorts Heart Institute and Research Centre Limited	1.89	11.54
Fortis Hospotel Limited	12.38	-
Escorts Heart and Super Speciality Hospital Limited	-	-



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	(Rupees in lacs)	
	Year Ended	Year Ended
	31 March 2021	31 March 2020
<b>Transfer of employee liability to</b>		
Fortis Healthcare Limited	5.10	72.21
Hiranandani Healthcare Private Limited	21.23	2.34
International Hospital Limited	101.96	7.54
Escorts Heart Institute and Research Centre Limited	0.15	0.51
Escorts Heart and Super Speciality Hospital Limited	30.72	-
Fortis Hospotel Limited	93.24	-
<b>Managerial remuneration (Refer note 2 below)</b>		
Dr. S. Narayani	96.40	93.61
<b>Collection on behalf of the Company by</b>		
International Hospital Limited	45.97	57.92
Escorts Heart Institute and Research Centre Limited	30.12	70.27
Fortis Healthcare Limited	504.80	1,489.44
Fortis Health Management Limited	0.15	-
Hiranandani Healthcare Private Limited	2.08	-
<b>Collection by the Company on behalf of</b>		
Fortis Healthcare Limited	38.03	49.23
Escorts Heart Institute and Research Centre Limited	15.69	860.40
International Hospital Limited	2.39	-
Fortis C-Doc Healthcare Limited	0.73	-
Fortis Malar Hospitals Limited	1.11	571.15
<b>Refund of collection made earlier (to be refunded to patients)</b>		
Fortis Malar Hospitals Limited	406.23	-
<b>Impairment of investment in subsidiary</b>		
Stellant Capital Advisory Services Private Limited	958.96	-
<b>Allowance for doubtful loans</b>		
Fortis Cancer Care Limited	-	35.00
Fortis Emergency Services Limited	-	70.00
Birdie and Birdie Realtors Private Limited	-	2,714.00
<b>Allowance for doubtful loans (Reversed)</b>		
Fortis C-Doc Healthcare Limited	-	50.00
Fortis Health Management (East) Limited	-	200.00
Fortis Emergency Services Limited	50.00	-
<b>Deemed equity contribution</b>		
Fortis Healthcare Limited	114.80	344.95



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Particulars	(Rupees in lacs)	
	Year Ended	Year Ended
	31 March 2021	31 March 2020
<b>Deemed equity distribution</b>		
Fortis Healthcare Limited	-	774.46
<b>Corporate guarantees given for Company's Bank borrowings by</b>		
Fortis Healthcare Limited	33,330.00	1,00,640.00
Escorts Heart and Super Speciality Hospital Limited	33,330.00	1,00,640.00
Escorts Heart Institute and Research Centre Limited	33,330.00	1,00,640.00
Fortis Hospotel Limited	33,330.00	67,140.00
International Hospital Limited	33,330.00	1,00,640.00
Hospitalia Eastern Private Limited	-	1,00,640.00
<b>Corporate guarantees withdrawn for Company's Bank borrowings by</b>		
Fortis Healthcare Limited	27,590.00	1,37,200.00
Escorts Heart and Super Speciality Hospital Limited	27,590.00	33,500.00
Escorts Heart Institute and Research Centre Limited	27,590.00	33,500.00
Hospitalia Eastern Private Limited	27,590.00	33,500.00
International Hospitals Limited	27,590.00	33,500.00
Fortis Hospotel Limited	27,590.00	-
<b>Corporate guarantees given by Company to banks for loans availed by (refer note 1 below)</b>		
International Hospital Limited	3,500.00	3,800.00
Escorts Heart Institute and Research Centre Limited	1,280.00	7,640.00
Fortis Healthcare Limited	11,075.82	1,22,890.00
Fortis Hospotel Limited	3,000.00	3,250.00
Hiranandani Healthcare Private Limited	-	50.00
<b>Corporate guarantees withdrawn by Company from banks for loans availed by</b>		
Escorts Heart Institute and Research Centre Limited	640.00	3,500.00
Fortis Healthcare Limited	2,510.00	43,000.00

Balance outstanding at the year end	As at	As at
	31 March 2021	31 March 2020
<b>Loans recoverable (gross of provision)</b>		
Birdie and Birdie Realtors Private Limited	12,500.00	12,500.00
Fortis C-Doc Healthcare Limited	1,367.72	1,367.72
Fortis Health Management (East) Limited	721.45	721.45
Fortis Cancer Care Limited	1,951.00	1,951.00
Stellant Capital Advisory Services Private Limited	-	980.06
Fortis Emergency Services Limited	3,663.26	3,713.26



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Balance outstanding at the year end	As at	As at
	31 March 2021	31 March 2020
<b>Provision against loans recoverable</b>		
Birdie and Birdie Realtors Private Limited	9,702.25	9,702.25
Fortis C-Doc Healthcare Limited	1,367.72	1,367.72
Fortis Health Management (East) Limited	721.45	721.45
Fortis Cancer Care Limited	1,951.00	1,951.00
Fortis Emergency Services Limited	3,663.26	3,713.26
<b>Loans payable</b>		
Fortis Healthcare Limited	23,864.28	86,908.25
Fortis Hospotel Limited	48,624.14	48,624.14
SRL Limited	7,492.00	9,018.00
<b>Interest accrued on loans recoverable (gross of provision)</b>		
Birdie and Birdie Realtors Private Limited	33.89	33.70
Stellant Capital Advisory Services Private Limited	-	90.84
Fortis C-Doc Healthcare Limited	180.61	180.61
<b>Provision against Interest accrued</b>		
Fortis C-Doc Healthcare Limited	180.61	180.61
<b>Interest accrued on loans payable</b>		
Fortis Healthcare Limited	3,104.92	8,794.03
Fortis Hospotel Limited	15,286.92	11,429.15
SRL Limited	185.18	222.37
<b>Trade and other receivables</b>		
Fortis Healthcare Limited	2,044.25	4,076.39
Hiranandani Healthcare Private Limited	-	144.62
Fortis Health Management Limited	9.16	46.53
Escorts Heart Institute and Research Centre Limited	1,082.22	356.42
International Hospital Limited	82.09	57.36
Hospitalia Eastern Private Limited	102.06	102.06
Fortis Health Management (East) Limited	13.95	13.95
Birdie and Birdie Realtors Private Limited	19.36	19.36
Stellant Capital Advisory Services Private Limited	-	2.04
Fortis Malar Hospitals Limited	144.88	144.88
Fortis Cauvery	13.25	13.25



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

<b>Balance outstanding at the year end</b>	<b>As at</b>	<b>As at</b>
	<b>31 March 2021</b>	<b>31 March 2020</b>
<b>Trade payables and other financial liabilities</b>		
SRL Limited	1,240.87	1,809.70
Fortis Healthcare Limited	1,327.29	1,687.14
Escorts Heart and Super Speciality Hospital Limited	6,344.44	4,695.37
Escorts Heart Institute and Research Centre Limited	-	1,200.10
International Hospital Limited	19,687.14	18,397.35
Fortis Hospotel Limited	18,157.21	15,576.57
Fortis Emergency Services Limited	6.01	14.40
Fortis Malar Hospitals Limited	50.40	67.05
Fortis Health Management (East) Limited	3.64	1.30
<b>Technology renewal fund advance</b>		
International Hospital Limited	528.47	610.33
<b>Technology renewal fund payable</b>		
International Hospital Limited	410.50	208.31
Fortis Hospotel Limited	98.50	85.50
Escorts Heart and Super Speciality Hospital Limited	65.86	48.86
<b>Outstanding Corporate guarantee given to banks for loans availed by the Company by</b>		
Fortis Healthcare Limited	72,880.00	67,140.00
Escorts Heart and Super Speciality Hospital Limited	72,880.00	67,140.00
Escorts Heart Institute and Research Centre Limited	72,880.00	67,140.00
Fortis Hospotel Limited	72,880.00	67,140.00
International Hospital Limited	72,880.00	67,140.00
Hospitalia Eastern Private Limited	72,880.00	67,140.00
<b>Outstanding Corporate guarantee given to Body Corporate for loans availed by the Company by</b>		
Fortis Healthcare Limited	345.00	345.00
<b>Outstanding Corporate guarantee given by Company to banks for loans availed by</b>		
Escorts Heart Institute and Research Centre Limited	4,780.00	4,140.00
Fortis Healthcare Limited	88,455.82	79,890.00
Fortis Hospotel Limited	6,250.00	3,250.00
Hiranandani Healthcare Private Limited	50.00	50.00
International Hospital Limited	7,300.00	3,800.00
<b>Outstanding Corporate guarantee given to Fortis Hospotel Limited (Fellow Subsidiary) for loans availed by the Company by</b>		
Fortis Healthcare Limited	48,624.14	48,624.14



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**Notes:**

- 1) The loans availed by above companies against guarantee given have been used by the respective companies for acquiring property, plant and equipment and meeting working capital requirements.
- 2) 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.

**7. Leases**

**As a lessee**

- (i) The Company leases various assets including land & buildings and medical equipment. Information about leases for which the Company is a lessee is presented below.

(Rupees in lacs)

Right-of-use assets	Land & Buildings	Medical equipment	Total
<b>Gross Block</b>			
<b>As at 1 April, 2019</b>			
- Recognition on adoption of Ind AS 116 Leases	207,175.00	201.38	207,376.38
- Reclassification from Property, plant and equipment	447.07	93.75	540.82
Additions	942.02	15.84	957.86
Disposal	(304.24)	(60.89)	(365.13)
Modification	(13.10)	-	(13.10)
<b>As at 31 March, 2020</b>	<b>208,246.75</b>	<b>250.08</b>	<b>208,496.83</b>
Additions	2,388.57	-	2,388.57
Disposal	(746.83)	-	(746.83)
<b>As at 31 March, 2021</b>	<b>2,09,888.49</b>	<b>250.08</b>	<b>2,10,138.57</b>
<b>Accumulated depreciation</b>			
<b>As at 1 April, 2019</b> (Reclassification from Property, plant and equipment)	60.19	90.40	<b>150.59</b>
Charge during the year	25,519.44	91.49	25,610.93
Impairment	12,694.31	-	12,694.31
Disposal	(85.07)	(32.28)	<b>(117.35)</b>
<b>As at 31 March, 2020</b>	<b>38,188.87</b>	<b>149.61</b>	<b>38,338.48</b>
Charge during the year	23,543.89	52.99	23,596.88
Impairment	1,091.37	-	1,091.37
Disposal	(735.91)	-	(735.91)
<b>As at 31 March, 2021</b>	<b>62,088.22</b>	<b>202.60</b>	<b>62,290.82</b>
<b>Carrying value as at 31 March, 2020</b>	<b>170,057.88</b>	<b>100.47</b>	<b>170,158.35</b>
<b>Carrying value as at 31 March, 2021</b>	<b>147,800.27</b>	<b>47.48</b>	<b>147,847.75</b>





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Lease liabilities	(Rupees in lacs)	
	As at March 31, 2021	As at March 31, 2020
<b>Maturity analysis - contractual undiscounted cash flows</b>		
Less than one year	37,691.38	36,493.26
One to five years	161,241.22	155,305.00
More than five years	62,961.05	103,172.11
<b>Total undiscounted lease liabilities</b>	<b>261,893.65</b>	<b>294,970.37</b>

	(Rupees in lacs)	
Lease Liabilities included in the Balance Sheet	As at March 31, 2021	As at March 31, 2020
Current	18,343.31	15,554.22
Non-current	163,549.64	179,510.65

	(Rupees in lacs)	
Amounts recognised in Statement of Profit and Loss	Year ended March 31, 2021	Year ended March 31, 2020
Interest on lease liabilities	21,162.92	22,570.91
Variable lease payments not included in the measurement of lease liabilities	13,327.57	15,942.02
Expenses relating to short-term leases	1,690.03	1,458.00

	(Rupees in lacs)	
Amounts recognised in Statement of Cash Flows	Year ended March 31, 2021	Year ended March 31, 2020
Cash outflow for leases [including interest of Rupees 8,164.53* (previous year Rs 22,570.91)]	14,491.72	35,786.62

\* Net of lease concession. Refer note 20(j)

**Variable lease payment based on sales**

Some leases of clinical establishments (Land, Building and Medical equipment) contain variable lease payments that are based on sales that the Company makes at the respective hospital. Variable rental payments were as follows:

Variable Lease payment	Year ended March 31, 2021	Year ended March 31, 2020
Lease with lease payment based on sales	12,660.33	14,939.72
Estimated annual impact on rent of a 1% increase in sales	126.65	149.41

As a lessor

(ii) **Assets given on operating lease**

The Company has sub-leased certain medical equipment and computers. The total lease income received / receivable in respect of the leases recognised in the statement of profit and loss for the year ended 31 March, 2021 is Rupees 173.04 lacs (31 March, 2020 Rupees 221.72 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

	(Rupees in lacs)	
Particulars	As at 31 March, 2021	As at 31 March, 2020
<b>Minimum lease payments:</b>		
Not later than one year	141.43	214.95
Later than one year but not later than five years	79.85	221.28
Later than Five years	-	-
<b>Total</b>	<b>221.28</b>	<b>436.23</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Details of capital assets given on non-cancellable operating lease are disclosed as under:

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Gross carrying value	Accumulated depreciation	Net carrying value	Gross carrying value	Accumulated depreciation	Net Carrying value
Medical Equipment	435.58	120.46	315.12	1,268.44	164.28	1,104.16
<b>Total</b>	<b>435.58</b>	<b>120.46</b>	<b>315.12</b>	<b>1,268.44</b>	<b>164.28</b>	<b>1,104.16</b>

(Rupees in lacs)

**8) Borrowings**

**(i) Secured Loans**

**Non-current borrowings**

Particulars	Note	As at 31 March, 2021		As at 31 March, 2020	
		Non-Current	Current Maturities	Non-Current	Current Maturities
Term loan from Bank *	(a)	25,422.60	7,395.01	29,679.88	3,878.89
Vehicle Loan	(b)	61.77	19.37	2.50	14.36
Deferred payment liabilities	(c)	158.24	57.41	215.43	53.09
Term loan from Body Corporate	(d)	95.08	73.91	169.03	67.65
<b>Total</b>		<b>25,737.69</b>	<b>7,545.70</b>	<b>30,066.84</b>	<b>4,013.99</b>

(Rupees in lacs)

\* Net of value of financial guarantee Rupees 513.16 lacs (Previous year Rupees 689.90)

**Current borrowings:**

Particulars	Note	As at 31 March, 2021		As at 31 March, 2020	
Bank overdraft	(e)	-	-	-	6,655.39
Working capital demand loan	(f)	9,636.44	9,636.44	16,390.00	16,390.00
<b>Total</b>		<b>9,636.44</b>	<b>9,636.44</b>	<b>16,390.00</b>	<b>23,045.39</b>

(Rupees in lacs)

a) The Company has taken following term loans from banks:

- During the previous year, the Company has availed term loan facility of Rupees 34,248.67 lacs from HSBC Bank which was secured by first pari-passu charge on movable fixed assets and current assets of the Company, exclusive charge on the fixed assets ( immovable ) with minimum assets cover of 1.33X basis 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 Hospotel Limited (immovable property situated in Gurugram) and corporate guarantee from Escorts Heart Institute and Research Centre Limited, International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Healthcare Limited and Fortis Hospotel Limited. The Term loan carries an interest rate of HSBC 3 months MCLR+ 0.50% with quarterly reset or any other rate as may be mutually agreed from time to time.

During the year, the Company has refinanced term loan facility of Rupees 14,200.00 lacs and Rupees 1,620.34 lacs from DBS Bank Limited. Further, the Company has availed loan of Rupees 1,432.93 lacs from HSBC Bank for payment of capital expenditure. Outstanding term loan facility is repayable in 11 years in structured quarterly installments with a put/call option exercisable on or after September 01, 2022. Repayment of loan started from 17 April 2020. Balance outstanding as at 31 March, 2021 (net of processing fee) is Rupees 9,699.91 lacs (Balance outstanding as at 31 March, 2020 Rupees 10,022.78 lacs). Remaining term loan (capex) facility is repayable in 24 equal quarterly installments over a period of 7 years. The repayment started from November' 2020 onwards post a moratorium of one year. The balance outstanding as at 31 March 2021 (net of processing fee) is Rupees 7,284.18 lacs. (As at 31 March 2020 Rupees 6,494.35 lacs)

- During the year, the Company has availed term loan facility of Rupees 17,696.59 lacs from DBS Bank which is secured by first pari passu charge over current assets and movable fixed assets of the borrower (except movable assets under specific charge with Philips India Limited, De Lage Landen Financial Services P Ltd, BMW Financial Services and ICICI bank), Exclusive charge over immovable fixed assets of International Hospital Limited located at Anandpur, Kolkata and BG Road, Bengaluru and of Escorts Heart and Super Speciality Hospital Limited located



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

at Jaipur, Rajasthan with a security cover of minimum 1.33x and corporate Guarantee from Fortis Healthcare Limited, Escorts Heart Institute and Research Centre Limited, International Hospital Limited, Fortis Hospotel Limited and Escorts Heart and Super Speciality Hospital Limited. The Term loan carries an interest rate of DBS 3 months MCLR plus 100 bps margin with quarterly reset.

Out of total term loan facility of Rupees 17,696.59 aforesaid, Rupees 15,820.34 was availed for refinancing of existing credit facility from HSBC Bank Limited repayable in 4 years in structured quarterly installments with a demand option exercisable on or after September 01, 2023. Repayment of loan started from 13 January 2021. Balance outstanding as at 31 March 2021 (net of processing fee) is Rupees 14,476.16 lacs.

Remaining Capex facility of Rupees 1,876.25 lacs is repayable in 4 years in structured quarterly installments with a demand option exercisable on or after September 01, 2023. Repayment of loan starts from 01 December 2021. Balance outstanding as at 31 March 2021 (net of processing fee) is Rupees 1,870.52 lacs.

b) The Company has taken following vehicle loans:

- The Company has financed vehicle loan from BMW Financial services which is secured against hypothecation of the vehicle financed and carries interest rate of 7.90% p.a. (previous year 7.90% p.a.). The loan is repayable in equated monthly installments over four years. As on March 31, 2021, the outstanding balance of vehicle loan is Rupees 2.50 lacs (Balance outstanding as at 31 March 2020 Rupees 16.86 lacs).
- During the current year, the Company has financed vehicle loans from ICICI bank which is secured against hypothecation of the vehicle financed and carries interest rate from 7.45% to 7.90% p.a. The loans are repayable in equated monthly installments over four years. As on March 31, 2021, the outstanding balance of vehicle loan is Rupees 78.64 lacs.

c) Deferred payment liabilities consist of the following:

- The Company has taken deferred payment facility from Philips India Limited carrying an interest @ 7.88% p.a. The facility is secured by hypothecation of specific equipment of the Company. The loan is repayable in 84 equated monthly installments commencing from September 2017. Outstanding amount of deferred payment liability as at 31 March 2021 is Rupees 215.65 lacs (as at 31 March 2020 Rupees 268.52 lacs).

d) Loan from body corporate consists of the following:

- The Company has taken loan facility from De Lage Landen Financial Services Private Limited carrying an interest @ 9.00% p.a. The facility is secured by hypothecation of specific equipment of the Company and corporate guarantee given by the Holding Company. The loan is repayable in 60 equated monthly installments commencing after 3 months from the date of invoice. Outstanding amount of deferred payment liability as at 31 March 2021 is Rupees 168.99 (as at 31 March 2020 Rupees 236.68 lacs).

e) The Company has taken the following overdraft facilities:

- Bank overdraft facility from HSBC Bank for Rupees 10,900.00 lacs chargeable to interest at MCLR +0.70 % p.a. or any other rate as may be mutually agreed from time to time, secured by first pari-passu charge on movable fixed assets and current assets of the Company, exclusive charge on the fixed assets ( immovable ) with minimum assets cover of 1.33X basis 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 Hospotel Limited (immovable property situated in Gurugram) and corporate guarantee from Escorts Heart Institute and Research Centre Limited, International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Healthcare Limited and Fortis Hospotel Limited. The balance outstanding as at 31 March 2021 is Nil (as at 31 March 2020 Rupees 6,655.39 lacs)

f) The Company has taken below working capital demand loans:

- Working capital demand loan from HSBC Bank for Rupees 16,390 lacs chargeable to interest at 3 months MCLR+ 0.50% p.a. or any other rate as may be mutually agreed from time to time with interest being reset on a quarterly basis, secured by first pari-passu charge on movable fixed assets and current assets of the Company, exclusive charge on the fixed assets ( immovable ) with minimum assets cover of 1.33X basis 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 Hospotel Limited (immovable property situated in Gurugram) and corporate guarantee from Escorts Heart Institute and Research Centre Limited, International Hospital Limited,



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Healthcare Limited and Fortis Hospotel Limited. Loan is repayable by July'2021. The balance outstanding as at 31 March 2021 is Rupees 3,036.44 lacs (as at 31 March 2020 Rupees 16,390.00 lacs)

During the year, the Company has availed additional working capital facility of Rupees 9,000 lacs to finance working capital requirement at rate of interest of HSBC 3 months MCLR plus 0.50% p.a with quarterly rest or any other rate as may be mutually agreed from time to time, secured by pari passu charge on the current assets of the borrower and is due for repayment by July'2021. The balance outstanding as at 31 March 2021 is Rupees 5,500.00 lacs.

- Working capital demand loan from DBS Bank for Rupees 1,100.00 lacs chargeable to interest at 3 months MCLR+ 0.50% p.a. or any other rate as may be mutually agreed from time to time with interest being reset on a quarterly basis secured by first pari passu charge over current assets and moveable fixed assets of the borrower (except assets under specific charge with Philips India Limited, De Lage Laden Financial Services P Ltd, BMW Financial Services and ICICI bank), 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 and corporate Guarantee from Fortis Healthcare Limited, Escorts Heart Institute and Research Centre Limited, International Hospital Limited, Fortis Hospotel Limited and Escorts Heart and Super Speciality Hospital Limited.. The loan is repayable in 6 months. The balance outstanding as at 31 March 2021 is Rupees 1,100.00 lacs (as at 31 March 2020 Rupees Nil)

**(ii) Unsecured Loans**

**Non-current borrowings**

Particulars	Note	(Rupees in lacs)			
		As at 31 March, 2021		As at 31 March, 2020	
		Non-Current	Current Maturities	Non-Current	Current Maturities
Loan from Holding Company	(a)	-	13,270.25	86,908.25	-
Non-convertible debentures	(b)	48,624.14	-	48,624.14	-
<b>Total</b>		<b>48,624.14</b>	<b>13,270.25</b>	<b>135,532.39</b>	<b>-</b>

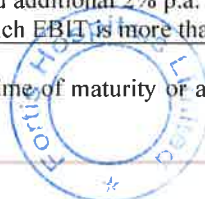
**Current borrowings**

Particulars	Note	(Rupees in lacs)	
		As at 31 March, 2021	As at 31 March, 2020
Loan from fellow subsidiary	(c)	7,492.00	9,018.00
Loan from Holding Company	(a)	10,594.03	-
<b>Total</b>		<b>18,086.03</b>	<b>9,018.00</b>

- a) The loan from Holding company ('FHL') was taken initially during the financial year 2011-12 and has been extended during the previous years through various addendums. During the current year additional loan has been taken of Rupees 1,800 lacs. Further interest accrued of Rupees 8,794.03 lacs as at 31 March 2020 (as at 31 March 2019 Rupees 8,152.33 lacs) has been converted into loan during the year. The interest rate is 8.85% p.a. (previous year 10.50% p.a.) and the entire loan is repayable by 31 March, 2022.
- b) Non-convertible debentures (NCDs) were issued to Fortis Hospotel Limited as per agreement dated 8 July 2016 which are redeemable after 10 years subject to extension of 5 years at the option of the subscriber. These NCDs carry floating rate of interest based on the performance of the Company as below:

Sr. No.	Level of EBIT	Rate of Interest
1	Less than 3,000 Crore	9.30% p.a.
2	3,000 Crore to 3,250 Crore	18% p.a., provided additional 8.7% p.a. from closing date to the beginning of the year for which EBIT is more than 3,000 Crore
3	3,250 Crore to 3,500 Crore	20% p.a., provided additional 2% p.a. from closing date to the beginning of the year for which EBIT is more than 3,250 Crore
4	more than 3,500 Crore	22% p.a., provided additional 2% p.a. from closing date to the beginning of the year for which EBIT is more than 3,500 Crore

The interest accrued on the above NCDs is payable at the time of maturity or at early repayment date, as mutually agreed between the parties.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

- c) Pursuant to the diagnostic services provided by SRL Limited and SRL Diagnostics Private Limited (collectively referred to as 'SRL') an amount of Rupees 13,022.00 lacs was outstanding and payable to SRL by the Company as on 31 July 2019. Basis mutual discussion and with concurrence from the Board of Fortis Healthcare Limited, SRL and the Company, part of the outstanding amount of Rupees 11,100.00 lacs was converted to loan. Repayment will be Rupees 347 lacs per month towards principal loan balance. First installment was due on 10 October, 2019 and every month thereafter. The rate of interest applicable @10.50% per annum which shall become due and payable by borrower on 10<sup>th</sup> of the following month after end of each fiscal quarter or any other date as mutually agreed between the parties. The loan balance outstanding as on 31 March 2021 is Rs. 7,492.00 Lacs. (As at 31 March 2020 Rupees 9,018.00 lacs)

**9) Commitments:**

Particulars	(Rupees in lacs)	
	As at 31 March, 2021	As at 31 March, 2020
Estimated amount of contracts remaining to be executed on capital account [net of capital advances as at 31 March, 2021 of Rupees. 171.11 lacs (as at 31 March, 2020 Rupees 299.41 lacs)].	2,641.28	2,008.36

- (a) For commitments related to lease arrangements, refer note 7.
- (b) The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of services, employee's benefits. The Company does not have any long-term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.
- (c) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

**10) Hospital service and management fees**

The Company has entered into separate Hospital and Medical Service Agreement (HMSA) with Escorts Heart Super Specialty Company Limited, International Hospitals Limited and Fortis Hospital Limited wherein these companies provide and maintain the clinical establishments along with other service like out-patient diagnostics and radio diagnostic to the Company (together known as Clinical establishments).

The term of individual HMSA is 15 years and the Company is required to pay a composite service fee i.e. base and variable fee. The base fee is fixed at the beginning of each year and increases 3% year on year. The variable fee is based on a percentage of Company's net operating revenue in accordance with the HMSA.

**11 a) Contingent liabilities to the extent not provided for:**

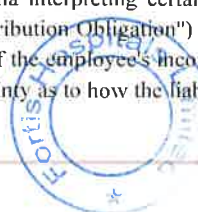
**A. Guarantees:**

Outstanding guarantees furnished to banks on behalf of the group companies are Rupees 106,835.82 lacs (Previous year Rupees 91,130.00 lacs). The Company has determined and recorded the fair value of such guarantees given.

- B. Claims against the Company, disputed by the Company, not acknowledged as debt [In addition, refer claims assessed as contingent liability described in Note 11(b) below. Also refer note 23 and 24]**

Particulars	(Rupees in lacs)	
	As at 31 March, 2021	As at 31 March, 2020
Income tax	2,737.53	1,781.00
Medical related	22,135.18	21,815.26
Value Added Tax and sales tax related matters	1,134.19	502.18
Service Tax	1,200.00	1,200.00
Land and property related matters	35.59	35.59
Luxury Tax	398.51	-
<b>Grand Total</b>	<b>27,641.00</b>	<b>25,334.03</b>

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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

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. The Company has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment.

Additionally, the Company is involved in other disputes, lawsuits, claims, governmental and/or regulatory inspections, inquiries, assessments and proceedings, including commercial matters that arise from time to time in the ordinary course of business.

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

**11 b) Claims assessed as contingent liabilities and not provided for, unless otherwise stated:**

A party (to whom the ICD's were assigned) ("Plaintiff") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Holding Company (together "the defendants") and has, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Holding Company and a Third Party, the Holding Company is liable for claims owed by the Plaintiff to the Third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit. A Third Party has sought to be substituted as a Plaintiff in the District Court proceedings.

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 Term Sheet with the Third Party. The matter is pending adjudication before District Court, Delhi. The Third Party had approached Delhi High Court for seeking certain interim reliefs against the Holding Company under the provisions of The Arbitration and Conciliation Act, 1996. This Third party had also filed a claim for damages and injunctive reliefs against the Holding Company before International Chamber of Commerce (ICC). The Holding Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said Third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020. The Holding Company has filed an application for perjury against the Third Party and other entities which is pending before the Delhi High Court.

In addition to the above, the Holding Company had also received four notices from the Plaintiff claiming (i) Rupees 1,800 lacs as per notices dated May 30, 2018 and June 1, 2018 (ii) Rupees 21,582 lacs as per notice dated June 4, 2018; and (iii) Rupees 1,962 lacs as per notice dated June 4, 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

Separately, the Third 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 Third party have been duly responded to by the Holding Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever.

Based on external legal advice, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment is required in these Standalone 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.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**12. Employee Benefits Plan:**

**Defined Contribution Plan**

The Company's contribution towards its Provident Fund Scheme and Employee State Insurance Scheme are defined contribution retirement plans for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited with regional Provident Fund Commissioner which is recognised by the Income Tax authorities.

The Company recognised Rupees 1,581.86 lacs (previous year Rupees 1,764.57 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**

**Gratuity**

The Company has a defined benefit gratuity plan, as per which every 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 following table summarizes the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognised in the Balance Sheet.

**Expense recognised in Statement of Profit and Loss is as follows:**

(Rupees in lacs)

Particulars	Year ended 31 March, 2021		Year ended 31 March, 2020	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
<b>Employee benefits expense</b>				
Current service cost	445.00	42.88	418.96	39.24
<b>Total</b>	<b>445.00</b>	<b>42.88</b>	<b>418.96</b>	<b>39.24</b>
Net interest cost	173.21	11.30	170.67	8.08
<b>Total amount recognised in the statement of profit and loss</b>	<b>618.21</b>	<b>54.18</b>	<b>589.63</b>	<b>47.32</b>

**Amount recognised in statement of other comprehensive income is as follows:**

(Rupees in lacs)

Particulars	Year ended 31 March, 2021		Year ended 31 March, 2020	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
Net actuarial loss/(gain) due to experience adjustment	(319.38)	(35.31)	(176.04)	(5.19)
Net actuarial loss/(gain) due to DBO assumption	-	-	187.78	25.40
<b>Total</b>	<b>(319.38)</b>	<b>(35.31)</b>	<b>11.74</b>	<b>20.21</b>
Return on plan assets (greater)/less than discount rate	-	12.91	-	-
<b>Actuarial loss/(gain) recognized in OCI</b>	<b>(319.38)</b>	<b>(22.40)</b>	<b>11.74</b>	<b>20.21</b>

**Balance sheet**

(Rupees in lacs)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
<b>Details of provision for gratuity as at year-end</b>				
Present value of defined benefit obligation	(2,653.00)	(402.52)	(2,693.02)	(431.58)
Fair value of plan assets	-	217.27	-	263.49
<b>Net asset/ (liability)</b>	<b>(2,653.00)</b>	<b>(185.25)</b>	<b>(2,693.02)</b>	<b>(168.09)</b>
Non-current	(2,469.33)	-	(2,536.74)	-
Current	(183.67)	(185.25)	(156.28)	(168.09)

**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

Changes in present value of the defined benefit obligation are as follows:

(Rupees in lacs)

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
Present value of obligation at the beginning	2,693.02	431.58	2,424.08	379.40
Current service cost	445.00	42.88	418.96	39.24
Interest cost	173.21	27.42	170.67	27.23
Amount recognised during the year to other comprehensive income	(319.38)	(35.31)	11.74	20.21
Benefits paid	(253.69)	(50.73)	(297.23)	(32.72)
Liability assumed/ deleted on transfer of employees	(85.16)	(13.32)	(35.20)	(1.78)
<b>Present value of obligation at the end</b>	<b>2,653.00</b>	<b>402.52</b>	<b>2,693.02</b>	<b>431.58</b>

Change in fair value of assets are as follows:

(Rupees in lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
	Gratuity Funded	Gratuity Funded
Opening fair value of plan assets	263.54	266.16
Interest income on plan assets	16.12	19.15
Expected return	(12.91)	-
Contributions by employer	1.25	10.95
Benefits paid	(50.73)	(32.72)
<b>Closing fair value of plan assets</b>	<b>217.27</b>	<b>263.54</b>

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

- (i) In case of following locations (Bangalore office, Anandpur, FHKI, Mulund, Bannerghatta Road, Cunningham Road, Kalyan and Lafemme - Bangalore):

Particulars	As at 31 March, 2021	As at 31 March, 2020
	(Unfunded)	(Unfunded)
Rate for discounting liabilities (p.a)	6.75%	6.75%
Expected rate of return on plan assets (p.a)	-	-
Expected rate of salary increase (p.a)	7.50%	7.50%
Mortality table used	Indian Assured Lives	Indian Assured Lives
	Mortality (2006 -08) (modified) Ult.	Mortality (2006 -08) (modified) Ult.
Age up to 30 years	10.00%-30.00%	10.00%-30.00%
Age up to 40 years	5.00%-25.00%	5.00%-25.00%
Age up to 50 years	3.00%-20.00%	3.00%-20.00%
Age above 50 years	2.00%-10.00%	2.00%-10.00%





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

(ii) In case of other locations:

Particulars	As at 31 March, 2021		As at 31 March, 2020	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Rate for discounting liabilities p.a.	6.75%	6.75%	6.75%	6.75%
Expected rate of return on plan assets p.a.	-	6.75%	-	6.75%
Expected rate of salary increase p.a.	7.50%	7.50%	7.50%	7.50%
Mortality table used	Indian Assured Lives	Indian Assured Lives	Indian Assured Lives	Indian Assured Lives
	Mortality (2006 - 08) (modified) Ult.	Mortality (2006 - 08) (modified) Ult.	Mortality (2006 - 08) (modified) Ult.	Mortality (2006 - 08) (modified) Ult.
Withdrawal / Employee Turnover Rate				
Age up to 30 years	18.00%	18.00%	18.00%	18.00%
Age up to 44 years	6.00%	6.00%	6.00%	6.00%
Age above 44 years	2.00%	2.00%	2.00%	2.00%

**Notes:**

- a) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary increase and withdrawal rate. The sensitivity analyses below have been determined by the actuary 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 31 March, 2021		Year ended 31 March, 2020	
	Increase	Decrease	Increase	Decrease
Change in discount rate by 0.50%	(141.24)	152.87	(144.92)	157.10
Change in Salary escalation rate by 1%	312.89	(272.07)	321.75	(279.27)
Change in withdrawal rate by 5%	(117.71)	134.31	(126.27)	144.52

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

c) **Expected benefit payments for the future**

(Rupees in lacs)

Year ended 31 March, 2022	Year ended 31 March, 2023	Year ended 31 March, 2024	Year ended 31 March, 2025	Year ended 31 March, 2026	Year ended 31 March, 2027 to year ended 31 March, 2031
206.15	281.75	255.51	328.92	337.73	2,331.23

d) Weighted average duration of defined benefit obligation is 9 Years (Previous year: 9 Years)

**13. Financial Instruments**

**i) Capital Management**

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 5(xvii),5(xviii), 5(xx) and 7 offset by cash and cash equivalent) and total equity of the Company. The Company is not subject to any externally imposed capital requirements other than for covenants under various loan arrangements of the Company.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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. The gearing ratio at 31 March 2021 is as follows:

**Gearing ratio**

Particulars	(Rupees in lacs)	
	As at 31 March, 2021	As at 31 March, 2020
Debt*	323,490.21	417,291.73
Less: Cash and cash equivalents [refer note 5(xiii)]	(1,054.62)	(1,136.79)
<b>Net debt</b>	<b>322,435.59</b>	<b>416,154.94</b>
<b>Total equity</b>	<b>(51,293.45)</b>	<b>(94,898.36)</b>
<b>Net debt to equity ratio</b>	<b>(628.61)%</b>	<b>(438.53)%</b>

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

**ii) Financial risk management objectives**

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

The Board of Directors manages the financial risk of the Company through internal risk reports which analyse exposure by magnitude of risk. The Company has limited exposure from the international market as the Company's operations are in India. During the current year the Company has limited exposure towards foreign currency risk. It earns approx. 6% 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 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.

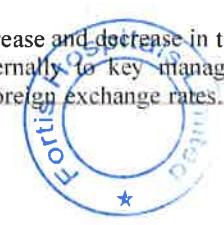
The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	Currency	(Rupees in lacs)		(Rupees in lacs)	
		As at 31 March, 2021		As at 31 March, 2020	
		Foreign Currency in lacs	Equivalent Rupees in lacs	Foreign Currency in lacs	Equivalent Rupees in lacs
Import trade payables including capital creditors	USD	17.24	1,261.22	0.81	61.32
Trade Receivables	USD	10.39	760.23	0.02	1.58

**b) Foreign currency sensitivity analysis**

The Company is mainly exposed to fluctuations in USD currency.

The following table details the Company's sensitivity to a 5% increase and decrease in the Rupees against 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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

only outstanding foreign currency denominated monetary items and adjusts their translation at the period end 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.

(Rupees in lacs)

If increase by 5%	Currency impact USD	
	As at 31 March, 2021	As at 31 March, 2020
Particulars		
Impact on profit or loss for the year	25.05	2.99
Impact on total equity as at the end of the reporting period	25.05	2.99

(Rupees in lacs)

If decrease by 5%	Currency impact USD	
	As at 31 March, 2021	As at 31 March, 2020
Particulars		
Impact on profit or loss for the year	(25.05)	(2.99)
Impact on total equity as at the end of the reporting period	(25.05)	(2.99)

**c) Interest rate risk management**

The Company is exposed to interest rate risk because the 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.

**Interest rate sensitivity analysis**

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, 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	Profit/ (loss)	
	As at 31 March, 2021	As at 31 March, 2020
Particulars		
Impact on profit or loss for the year	(455.39)	(289.49)
Impact on total equity as at the end of the reporting period	(455.39)	(289.49)

(Rupees in lacs)

If decrease by 50 basis point	Profit/ (loss)	
	As at 31 March, 2021	As at 31 March, 2020
Particulars		
Impact on profit or loss for the year	455.39	289.49
Impact on total equity as at the end of the reporting period	455.39	289.49

**Other price risks**

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

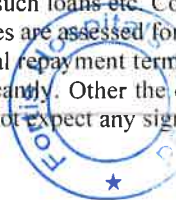
**d) Credit risk management**

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 5(vi) 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:*

The 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. Other the credit impaired financial assets as mentioned below, based on historical experience, the Company does not expect any significant risk of default.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

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

(Rupees in lacs)

Particulars of loss allowance	As at 31 March, 2021	As at 31 March, 2020
Balance at the beginning of the year	77,626.01	70,456.98
Loss allowance recognized	983.61	7,169.03
<b>Balance at the end of the year</b>	<b>78,609.62</b>	<b>77,626.01</b>

**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**

(Rupees in lacs)

Particulars	Sanctioned limit	Undrawn limit
HSBC Bank (term loan)	21,050.00	3,036.67
HSBC Bank (WCDL/overdraft facility)	23,000.00	14,463.56
DBS bank (term loan)	23,320.34	5,623.76
HSBC Bank (WCDL/overdraft facility)	10,000.00	8,900.00

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

**As at March 31, 2020**

(Rupees in lacs)

Particulars	Sanctioned limit	Undrawn limit
HSBC Bank (term loan)	38,850.00	4,500.00
HSBC Bank (WCDL/ overdraft facility)	27,290.00	4,245.00

**Liquidity tables**

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

The tables include both interest and principal cash flows. 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.

(Rupees in lacs)

Particulars	Within 1 year	> 1 year	Total	Carrying amount
<b>As at 31 March, 2021</b>				
Borrowings	19,889.67	31,651.46	51,541.13	43,225.00
Borrowings from related parties	36,649.84	-	36,649.84	34,461.21
Non-convertible debentures	4,522.04	84,427.51	88,949.55	63,911.07
Lease liabilities	37,691.38	224,202.27	261,893.65	181,892.94
Trade payables	69,462.99	-	69,462.99	69,462.99
Other financial liabilities	3,182.43	1,017.87	4,200.30	4,200.30
<b>Total</b>	<b>171,398.35</b>	<b>341,299.11</b>	<b>512,697.46</b>	<b>397,153.51</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

(Rupees in lacs)				
Particulars	Within 1 year	> 1 year	Total	Carrying amount
<b>As at 31 March, 2020</b>				
Borrowings	29,984.89	33,024.79	63,009.68	57,230.92
Borrowings from related party	18,687.01	95,702.28	114,389.29	104,942.65
Non-convertible debentures	4,522.04	85,091.79	89,613.83	60,053.29
Lease liability	36,493.26	258,477.11	294,970.37	195,064.87
Trade payables	65,150.64	-	65,150.64	65,150.64
Other financial liabilities	3,642.29	1,026.55	4,668.84	4,668.84
<b>Total</b>	<b>158,480.13</b>	<b>473,322.52</b>	<b>631,802.65</b>	<b>487,111.21</b>

Also refer note 26 for disclosures on Going Concern and the working capital position of the Company.

**14. Fair value measurement**

(Rupees in lacs)			
	Notes	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)	3,418.01	3,443.77
Other financial assets - non-current	(b)	442.31	629.77
Trade receivables – current (net)	(a)	16,542.88	22,037.91
Cash and bank balances	(a)	1,434.69	1,496.37
Loans – current	(a)	2,239.28	3,012.05
Other financial assets – current	(a)	5,016.01	3,277.72
<b>Total</b>		<b>29,093.18</b>	<b>33,897.59</b>
<b>Financial liabilities</b>			
<b>Measured at amortised cost</b>			
Borrowings-Non-current	(c)	74,361.83	165,599.23
Lease liabilities -Non-current	(d)	163,549.64	179,510.65
Lease liabilities -current	(d)	18,343.31	15,554.22
Borrowings – current	(a)	27,722.47	32,063.39
Trade payables – current	(a)	69,462.99	65,150.64
Other financial liabilities – non-current	(c)	16,304.79	21,249.73
Other financial liabilities- (current)	(a)	27,408.48	7,983.35
<b>Total</b>		<b>397,153.51</b>	<b>487,111.21</b>

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

- 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.
- 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. Further, rate of interest on loans to subsidiaries is reset at regular intervals to reflect the market rate of interest. Accordingly, the carrying value of such loans approximates fair value.
- The Company's borrowings have been primarily 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.

The fair value is determined by using the valuation model/technique with observable/non-observable inputs and assumptions.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

**Financial Instruments measured at amortised cost**

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

**15. Earnings per share**

Particulars	Unit	As at 31 March, 2021	As at 31 March, 2020
Loss as per statement of profit and loss	Rupees in lacs	(26,851.67)	(74,467.79)
<b>Earning used in calculation of basic earnings per share</b>	Rupees in lacs	<b>(26,851.67)</b>	<b>(74,467.79)</b>
Weighted average number of equity shares in calculating Basic EPS	Numbers	47,612,084	40,300,577
<b>Basic/ diluted earnings per share</b>	Rupees	<b>(56.40)</b>	<b>(184.78)</b>

Diluted loss per share is same as basic loss per share for the year ended 31 March, 2021 and 31 March, 2020 as the related impact of compulsory convertible preference shares on loss per share is anti-dilutive.

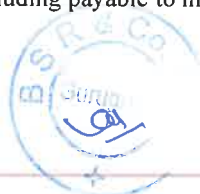
16. The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 31, 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2021.

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

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

Particulars	(Rupees in lacs)	
	31 March, 2021	31 March, 2020
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
-Principal amount due to micro and small enterprises*	3,258.26	3,244.58
-Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

\*Including payable to micro enterprises and small enterprises included in other financial liabilities [refer note 5(xviii)]



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

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

(Rupees in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance	
	31 March, 2021	31 March, 2020	31 March, 2021	31 March, 2020
<b>Subsidiaries (A)</b>				
Fortis Health Management (East) Limited (see note i)	721.45	921.45	721.45	721.45
Fortis Cancer Care Limited (see note i)	1,951.00	2,594.55	1,951.00	1,951.00
Birdie and Birdie Realtors Private Limited (see note i)	12,500.00	12,500.00	12,500.00	12,500.00
Stellant Capital Advisory Services Private Limited (see note ii)	980.06	980.06	-	980.06
Fortis Emergency Services Limited (see note i)	3,713.26	3,713.26	3,663.26	3,713.26
<b>Total (A)</b>	<b>19,865.77</b>	<b>20,709.32</b>	<b>18,835.71</b>	<b>19,865.77</b>
<b>Joint Venture (B)</b>				
Fortis C-Doc Healthcare Limited (see note i)	1,367.72	1,417.72	1,367.72	1,367.72
<b>Total (B)</b>	<b>1,367.72</b>	<b>1,417.72</b>	<b>1,367.72</b>	<b>1,367.72</b>

The loans have been given to the subsidiaries to acquire property, plant and equipment or meet the working capital requirements of these companies. The particulars of loans given as required to be disclosed by Section 186 (4) of Companies Act 2013 are as below:

(Rupees in lacs)

Name of the party	Due date	Secured/ unsecured	31 March, 2021		31 March, 2020	
			Rate of Interest	Amount	Rate of Interest	Amount
Fortis Health Management (East) Limited (see note i)	31 March, 2022	Unsecured	8.85%	721.45	10.50%	721.45
Fortis Emergency Services Limited (see note i)	31 March, 2022	Unsecured	8.85%	3,663.26	10.50%	3,713.26
Fortis Cancer Care Limited (see note i)	31 March, 2022	Unsecured	8.85%	1,951.00	10.50%	1,951.00
Birdie and Birdie Realtors Private Limited (see note i)	31 July 2022	Unsecured	8.85%	12,500.00	10.50%	12,500.00
Stellant Capital Advisory Services Private Limited (see note ii)	31 July 2022	Unsecured	8.85%	-	10.50%	980.06
Fortis C-Doc Healthcare Limited (see note i)	31 March, 2022	Unsecured	8.85%	1,367.72	10.50%	1,367.72
<b>Total</b>				<b>20,203.43</b>		<b>21,233.49</b>

**Notes:**

- i. In respect to these loans, the Company has recognized interest income only to the extent of the ability of the subsidiary to pay interest.
- ii. Interest accrued related to above loans of Rupees Nil lacs outstanding in the previous year has been converted into loan during the year (Previous year Rs. 130.22 lacs).
- iii. Agreement for loans given to Fortis Health Management (East) Limited, Fortis Emergency Services Limited, Fortis Cancer Care Limited and Fortis C-Doc Healthcare Limited have been renewed during the current year.
- iv. The loan balance disclosed in table above are gross balances (also see note 20 below).



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

- v. Details of the provision recognized in books against these loans on account of the inability of the borrower to repay the same are as follows:

(Rupees in lacs)

Particulars	As at 31 March, 2021			As at 31 March, 2020		
	Gross	Provision	Net	Gross	Provision	Net
<b>Subsidiaries (A)</b>						
Fortis Health Management (East) Limited	721.45	721.45	-	721.45	721.45	-
Fortis Cancer Care Limited	1,951.00	1,951.00	-	1,951.00	1,951.00	-
Birdie and Birdie Realtors Private Limited	12,500.00	9,702.25	2,797.75	12,500.00	9,702.25	2,797.75
Fortis Emergency Services Limited	3,663.26	3,663.26	-	3,713.26	3,713.26	-
<b>Total (A)</b>	<b>18,835.71</b>	<b>16,037.96</b>	<b>2,797.75</b>	<b>18,885.71</b>	<b>16,087.96</b>	<b>2,797.75</b>
<b>Joint venture (B)</b>						
Fortis C-Doc Healthcare Limited	1,367.72	1,367.72	-	1,367.72	1,367.72	-
<b>Total (B)</b>	<b>1,367.72</b>	<b>1,367.72</b>	<b>-</b>	<b>1,367.72</b>	<b>1,367.72</b>	<b>-</b>

- vi. The above does not include loans given to body corporates which have been fully provided for in earlier years. Also refer note 23(C)(i).

19. During the year, the Company has capitalized the expenses tabulated below under the head Intangible Assets under Development:

(Rupees in lacs)

Particulars	As at 31 March, 2021	As at 31 March, 2020
<b>Opening balance (A)</b>	<b>598.27</b>	<b>1,430.30</b>
<b>Employee benefits (B)</b>		
Salaries, wages and bonus	231.87	322.22
<b>Total (B)</b>	<b>231.87</b>	<b>322.22</b>
<b>Other expenses (C)</b>		
Contractual manpower	-	-
Travel and conveyance	1.23	57.62
Communication expenses	0.13	0.26
<b>Total (C)</b>	<b>1.36</b>	<b>57.88</b>
<b>Total (E) (A+B+C)</b>	<b>831.50</b>	<b>1,810.40</b>
Less: Capitalized during the year (F)	(831.50)	(1,212.13)
<b>Balance carried forward to intangible assets under development (G =E-F)</b>	<b>-</b>	<b>598.27</b>

20. **Exceptional Items**

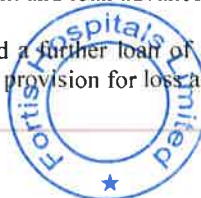
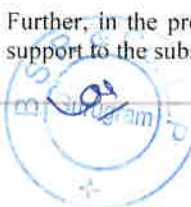
- (a) During earlier years, the Company had fully impaired its investments in Fortis Cancer Care Limited, subsidiary in view of inability of the subsidiary to generate profits.

Further, during the previous year the Company had granted a loan of Rupees 35.00 lacs to provide financial support to the subsidiary. The Company had recognised provision for loss allowance against the loan granted.

- (b) The Company has an investment aggregating to Rupees 2.71 lacs in Fortis Emergency Services Limited which is a wholly owned subsidiary. The Company has also advanced an amount of Rupees 3,713.26 lacs as unsecured loan as at 31 March, 2020.

Considering the uncertainty in recoverability of the loan with no current foreseeable chances of recovery from the subsidiary, the Company had fully impaired its investment and loan advanced to the subsidiary.

Further, in the previous year, the Company had granted a further loan of Rupees 70.00 lacs to provide financial support to the subsidiary. The Company had recognised provision for loss allowance against the loan granted.





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

During the current year, the Company has received an amount of Rupees 50.00 lacs from the subsidiary and has reversed provision recognized in books and recorded an exceptional income for the year.

- (c) The Company has an investment aggregating to Rupees 7,725.00 lacs in Birdie & Birdie Realtors Private Limited which is a wholly owned subsidiary. The Company has also advanced an unsecured loan of Rupees 12,275.00 lacs. The subsidiary owns a freehold property in New Delhi. The Management performed impairment testing through an independent valuation of the freehold property owned by the subsidiary and had recorded an impairment loss of Rupees 6,988.25 in earlier years towards the outstanding loan recoverable.

During the previous year, the Company has granted a further loan of Rupees 225.00 lacs to provide financial support to the subsidiary. The Company had recorded an impairment loss of Rupees 2,714.00 lacs against the outstanding loan recoverable due to decline in realizable value of the net assets of the subsidiary.

- (d) The Company has an investment aggregating to Rupees 622.85 lacs in Fortis C-Doc Healthcare Limited which is a joint venture. The Company has also advanced an unsecured loan of Rupees 1,598.34 lacs (including interest accrued of Rupees 180.61 lacs). Considering the recoverability of the investment and uncertainty in recoverability of loan with no current foreseeable chances of recovery, the Company has impaired investment of Rupees 622.85 lacs and has provided Rupees 1,598.34 lacs as doubtful towards the loan balance in earlier years.

During the previous year, the Company had recovered Rupees 50.00 lacs towards loan advanced to Fortis C-Doc Healthcare Limited and accordingly the provision in relation to the same had been reversed in the previous year.

- (e) The Company has an investment aggregating to Rupees 4.40 lacs in Fortis Health Management (East) Limited which is a wholly owned subsidiary. The Company has also advanced an unsecured loan of Rupees 921.45 lacs. Considering the recoverability of the investment and uncertainty in recoverability of loan with no current foreseeable chances of recovery of the amount, the Company has impaired investment of Rupees 4.40 lacs and has provided Rupees 921.45 lacs as doubtful towards the outstanding loan balance in financial year ended 31 March 2018.

During the previous year, the Company had recovered Rupees 200.00 lacs towards loan advanced to Fortis Health Management (East) Limited and accordingly the provision in relation to the same had been reversed in the previous year.

- (f) The Company has an investment aggregating to Rupees 2,946.71 lacs in Fortis Global Healthcare (Mauritius) Limited which is a wholly owned subsidiary. During the previous year, the Management based on its impairment test on investment has made a provision on the investment held, as the subsidiary has been consistently making losses. Considering the recoverability of the investment, the Company had recorded an impairment loss of Rupees 2,946.71 lacs in the financial year ended 31 March 2019.

- (g) The Company has an investment aggregating to Rupees 10,047.75 lacs in Stellant Capital Advisory Services Private Limited which is a wholly owned subsidiary. In the financial year ended 31 March 2019, the Management based on its impairment test on investment has made a provision on the investment held as the subsidiary's net assets realizable value is lesser than the investment. Considering the recoverability of the investment, the Company had recorded an impairment loss of Rupees 3,622.32 lacs in the year ended 31 March 2019. During the previous year, the Company has recorded a further impairment loss of Rupees 850.51 lacs on account of further decline in net assets realizable value.

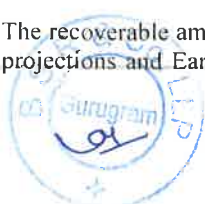
During the current year, the Company has recorded a further impairment loss of Rupees 958.96 lacs on account of further decline in net assets realizable value.

- (h) The Company has an investment aggregating to Rupees 35,669.00 in compulsory convertible preference shares (CCPS) of Escorts Heart Institute and Research Center Limited ('EHIRCL') which is a fellow subsidiary.

The Company uses judgement while classifying its investment. The Company while making classification assessment of the investment in CCPS of EHIRCL 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 EHIRCL 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.

During the previous year, based on its impairment test and considering the recoverable value of the investment, the Company has recognised impairment loss of Rupees 5,669.00 lacs towards amount invested.

The recoverable amount of these investments is based on value-in-use calculations which uses discounted cash flow projections and Earnings before Interest, Depreciation and Amortization ("EBITDA") multiple for one step-down



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

investment. The fair value measurement has 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 are as set out below:

Particulars	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Discount rate (p.a.)	12.60%	12.70%
Terminal value growth rate (p.a.)	4.00%	4.00%
Compound average net sales growth rate (p.a.)	5.74%	6.85%
EBITDA multiple	Not applicable	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 does not cause a material change in amount of impairment loss/ (reversal).

(i) Jaipur Hospital

The Management performed an impairment test for the carrying value of property, plant and equipment, intangible assets and goodwill for Jaipur hospital (CGU). The recoverable value determined based on discounted cash flows is lower than the remaining carrying value of property, plant and equipment, intangible assets, right of use of assets and goodwill and an impairment loss of Rupees 1,091.37 lacs (Previous year Rupees 12,694.31 lacs) has been recognized for the year ended March 31, 2021.

The recoverable amount of this CGU is based on value-in-use calculations which uses discounted cash flow projections. The fair value measurement has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

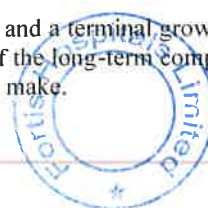
The key assumptions used in the estimation of the recoverable amount are set out below. The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources.

(In percent)	For the year ended 31 March, 2021	For the year ended 31 March, 2020
Discount rate (p.a.)	12.60%	12.70%
Terminal value growth rate (p.a.)	4.00%	4.00%
Compound average net sales growth rate (p.a.)	8.99%	10.84%

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 on change in these assumptions, all other factors remaining constant.

	(Rupees in lacs)	
Increase/ (decrease) in impairment loss	For the year ended 31 March, 2021	For the year ended 31 March, 2020
<b>Discount rate</b>		
Increase by 0.50%	(412.76)	(75.98)
Decrease by 0.50%	483.20	(104.64)
<b>Terminal value growth rate</b>		
Increase by 1%	906.01	(421.10)
Decrease by 1%	(717.26)	334.28

The cash flow projections include specific estimates for seven years and a terminal growth rate thereafter. The terminal growth rate has been determined based on management's estimate of the long-term compound average net sales growth rate, consistent with the assumptions that a market participant would make.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

- (j) During the 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.

As a part of its strategy to counter the impact of COVID-19 pandemic, the Holding Company got approval from its shareholders to seek waiver of fixed service fee payable to its certain subsidiaries under the Hospital & Medical Service Agreements (HMSA) As agreed with Hospital Service companies, service fee was fully waived for April-June 2020 and July-Sept 2020 quarter and 50% waiver for October-December 2020 quarter. In line with guidance on accounting for such concessions that are a direct consequence of the COVID-19 pandemic, the Company has recognised an exceptional gain of Rupees 22,146.77 lacs for the year ended March 31, 2021.

21. 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	201,224.55	241,134.45
Outside India	-	-
<b>Total</b>	<b>201,224.55</b>	<b>241,134.45</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 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	259,970.01	298,827.88
Outside India	-	-
<b>Total</b>	<b>259,970.01</b>	<b>298,827.88</b>

**22. Corporate Social Responsibility**

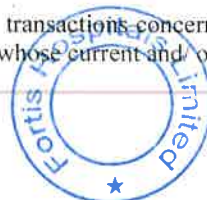
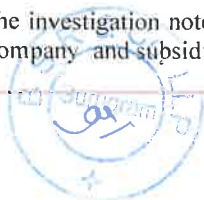
As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). However, the Company has incurred losses in past three years hence the same is not applicable.

**23. Investigation initiated by the erstwhile Audit and Risk Management Committee:**

**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 the Company. The erstwhile Audit and Risk Management Committee of the Holding 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 Company 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 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 current and/ or past promoters/ directors were



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

known to/ connected with the erstwhile promoters of the 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 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.

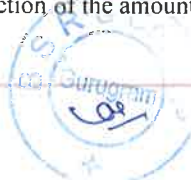
In order to overcome the above, additional procedures/ enquiries were initiated as below.

**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 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 the 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 the company, the holding company, 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.

**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:-**

- (i) The Company had placed secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to Rupees 49,414 lacs on July 1, 2017 for a term of 90 days. Further, the Company received intimation that the borrowers became a part of the erstwhile Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018. subsequent to which the shareholding of the erstwhile Promoter Group in the Holding Company was reduced to 0.77%. In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party. Such assignment was subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a duly registered charge on the present and future assets of the Borrowers. ICDs aggregating to Rupees 44,502.62 lacs including interest accrued thereon of Rupees 4,259. lacs calculated up to March 31, 2018 remained outstanding. In view of the uncertainty in realisability of the security and/or collection of the amounts, the outstanding amount was fully provided during the year ended March 31, 2018.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

The Investigation Report indicated that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL. (Also refer note 24 on SEBI Order).

As per the Additional Procedures/Enquiries by independent experts, the borrowers were potentially linked to the erstwhile promoters and also potentially linked to each other. FHsL has filed a civil suit on August 26, 2019 for recovery of Rupees 52,019 lacs before Hon'ble Delhi High Court against the Borrowers and few other entities. Further, in the complaint filed with the Economic Offence Wing, New Delhi (EOW) in November 2020 for certain other matters as mentioned subsequently, reference has been made of certain queries being put by the Serious Fraud Investigation Office ('SFIO') in relation to this transaction, and the Holding Company having responded thereto.

- (ii) The Company had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of Rupees 10,000 lacs, balance of Rupees 2,375 lacs was outstanding to be received back. Post-dated cheques received from the entity were dishonoured, and the Company initiated legal proceedings in this regard. The Company had accrued for the interest amounting to Rupees 174 lacs up to March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity. However, in line with applicable accounting norms, interest thereon for the period subsequent to March 31, 2018 was not accrued considering the uncertainties around ultimate realization of the amounts.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to Rupees 2,549 lacs towards the amounts due, including interest, in the year ended March 31, 2018.

One of the directors of the entity, post summoning in the legal proceedings initiated by the Holding Company has settled disputes for himself and the entity by paying Rupees 2,300 lacs during the year ended March 31, 2020 towards full and final settlement.

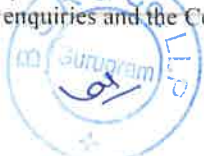
Considering full and final settlement already done and the transaction having been legally concluded no further action is being taken.

- (iii) During the year ended March 31, 2018, the Holding Company through the Company, purchased further 51% equity interest in Fortis Emergency Services Limited (FESL) at an aggregate consideration of Rupees 0.255 lacs from erstwhile promoter group company. Subsequently, the Company advanced a loan to FESL, which was used to repay the outstanding unsecured loan amount of Rupees 215 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by FESL 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 the Company / Holding Company. Further, FESL 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 49%) could not have taken over the burden of the entire debt of FESL. Therefore, this transaction was in a way to help the erstwhile promoter group company( 51% 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 FESL was impaired in the books of account of the Company due to anticipated chances of non-recovery.

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

- (iv) During the financial year 2014-15, FHsL acquired 100% stake in Birdie & Birdie Realtors Pvt Ltd. ("Birdie") from certain persons related to the erstwhile promoters, wherein Rupees 12,275 lacs were paid towards ICDs at a rate of interest of 14% per annum and Rupees 7,725 lacs were paid for the shares acquired. The total enterprise value of Birdie was projected at Rupees 20,000 lacs based on the valuation report of land and building by an independent valuer. However, the equity valuation of Rupees 7,725 lacs was arrived based on a land and building valuation report by another valuer of Rupees 23,700 lacs and on assumption that the Land has to be sold in 6-8 months, which in reality did not happen. Also, the "subject property photographs" used in the mentioned two valuation reports were identical. Also, the ICDs of Rupees 12,275 lacs were utilized to repay/replace the then existing debts including that of erstwhile promoters and person/entities related/known to the erstwhile promoters. It is possible that the erstwhile promoters acted in order to make excess money to repay the loans availed by Birdie from them, persons related to them and entities related/known to them. Further, out of total goodwill generated on consolidation amounting to Rupees 10,661 lacs, goodwill to the extent of Rupees 9,430 lacs was impaired in earlier years to bring the investment value in line with the market value of the property.

There have been certain queries raised on this transaction by the SFIO. The Holding Company has responded to the said queries. Further, in the above referred Complaint filed with the EOW in November 2020 against erstwhile promoters, SFIO enquiries and the Company's responses have been mentioned and EOW is investigating the matter.



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

- (v) The Holding Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. It was observed in the earlier investigation that there were significant fluctuations in the NAV of the investments during a short span of time. Further, in the internal correspondence within the Holding Company, investments in the overseas funds have been referred to as related party transactions. During year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investments in the overseas fund were recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of Rupees 5,510 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) was considered in the Consolidated Financial statements of Holding Company for the year ended March 31, 2018.

There is no further finding in additional procedures/enquiries by independent experts on this matter. Further, the investigation by the external legal firm done also mentioned that it appeared that GDOF was not related to Fortis based on the procedures performed by them. Accordingly no further action is being taken.

- (vi) In respect of certain other matters found during the Additional Procedures/Enquiries by independent experts no actions were recommended since there were no sufficient evidences on those matters. However, there is no impact of those matters on the financials.

- 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.

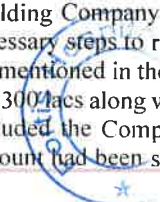
Therefore, with this conclusion, the initial investigation, which was subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers has been addressed through the additional procedures/enquiries by independent experts. In addition, the current Board of the 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, 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 Company and the Holding Company have 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.

**24. 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 including the Company. The Holding Company / its subsidiaries including the Company 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 the Company 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



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

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 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 the Company had then filed applications for modification of the order, for deletion of name of the Company 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 the Company 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 the Company 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 the 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.

The Holding Company and the Company 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 the Company. 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 the Company may take necessary steps to comply with SEBI's direction. Accordingly, the Company 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 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 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 Escorts Heart Institute and Research Centre Limited ("EHIRCL"). In the said show cause notice, with respect to EHIRCL, it has been alleged that INR 567 crore was lent by the Holding Company to EHIRCL in 2011, which was subsequently transferred by EHIRCL 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 its subsidiary, EHIRCL 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 EHIRCL for the purchase of land had been paid back with interest in the year 2011. It is alleged that the Holding Company was actually



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

---

paid back by RHC Holding over a period of four years ending on July 31, 2015. In this respect, the Holding Company and the Company 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 EHIRCL 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 EHIRCL, 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 EHIRCL 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, the Company and EHIRCL 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 EHIRCL in any manner. The Holding Company believes that the Company, EHIRCL 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/ EHIRCL/ 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 EHIRCL in any manner. Further, like the Company, EHIRCL 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 EHIRCL'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.

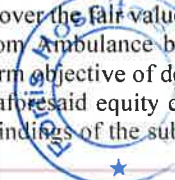
- (b) During year ended March 31, 2018, the Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Holding Company. All requisite information in this regard has been duly shared by the Holding Company with the ROC.
- (c) 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.

**25. Investment and Loan to Fortis Emergency Services Limited**

The Company earlier held 49% stake in Fortis Emergency Services Limited (FESL). On 28 July, 2017 as a part of its strategic initiative, the Company acquired the balance 51% stake in FESL. From a valuation perspective though FESL had an enterprise value of Rupees 1,718.00 lacs (basis One-year EBITDA multiple), post adjustment of its unsecured debt of around Rupees 5,281.00 lacs and certain working capital adjustments, the equity value of FESL was net negative of Rupees 3,563.00 lacs. The Company bought the balance 51% equity stake of FESL at a consideration of Rupees 0.25 lacs and took over the unsecured debt of Rupees 208.00 lacs resulting in a payment over the fair value of Rupees 208.25 lacs. The Company has long-term business objective to increase the revenue from Ambulance business. Since, the acquisition of FESL by Fortis Hospitals Limited was with the intent and the long-term objective of deriving value in the Ambulance business being run by FESL, therefore the acquisition of FESL at the aforesaid equity consideration along with aforesaid debt taken over was decided accordingly. Refer note 23(C)(iii) for findings of the subsequent additional procedures performed.





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**

**26. Going Concern**


For the year ended March 31, 2021, the financial statements of the Company reflect a net loss of Rupees 26,851.67 lacs and its current liabilities exceed its current assets by Rupees 121,594.73 lacs. As at 31 March 2021, the net worth of the Company has been fully eroded. Additionally, the ongoing litigations in the Fortis Group, events in previous years (refer note 23) and the impact of COVID-19 (refer note 27) have 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 plans to carry out certain restructuring activities within the Fortis Group 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 1,434.69 lacs and unutilized borrowing facilities sanctioned by banks amounting to Rupees 32,023.99 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.

27. During the earlier part of 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 (also refer note 20(j)), the Company has been able to significantly reduce the negative impact on its 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.

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. However, the Company is and will continue to closely monitor any material changes to future economic conditions.


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

  
**Rajesh Arora**  
Partner  
Membership Number: 076124

Place: Gurugram  
Date: 26 May 2021


For and on behalf of the Board of Directors  
**Fortis Hospitals Limited**

  
**Narayani Shivkumar**  
Whole-time Director  
DIN: 06993476

  
**Sandeep Singh**  
Company Secretary  
Membership No.: FCS9877

Place: Gurugram  
Date: 26 May 2021

  
**Anil Vinayak**  
Director  
DIN:02407380

  
**Akshay Tiwari**  
Chief Financial Officer

