

## INDEPENDENT AUDITOR'S REPORT

### To The Members of Hospitalia Eastern Private Limited Report on the Audit of the Financial Statements

#### Opinion

We have audited the accompanying financial statements of Hospitalia Eastern Private Limited (the "Company"), which comprise the Balance Sheet as at March 31, 2019, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2019, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

#### Basis for Opinion

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the financial statements under the provisions of the Act and the Rules made thereunder, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

#### Material uncertainty related to Going Concern

We draw attention to Note 36 to the financial statements, which indicates that the Company has accumulated losses of ₹ 8,719.14 lakhs and has incurred a net loss of ₹ 1587.13 lakhs during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by ₹ 19,792.20 lakhs. These events or conditions, along with other matters as set forth in Note 36, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.



### **Information Other than the Financial Statements and Auditor's Report Thereon**

The Company's Board of Directors is responsible for the other information. The other information comprises the information included in the Board of Directors report, but does not include the financial statements and our auditor's report thereon. The Board of Directors report is expected to be made available to us after the date of this auditor's report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information to be identified when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

### **Management's Responsibility for the Financial Statements**

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Ind AS and other accounting principles generally accepted in India. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statement that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is 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 management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

### **Auditor's Responsibility for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will



always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal financial 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 system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's 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 financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our work; and (ii) to evaluate the effect of any identified misstatements in the financial statements.

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 Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under Section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on March 31, 2019 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2019 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
  - g) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended:

In our opinion and to the best of our information and according to the explanations given to us, the Company being a private company, section 197 of the Act related to the managerial remuneration not applicable.
  - h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:



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- i. The Company does not have any pending litigations which would impact its financial position.
  - 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.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: *May 23, 2019*

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)**

**Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")**

We have audited the internal financial controls over financial reporting of Hospitalia Eastern Private Limited (the "Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

**Management's Responsibility for Internal Financial Controls**

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting 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"). 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 respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company 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. 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 over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.



### **Meaning of Internal Financial Controls Over Financial Reporting**

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

### **Inherent Limitations of Internal Financial Controls Over Financial Reporting**

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

### **Opinion**

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2019, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: May 23, 2019

**ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT**

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
  - (b) The Company has a program of verification of property, plant and equipment to cover all the items once in every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this program, the Company had performed its last physical verification of property, plant and equipment on March 31, 2018 and no material discrepancies were noticed on such physical verification.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed provided to us, we report that, the title deeds, comprising the immovable properties of land and building, is held in the name of the Company as at the balance sheet date. Immovable property of land and building at Ludhiana whose title deeds have been pledged as security for non-convertible debentures are held in the name of the Company based on the confirmations directly received by us from lenders' trustees.
- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
  - (iii) According to the information and explanations given to us, the Company has not granted any secured or unsecured loans to companies covered in the register maintained under section 189 of the Act.
  - (iv) In our and according to the information and explanations given to us, the Company has not granted any loans, made investments or provided guarantees and hence reporting under clause (iv) of the Order is not applicable.
  - (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Further, according to the information and explanations given to us, there are no unclaimed deposits, hence the provisions of Sections 73 to 76 of the Act do not apply to the Company.
  - (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.
  - (vii) According to the information and explanations given to us, in respect of statutory dues:
    - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.  
We are informed that the provisions of Employees State Insurance Act, 1948 are not applicable to the Company and that the operations of the Company during





the year did not give rise to any liability for sales tax, excise duty and custom duty.

- (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) There are no dues of Income-tax and Goods and Services tax as on March 31, 2019 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders, except as under:

(a) In case of defaults in the repayment of dues to the debenture holders:

Particulars	Amount of default of repayment dues (₹ in lakhs)		Period of default
	Principal	Interest	
Due to Debenture-holders	-	763.89	October 24, 2017 to March 31, 2019

The Company has not taken any loans or borrowings from financial institutions and government.

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The Company is a private company and hence the provisions of section 197 of the Act do not apply to the Company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence, reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors



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or persons connected with him and hence provisions of section 192 of the Act are not applicable.

- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: *May 23, 2019*

Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)  
Balance Sheet as at March 31, 2019

(Amount in ₹ lakhs)

Particulars	Notes	As at March 31, 2019	As at March 31, 2018
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, plant and equipment	4a	6,124.71	6,124.71
(b) Capital work-in-progress	4b	6,469.61	6,477.85
(c) Other non-current assets	5	149.94	355.61
<b>Total non-current assets (A)</b>		<b>12,744.26</b>	<b>12,958.17</b>
<b>B. Current assets</b>			
(a) Financial assets			
(i) Investments	6	2,859.66	3,119.87
(ii) Cash and cash equivalents	7	40.68	19.59
(iii) Other financial assets	8	-	0.73
<b>Total current assets (B)</b>		<b>2,900.34</b>	<b>3,140.19</b>
<b>Total assets (A+B)</b>		<b>15,644.60</b>	<b>16,098.36</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	10	5.10	5.10
(b) Other equity	11	(8,719.14)	(7,355.00)
<b>Total equity (A)</b>		<b>(8,714.04)</b>	<b>(7,349.90)</b>
<b>Liabilities</b>			
<b>B. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	9	1,576.42	16,562.40
(ii) Other financial liabilities	15	2.25	4,264.04
(b) Provisions	12	9.46	17.67
(c) Deferred tax liabilities (Net)	16	77.97	-
(d) Other non-current liabilities	13	-	432.64
<b>Total non-current liabilities (B)</b>		<b>1,666.10</b>	<b>21,276.75</b>
<b>C. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	9	16,562.40	1,757.42
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises.	14	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	19.84	22.29
(iii) Other financial liabilities	15	6,079.17	354.61
(b) Provisions	12	4.42	0.94
(c) Other current liabilities	13	26.71	36.25
<b>Total current liabilities (C)</b>		<b>22,692.54</b>	<b>2,171.51</b>
<b>Total liabilities (B+C)</b>		<b>24,358.64</b>	<b>23,448.26</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>15,644.60</b>	<b>16,098.36</b>

See accompanying notes forming part of the Ind AS financial statements 1-38  
In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

K. A.

Khazat A. Kotwal  
Partner

Place: Gurugram  
Date:



For and on behalf of the board of directors of  
Hospitalia Eastern Private Limited

  
Akshay Kumar Tiwari  
Director  
DIN: 07930333

Place: Gurugram  
Date:

  
Rajneesh Kumar Mittal  
Director  
DIN: 08298264

Place: Gurugram  
Date:

23 MAY 2019

23 MAY 2019

23 MAY 2019

**Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)**  
**Statement of Profit and Loss for the year ended March 31, 2019**

(Amount in ₹ lakhs)

Particulars	Notes	For the year ended March 31, 2019	For the year ended March 31, 2018
I Revenue from operations		-	-
II Other income	17	316.40	-
<b>III Total income ( I+II )</b>		<b>316.40</b>	-
<b>IV Expenses</b>			
(i) Finance cost	18	1,507.74	892.58
(ii) Employee benefits expense	19	60.52	-
(iii) Other expenses	20	253.13	14.68
<b>Total expenses (IV)</b>		<b>1,821.39</b>	<b>907.26</b>
<b>V Loss before tax (III-IV)</b>		<b>(1,504.99)</b>	<b>(907.26)</b>
<b>VI Tax expense</b>			
(i) Current tax	21	4.17	-
(ii) Deferred tax	21	77.97	-
<b>VII Loss after tax for the year (V-VI)</b>		<b>(1,587.13)</b>	<b>(907.26)</b>
<b>Other comprehensive income</b>			
i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		5.73	-
ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other comprehensive income (VIII)</b>		<b>5.73</b>	-
<b>IX Total comprehensive loss for the year (VII+VIII)</b>		<b>(1,581.40)</b>	<b>(907.26)</b>
<b>Loss per share (Nominal value of shares ₹10/- each (Previous year ₹10/- each))</b>			
(i) Basic (in ₹)	28	(3,112.02)	(1,778.94)
(ii) Diluted (in ₹)	28	(3,112.02)	(1,778.94)

See accompanying notes forming part of the Ind AS financial statements

1-38

In terms of our report attached

**For Deloitte Haskins & Sells LLP**  
Chartered Accountants

**Khazat A. Kotwal**  
Partner



Place: Gurugram  
Date:

23 MAY 2019

**For and on behalf of the board of directors of**  
**Hospitalia Eastern Private Limited**

**Akshay Kumar Tiwari**  
Director  
DIN: 07930333

Place: Gurugram  
Date:

23 MAY 2019

**Rajneesh Kumar Mittal**  
Director  
DIN: 08298264

Place: Gurugram  
Date:

23 MAY 2019



Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)  
Statement of Cash Flows for the year ended March 31, 2019

(Amount in ₹ lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>Cash flow from operating activities</b>		
Loss before tax	(1,504.99)	(907.26)
Adjustments for:		
Profit on redemption of mutual funds	-	-
Net Gain/ loss arising on financial assets estimated at fair value through profit and loss	(316.31)	-
Finance cost	1,507.74	892.58
Miscellaneous expenses (Balances written off)	2.00	0.09
Advances written off	194.78	-
	<b>(116.78)</b>	<b>(14.59)</b>
Movements in working capital:		
(Increase)/ decrease in other current financial assets	0.73	(0.06)
(Increase)/ decrease in other current assets	-	-
Increase/ (decrease) in other liabilities	(3.81)	13.68
Increase/ (decrease) in trade payables	(2.45)	5.50
Increase/ (decrease) in provisions	73.24	(8.61)
<b>Cash generated from Operations</b>	<b>(49.07)</b>	<b>(4.08)</b>
Income taxes paid (including tax deducted at source)	82.14	-
<b>Net cash decrease in operating activities (A)</b>	<b>(131.21)</b>	<b>(4.08)</b>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment	(259.29)	(1,258.28)
Payments for investment in mutual funds	-	(3,200.00)
Proceeds from sale of investment in mutual funds	499.66	171.50
<b>Net cash increase / (decrease) used in investing activities (B)</b>	<b>240.37</b>	<b>(4,286.78)</b>
<b>Cash flow from financing activities</b>		
Repayment of non-current borrowings	-	(2,570.00)
Proceeds from non-current borrowings	-	7,082.50
Repayment of current borrowings	-	-
Interest paid	(88.07)	(219.90)
<b>Net cash (decrease)/ increase from financing activities (C)</b>	<b>(88.07)</b>	<b>4,292.60</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>21.09</b>	<b>1.74</b>
Total cash and cash equivalents at the beginning of the year	19.59	17.85
<b>Cash and cash equivalents at the end of the year</b>	<b>40.68</b>	<b>19.59</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	-	-
Balances with banks in current accounts	40.68	19.59
<b>Total</b>	<b>40.68</b>	<b>19.59</b>

\* Note: Changes in liabilities on account of financing activities

	As at March 31, 2018	Cash flows	Non-cash changes	As at March 31, 2019
Borrowings - Non current	16,562.40	-	(14,985.98)	1,576.42
Borrowings - Current	1,757.42	-	14,804.98	16,562.40
<b>Total liabilities from financing activities</b>	<b>18,319.82</b>	<b>-</b>	<b>(181.00)</b>	<b>18,138.82</b>

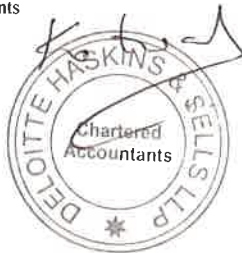
See accompanying notes forming part of the Ind AS financial statements

1-38

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

K. A.  
Khazat A. Kotwal  
Partner



Place: Gurugram  
Date:

23 MAY 2019

For and on behalf of the board of directors of  
Hospitalia Eastern Private Limited



Akshay Kumar Tiwari  
Director  
DIN: 07930333

Place: Gurugram  
Date:

23 MAY 2019

Rajneesh Kumar Mittal  
Director  
DIN: 08298264

Place: Gurugram  
Date:

23 MAY 2019

Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)  
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹ lakhs)

Particulars

a. Equity share capital

Balance as at March 31, 2017	5.10
Changes in equity share capital during the year	-
Balance as at March 31, 2018	5.10
Changes in equity share capital during the year	-
Balance as at March 31, 2019	5.10

b. Other equity

(Amount in ₹ lakhs)

Particulars	Deemed Equity	Retained earnings	Total other equity
Balance at April 01, 2017	-	(6,447.74)	(6,447.74)
Loss for the year	-	(907.26)	(907.26)
Balance as at March 31, 2018	-	(7,355.00)	(7,355.00)
Balance at April 01, 2018	-	(7,355.00)	(7,355.00)
Loss for the year	-	(1,587.13)	(1,587.13)
Deemed equity	217.26	-	217.26
Other comprehensive Income/ (loss) arising from remeasurement of defined benefit obligation, net of income tax	-	5.73	5.73
Balance as at March 31, 2019	217.26	(8,936.40)	(8,719.14)

See accompanying notes forming part of the Ind AS financial statements

1-38

In terms of our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Khazat A. Kotwal  
Partner



Place: Gurugram  
Date:

23 MAY 2019

For and on behalf of the Board of Directors of  
Hospitalia Eastern Private Limited

Akshay Kumar Tiwari  
Director  
DIN: 07930333

Place: Gurugram  
Date:

23 MAY 2019

Rajneesh Kumar Mittal  
Director  
DIN: 08298264

Place: Gurugram  
Date:

23 MAY 2019



**1. Corporate information**

- a) Hospitalia Eastern Private Limited (“HEPL” or “the Company”) was incorporated on September 21, 1988. The Company is a subsidiary of Fortis Health Management Limited (“FHML”) w.e.f. October 1, 2011. The ultimate holding company is IHH Healthcare Berhad. The Company is in the process of developing clinical establishments in three cities i.e. Chennai, Hyderabad and Ludhiana.

The registered office of the Company is located at D3, P3B, District Centre, Saket, Delhi-110017 and the corporate office of the Company is located at Tower A, Unitech Business Park, Block – F, South City 1, Sector – 41, Gurugram, 122001, Haryana, India.

- b) During the current year w.e.f. January 15, 2019, the NCDs held by RHT Health Trust Services Pte. Ltd. (RHSPL) have been sold to Fortis Healthcare Limited on January 15, 2019 pursuant to the Master Purchase Agreement dated 12 February 2018.

**2. Significant accounting policies**

**2.1 Basis of preparation**

The Ind AS financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under Section 133 read with Companies (Indian Accounting Standards) Rules, 2015 (as amended from time to time), Companies (Indian Accounting Standards) (Amendment) Rules, 2016 and the relevant provisions of the Companies Act, 2013 (the “Act”). Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

The Ind AS financial statements are presented in INR and all values are rounded to the nearest lakhs except when otherwise indicated.

The Ind AS financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each financial year.

Historical cost is generally based on the fair value of the consideration given in exchange of 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, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

**2.2 New and amended standards and interpretations**

The Company applied for the first time following amendment to the Ind AS which are effective for annual periods beginning on or after April 01, 2018. The nature and the impact of the amendment is described below:



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**i. New Indian Accounting Standard 115 (Ind AS) effective during the year.**

**Ind AS 115 'Revenue from contracts with customers'** was notified on March 28, 2018 and establishes a five-step model to account for revenue arising from contracts with customers. Under Ind AS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer.

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The company has not earned any revenue hence this standard is not applicable to company.

**ii. Amendments to Ind AS effective during the year**

**Amendments to Ind AS 12 - Recognition of deferred tax assets for unrealised losses**

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

The adoption of above Ind AS does not have material effect on the Company's Ind AS financial statements.

**Appendix B to Ind AS 21 - Foreign currency transactions and advance consideration**

The Appendix clarifies that, in determining the spot exchange rate to use on initial recognition of the related asset, expense or income (or part of it) on the derecognition of a non-monetary asset or non-monetary liability relating to advance consideration, the date of the transaction is the date on which an entity initially recognises the non-monetary asset or non-monetary liability arising from the advance consideration. If there are multiple payments or receipts in advance, then the entity must determine the transaction date for each payment or receipt of advance consideration.

Entities may apply the Appendix requirements on a fully retrospective basis. Alternatively, an entity may apply these requirements prospectively to all assets, expenses and income in its scope that are initially recognised on or after:

- (i) The beginning of the reporting period in which the entity first applies the Appendix, or
- (ii) The beginning of a prior reporting period presented as comparative information in the Ind AS financial statements of the reporting period in which the entity first applies the Appendix.

The adoption of above Ind AS does not have effect on the Company's Ind AS financial statements.

**Amendments to Ind AS 40 - Transfers of investment property**

The amendments clarify when an entity should transfer property, including property under construction or development into, or out of investment property. The amendments state that a change in use occurs when the property meets, or ceases to meet, the definition of investment property and there is evidence of the change in use. A mere change in management's intentions for the use of a property does not provide evidence of a change in use.

Entities should apply the amendments prospectively to changes in use that occur on or after the beginning of the annual reporting period in which the entity first applies the amendments. An entity should reassess the classification of property held at that date and, if applicable, reclassify property to reflect the conditions that exist at that date. Retrospective application in accordance with Ind AS 8 is only permitted if it is possible without the use of hindsight.

The Company does not have any investment property and thus, these amendments have no impact on Ind AS financial statements.



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**Amendments to Ind 112 - Disclosure of interests in other entities: clarification of the scope of disclosure requirements in Ind AS 112**

The amendments clarify that the disclosure requirements in Ind AS 112, other than those in paragraphs B10–B16, apply to an entity's interest in a subsidiary, a joint venture or an associate (or a portion of its interest in a joint venture or an associate) that is classified (or included in a disposal group that is classified) as held for sale. These amendments are not applicable to the Company.

**Ind AS 28 Investments in associates and joint ventures – clarification that measuring investees at fair value through profit or loss is an investment-by-investment choice**

The amendments clarify that:

- An entity that is a venture capital organisation, or other qualifying entity, may elect, at initial recognition on an investment-by-investment basis, to measure its investments in associates and joint ventures at fair value through profit or loss.
- If an entity, that is not itself an investment entity, has an interest in an associate or joint venture that is an investment entity, the entity may, when applying the equity method, elect to retain the fair value measurement applied by that investment entity associate or joint venture to the investment entity associate's or joint venture's interests in subsidiaries. This election is made separately for each investment entity associate or joint venture, at the later of the date on which: (a) the investment entity associate or joint venture is initially recognised; (b) the associate or joint venture becomes an investment entity; and (c) the investment entity associate or joint venture first becomes a parent.

These amendments are not applicable to the Company.

**2.3 Recent accounting pronouncements**

**(i) New Indian Accounting Standard (Ind AS) issued but not yet effective**

**Ind AS 116 Leases**

Ind AS 116 *Leases*, introduces a single lessee accounting model and requires a lessee to recognise assets and liabilities for all leases with a term of more than 12 months. Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-to-use asset for the right to use the underlying asset for the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term.

The new standard permit lessees to use either a full retrospective or a modified retrospective approach on transition for leases existing at the date of transition, with options to use certain transition reliefs.

Ind AS 116, was notified on March 30, 2019 by Ministry of Corporate Affairs and will be effective for periods beginning on or after April 01, 2019. This standard will replace the existing lease standard, Ind AS 17 *Leases*, and related interpretations. The Company is currently evaluating the impact that the adoption of this standard will have on its Ind AS financial statements.

**(ii) Amendment to Ind AS issued but not yet effective**

**Ind AS 12 Income taxes (amendments relating to income tax consequences of dividend and uncertainty over income tax treatments)**

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Company does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.



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The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Company does not expect any material impact of the amendment on its Ind AS financial statements.

#### **Ind AS 109 Prepayment Features with Negative Compensation**

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments. The Company does not expect this amendment to have any material impact on its Ind AS financial statements.

#### **Ind AS 19 Plan Amendment, Curtailment or Settlement**

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Company does not expect this amendment to have any material impact on its Ind AS financial statements.

#### **Ind AS 23 Borrowing Costs**

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Company does not expect this amendment to have any material impact on its Ind AS financial statements.

#### **Ind AS 28 Long-term Interests in Associates and Joint Ventures**

The amendments clarify that an entity applies Ind AS 109 *Financial Instruments*, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied. The Company does not expect this amendment to have any impact on its Ind AS financial statements.

#### **Ind AS 103 Business Combinations and Ind AS 111 Joint Arrangements**

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business. The Company does not expect this amendment to have any impact on its Ind AS financial statements.

### **2.4 Leasing**

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

#### **The Company as lessee**

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease.



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## 2.5 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.

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

## 2.6 Employee benefits

Employee benefits include provident fund, gratuity fund and compensated absence.

### (a) Defined benefit plan

Defined retirement benefit plan comprises of gratuity, which is recognised based on the present value of defined benefit obligation and is computed using the projected unit credit method, with actuarial valuations being carried out at the end of each annual reporting period.

Defined benefit costs are categorised as follows:

- service cost;
- net interest expense or income; and
- remeasurement

The Company presents the first two components (i.e. service cost and net interest expense/income) of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense'.

Net interest on the net defined liability is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset and is recognised in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss.

### (a) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for a period beyond 12 months after the end of the financial year. Where Company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

### (b) Defined contribution plan

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and contribution to Employee State Insurance in accordance with Employees State Insurance Act 1948. Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.



## 2.7 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### i) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the financial year.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India.

### ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Ind AS financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the financial year, to recover or settle the carrying amount of its assets and liabilities.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set-off current tax assets against current tax liabilities and the deferred tax assets and deferred taxes relate to the same taxable Company and the same taxation authority.

### iii) Current and deferred tax for the year

Current and deferred tax are recognised in the statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.8 Property, plant and equipment (PPE)

For transition to Ind AS, the Company had elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Freehold land is not depreciated.



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### Components of costs

The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalisation criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising of direct cost, related incidental expenses and attributable interest and such properties are classified to the appropriate categories of property, plant and equipment when completed and ready to use.

The carrying amount of a property, plant and equipment is de-recognised upon disposal of property, plant and equipment or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss.

## 2.9 Impairment

### (a) Tangible asset

At the end of each year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the statement of profit and loss.

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the statement of profit and loss.

### (b) Capital work-in-progress

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

## 2.10 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the financial year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.



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## 2.11 Contingent liabilities

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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Ind AS financial statements.

## 2.12 Earnings per share

The Company presents basic and diluted earnings per share ("EPS") data for its equity shares.

Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented.

## 2.13 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

## 2.14 Financial instrument

Financial assets and financial liabilities are recognised when a Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in statement of profit and loss.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

### Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and



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- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

#### **Effective interest method**

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in statement of profit and loss and is included in the "Other income" line item.

#### **Impairment of financial assets**

The Company applies the expected credit loss model for recognising impairment loss on its financial assets measured at amortised cost. The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition.

For measuring lifetime expected credit loss allowance for trade receivables, the Company use a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

#### **Derecognition of financial assets**

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in statement profit and loss if such gain or loss would have otherwise been recognised in statement of profit and loss on disposal of that financial asset.

#### **Financial liabilities and equity instruments**

##### **Classification as debt or equity**

Debt and equity instruments issued by a Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

##### **Equity instruments**

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.



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### Financial liabilities

All financial liabilities of Company are subsequently measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

### 2.15 Cash and cash equivalents (for the purpose of cash flow statement)

Cash and cash equivalents in cash flow statement comprise cash at bank and on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

### 3. Critical accounting judgement, estimates and assumptions

The preparation of the Ind AS financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these Ind AS financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the Ind AS financial statements are included in the following accounting policies and/or notes:

#### 3.1 Significant accounting estimates

##### (a) Impairment of assets

In assessing the property, plant and equipment for impairment, factors such as changes in the Company's business plans are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of the assets.

##### (b) Defined benefit plans

The cost of the defined benefit plan and other long term employees benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.



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**3.2 Significant judgement**

**(a) Going concern**

The Company has prepared its Ind AS financial statements using the going concern assumption. Refer note - 36 of Ind AS financial statements.



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Hospitalia Eastern Private Limited

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

4a. Property, plant and equipment

Particulars	(Amount in ₹ lakhs)	
	Freehold land	Total
<b>Gross block</b>		
<b>As at April 01, 2017</b>	6,124.71	6,124.71
Additions	-	-
Disposals	-	-
<b>As at March 31, 2018</b>	6,124.71	6,124.71
Additions	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	6,124.71	6,124.71
<b>Accumulated depreciation</b>		
<b>As at April 01, 2017</b>	-	-
Charge for the year	-	-
Disposals	-	-
<b>As at March 31, 2018</b>	-	-
Charge for the year	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	-	-
<b>Carrying amount:</b>		
<b>As at March 31, 2019</b>	6,124.71	6,124.71
<b>As at March 31, 2018</b>	6,124.71	6,124.71

Notes:

Freehold land with carrying amount of ₹ 6,124.71 lakhs (as at March 31, 2018: ₹ 6,124.71 lakhs) and moveable fixed assets of the Company has been pledged as security to Axis Trustee Services Limited (Security trustee) against non-convertible debentures. (Refer note - 24(a)(i))

4b. Capital work-in-progress

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Capital work-in-progress	6,469.61	6,477.85



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>5. Other assets</b>		
<b>Non-current</b>		
<b>Unsecured</b>		
Capital advances	149.94	160.83
Advance against leasehold land (refer note - 32)	194.78	194.78
Less: Allowance for doubtful advances	(194.78)	-
	-	194.78
<b>Total Other assets</b>	<b>149.94</b>	<b>355.61</b>
<b>6. Investments</b>		
<b>Current</b>		
<b>Quoted investment (measured at fair value through profit and loss)</b>		
Investment in mutual funds		
354,720,575 units (529,342,611 units as at March 31, 2018) of ₹299.00/- each fully paid up of Aditya Birla Sun Life-Cash Plus Growth Regular Plan	1,060.63	1,472.79
6,848,552,815 units (6,848,552,815 units as at March 31, 2018) of ₹26.27/- each fully paid up of Franklin India Ultra Short Bond Fund - Super Institutional Plan	1,799.03	1,647.08
<b>Total current investments</b>	<b>2,859.66</b>	<b>3,119.87</b>
<b>Aggregate carrying value of quoted investments</b>	<b>2,859.66</b>	<b>3,119.87</b>
<b>7. Cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the Statement of cash flows can be reconciled to the related items in the balance sheet as follows:		
(a) Balances with banks		
-in current accounts	40.68	19.59
	<b>40.68</b>	<b>19.59</b>
<b>8. Other financial assets</b>		
<b>Current</b>		
<b>Unsecured, considered good - measured at amortised cost</b>		
Security deposits	-	0.67
Advance to employees	-	0.06
	-	<b>0.73</b>
<b>9. Borrowings</b>		
(a) <b>Non-current</b>		
<b>Secured - measured at amortised cost</b>		
Non-convertible debentures		
Nil (700,000 as at March 31, 2018), 13.15% Non-convertible debentures (NCDs) of ₹1,000/- each (refer note - 24(a)(i))	-	7,000.00
	-	<b>7,000.00</b>
<b>Unsecured - measured at amortised cost</b>		
Redeemable preference share capital (refer note - 24(d))	-	1,390.00
Optionally convertible debentures (refer note - 24(b)(i))	-	7,800.00
Nil (780,000 as at March 31, 2018) debentures of ₹1,000/- each	-	-
Loan from related parties (refer note - 24(b)(ii) and (iii))	-	372.40
Interest free loan from related party (refer note - 24(c))	1,576.42	-
	<b>1,576.42</b>	<b>9,562.40</b>
	<b>1,576.42</b>	<b>16,562.40</b>
(b) <b>Current</b>		
<b>Secured - measured at amortised cost</b>		
Non-convertible debentures		
700,000 (Nil as at March 31, 2018), 13.15% Non-convertible debentures (NCDs) of ₹1,000/- each (refer note - 24(a)(i))	7,000.00	-
<b>Unsecured - measured at amortised cost</b>		
Redeemable preference share capital (refer note - 24(d))	1,390.00	-
Optionally convertible debentures (refer note - 24(b)(i))	7,800.00	-
780,000 (Nil as at March 31, 2018) debentures of ₹1,000/- each	-	-
Loan from related parties (refer note - 24(b)(ii) and (iii))	372.40	-
Interest free loan from related party (refer note - 24(c))	-	1,757.42
	<b>16,562.40</b>	<b>1,757.42</b>



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>10 Equity share capital</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
4,500,000 (4,500,000 as at March 31, 2018) equity shares of ₹10 each	450.00	450.00
<b>Total authorised share capital</b>	<b>450.00</b>	<b>450.00</b>
<b>Issued, subscribed and fully paid up</b>		
51,000 (51,000 as at March 31, 2018) equity shares of ₹10 each	5.10	5.10
<b>Total issued, subscribed and fully paid up share capital</b>	<b>5.10</b>	<b>5.10</b>

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

Particulars	(Amount in ₹ lakhs)			
	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Number	Amount	Number	Amount
At the beginning of the year	51,000	5.10	51,000	5.10
<b>Outstanding at the closing of the year</b>	<b>51,000</b>	<b>5.10</b>	<b>51,000</b>	<b>5.10</b>

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

(c) Shares held by the holding Company

Name of shareholder	(Amount in ₹ lakhs)			
	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	Amount	No. of shares held	Amount
Fortis Health Management Limited, the holding company*	51,000	5.10	51,000	5.10

\*including 6 equity shares held by its nominees.

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

Name of shareholder	As at March 31, 2019		As at March 31, 2018	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Health Management Limited, the holding company*	51,000	100	51,000	100

\*including 6 equity shares held by its nominees.

**11 Other equity**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>Retained earnings</b>		
Opening balance	(7,355.00)	(6,447.74)
Loss for the year	(1,587.13)	(907.26)
Deemed equity (refer note below)	217.26	-
Other comprehensive Income arising from remeasurement of defined benefit obligation, net of income tax	5.73	-
<b>Closing balance</b>	<b>(8,719.14)</b>	<b>(7,355.00)</b>

**Note:**

Fortis Healthcare Limited, the enterprise having significant influence over the Company has granted the interest free loan to the Company. During the year, Fortis Healthcare Limited has become the intermediate holding of the Company w.e.f. January 15, 2019. The difference between the fair value of the interest free loan and the carrying value of the loan as at January 15, 2019 has been considered as deemed equity.



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Hospitalia Eastern Private Limited

Notes to Ind AS financial statements as at and for the year ended March 31, 2019

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>12. Provisions</b>		
<b>(a) Non-current</b>		
<b>Provision for employee benefits</b>		
(i) Provision for gratuity (refer note - 25)	7.78	13.48
(ii) Provision for compensated absences	1.68	4.19
	<b>9.46</b>	<b>17.67</b>
<b>(b) Current</b>		
<b>Provisions for employee benefits</b>		
(i) Provision for gratuity (refer note - 25)	0.20	0.65
(ii) Provision for compensated absences	0.05	0.29
<b>Provision - others</b>		
(i) Provision for income tax	4.17	-
	<b>4.42</b>	<b>0.94</b>
<b>13. Other liabilities</b>		
<b>(a) Non-current</b>		
Advances from customers (refer note - 24(c))	-	432.64
	-	<b>432.64</b>
<b>(b) Current</b>		
Statutory dues payables	26.71	36.25
	<b>26.71</b>	<b>36.25</b>
<b>14. Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises (refer note - 29)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	19.84	22.29
	<b>19.84</b>	<b>22.29</b>
<b>15. Other financial liabilities</b>		
<b>(a) Non-current</b>		
(a) Interest accrued but not due on borrowings	-	4,261.79
(b) Payable to related parties	2.25	2.25
	<b>2.25</b>	<b>4,264.04</b>
<b>(b) Current</b>		
(a) Interest accrued but not due on borrowings	5,840.91	-
(b) Capital creditors	238.26	354.61
	<b>6,079.17</b>	<b>354.61</b>
<b>16. Deferred tax liabilities (Net)</b>		
<b>Net deferred tax recognised:</b>		
<b>Deferred tax liabilities in relation to:</b>		
Unrealised gain on mutual fund	77.97	-
	<b>77.97</b>	<b>-</b>
<b>Deferred tax liabilities recognised in books</b>	<b>77.97</b>	<b>-</b>



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**Hospitalia Eastern Private Limited**  
**Notes to Ind AS financial statements as at and for the year ended March 31, 2019**

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>17. Other income</b>		
(a) Net Gain arising on financial assets estimated at fair value through profit and loss	316.31	-
(b) Miscellaneous income	0.09	-
	<u>316.40</u>	<u>-</u>
<b>18. Finance cost</b>		
(a) Interest expenses		
- on optionally convertible debentures measured at amortised cost	702.00	702.00
- on interest free loan from related parties measured at amortised cost (refer note - 24(c))	148.22	150.63
- on Non convertible debentures measured at amortised cost	612.83	-
- on loan from related parties measured at amortised cost	44.69	39.95
	<u>1,507.74</u>	<u>892.58</u>
<b>19. Employee benefits expense</b>		
(a) Salaries and wages	54.41	-
(b) Gratuity (Refer note 25)	2.29	-
(c) Leave encashment	0.51	-
(d) Contribution to provident and other funds	3.31	-
	<u>60.52</u>	<u>-</u>
<b>20. Other expenses</b>		
(a) Legal and professional fee	7.47	3.60
(b) Rates and taxes	4.79	2.44
(c) Directors sitting fees	0.59	0.35
(d) Payment to auditors (including goods and services tax)		
- Audit fee	8.68	6.47
- reimbursement of expenses	0.63	0.42
- other services	6.82	-
(e) Bank charges	1.03	1.31
(f) Repairs & Maintenance		
- Others	10.17	-
(g) Power fuel and water	2.68	-
(h) Rent		
- Others	0.42	-
(i) Travel and conveyance	0.48	-
(j) Communication expenses	0.46	-
(k) Insurance	4.39	-
(l) Security expenses	5.80	-
(m) Bad debts written off	2.00	-
(n) Provision for doubtful advances	194.78	-
(o) Miscellaneous expenses	1.94	0.09
	<u>253.13</u>	<u>14.68</u>
<b>21 Tax expense</b>		
<b>Recognised in statement of profit and loss account</b>		
<b>Current tax</b>		
(a) In respect of the current year	4.17	-
	<u>4.17</u>	<u>-</u>
<b>Deferred tax (refer note 16)</b>		
(a) In respect of the current year	77.97	-
	<u>77.97</u>	<u>-</u>
<b>Tax expense recognised through statement of profit and loss account</b>	<u>82.14</u>	<u>-</u>
<b>Recognised in other comprehensive income</b>		
<b>Deferred tax</b>		
(a) In respect of the current year	-	-
<b>Tax credit recognised through other comprehensive income</b>	<u>-</u>	<u>-</u>



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## 22. Related party disclosures

## (i) Names of the related parties and related party relationship

Ultimate holding company	IHH Healthcare Berhad (w.e.f. January 15, 2019) RHT Health Trust (up to January 14, 2019)
Intermediate Holding Company	Integrated Healthcare Holdings Limited (w.e.f. January 15, 2019) Parkway Pantai Limited (w.e.f. January 15, 2019) Northern TK Venture Pte Limited (w.e.f. January 15, 2019) Fortis Healthcare Limited (w.e.f. January 15, 2019)
Holding company	Fortis Health Management Limited
Fellow subsidiary	International Hospital Limited RHT Health Trust Services Pte. Limited (up to January 14, 2019) Fortis Hospitals Limited (w.e.f. January 15, 2019)
Key management personnel	Mr. Sunil Kumar Singla, Director (up to January 14, 2019) Mr. Naveen Bhatia, Director (up to December 13, 2017) Mr. Siddhant Jain, Director (w.e.f. December 14, 2017) (up to January 14, 2019) Mr. Varun Rustagi, Director (up to February 27, 2018) Mr. Vishesh Verma, Director (w.e.f. February 28, 2018) (up to January 14, 2019) Mr. Akshay Kumar Tiwari (w.e.f. January 15, 2019) Mr. Arun Kumar Rastogi (w.e.f. January 15, 2019) Mr. Jitender Kumar (w.e.f. January 15, 2019) Mr. Rajneesh Kumar Mittal (w.e.f. January 15, 2019) Ms. Aarti Singh, Independent Director (up to January 14, 2019) Mr. Sangeet Kumar Singla, Independent Director (up to January 14, 2019)
Enterprises having significant influence over reporting enterprise	Fortis Healthcare Limited (up to January 14, 2019)
Group entities of enterprise having significant influence over reporting enterprise	Fortis Hospitals Limited (up to January 14, 2019) RWL Healthworld Limited (up to February 16, 2018)



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**Hospitalia Eastern Private Limited**

**Notes to Ind AS financial statements for the year ended March 31, 2019**

Particulars	For the year ended March 31, 2019			For the year ended March 31, 2018			Enterprise having significant influence over reporting enterprise			
	Holding company (refer note 2)	Fellow subsidiary (refer note 2)	Group entities of enterprise having significant control over reporting enterprise (refer note 2)	Key Managerial Personnel (KMP)	Enterprise having significant influence over reporting enterprise (refer note 2)	Holding company		Fellow subsidiary	Group entities of enterprise having significant control over reporting enterprise	Key Managerial Personnel (KMP)
<b>Transactions during the year</b>										
<b>Finance cost</b>										
Interest on non convertible debentures (capitalised)	-	920.50	-	-	-	-	-	383.33	-	-
- RHT Health Trust Services Pte. Limited	-	-	-	-	-	-	-	-	-	-
Interest on loan from related parties	30.29	-	-	-	-	-	-	26.35	-	-
- Fortis Health Management Limited	-	-	-	-	-	-	-	-	-	-
- International Hospital Limited	-	-	-	-	-	-	-	13.60	-	-
Interest on optionally convertible debentures	-	702.00	-	-	-	-	-	702.00	-	-
- International Hospital Limited	-	-	-	-	-	-	-	-	-	-
Interest on interest free loan (at effective interest rate)	2.96	145.26	-	-	-	-	-	-	147.62	3.01
- Fortis Hospitals Limited	-	-	-	-	-	-	-	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-
Directors sitting fees	-	-	-	-	-	-	-	-	-	-
Mr. Arun Kumar Tripathy	-	-	-	-	-	-	-	-	-	0.10
Mr. Sangeet Kumar Singh	-	-	-	-	-	-	-	-	-	0.20
Mr. Aarti Singh	-	-	-	-	-	-	-	-	-	-
<b>Loan taken during the year</b>										
Non convertible debentures	-	-	-	-	-	-	-	7,00,00,00	-	-
- RHT Health Trust Services Pte. Limited	-	-	-	-	-	-	-	-	-	-
Loan from related parties	-	-	-	-	-	-	-	72.50	-	-
- Fortis Health Management Limited	-	-	-	-	-	-	-	-	-	-
- International Hospital Limited	-	-	-	-	-	-	-	18,00,00	-	-
Financial guarantees issued on the behalf of International Hospital Limited	-	-	-	-	-	-	-	-	-	17,00,00,00

**Note:**

1. During the year 2017-18, the Non convertible debentures issued to RHT Health Trust Services Pte. Limited was secured by way of financial guarantee given by International Hospital Limited, Fortis Health Management Limited and Escorts Heart and Super Speciality Hospital Limited w.e.f. January, 15, 2019; the same have been transferred to Fortis Healthcare Limited
2. Fortis Hospitals Limited was Group entities of enterprise having significant influence of the Company up to January, 14, 2019 and has become the Fellow subsidiaries w.e.f. January, 15, 2019 (Refer note 1(b)). The transactions entered by the Company with Fortis Hospitals Limited has been reported for the year as a whole and not bifurcated in the transaction up to January, 14, 2019 and from January, 14, 2019 to March 31, 2019
3. Fortis Healthcare Limited was Group entities of enterprise having significant influence of the Company up to January, 14, 2019 and has become the Intermediate Holding Company w.e.f. January, 15, 2019 (Refer note 1(b)). The transactions entered by the Company with Fortis Healthcare Limited has been reported for the year as a whole and not been bifurcated in the transaction up to January, 14, 2019 and from January, 14, 2019 to March 31, 2019



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements for the year ended March 31, 2019

(iii) Details of outstanding balances

Particulars	As at March 31, 2019			As at March 31, 2018			(Amount in ₹ lakhs)	
	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting	Enterprise having significant influence over reporting enterprise	Holding company	Fellow subsidiary		Group entities of enterprise having significant control over reporting
<b>Balance outstanding at the year end</b>								
<b>Loan from related parties</b>								
- Fortis Health Management Limited	252.40	-	-	-	252.40	-	-	-
- International Hospital Limited	-	120.00	-	-	-	120.00	-	-
<b>Non convertible debentures</b>								
- RHT Health Trust Services Pte Limited	-	-	-	-	-	-	-	-
- Fortis Healthcare Limited	7,000.00	-	-	-	-	7,000.00	-	-
<b>Optionally convertible debentures</b>								
- International Hospital Limited	-	7,800.00	-	-	-	7,800.00	-	-
<b>Interest accrued but not due on</b>								
<b>Loan from related parties</b>								
- Fortis Health Management Limited	-	-	-	-	-	-	-	-
- International Hospital Limited	-	60.42	-	-	90.30	-	-	-
<b>Optionally convertible debentures</b>								
- International Hospital Limited	-	4,436.21	-	-	-	3,762.28	-	46.60
<b>Non convertible debentures</b>								
- RHT Health Trust Services Pte Limited	1,224.14	-	-	-	-	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	-	-	-
<b>Payable for expenses</b>								
- Fortis Health Management Limited	2.25	-	-	-	2.25	-	-	-
<b>Redeemable preference shares</b>								
- Fortis Health Management Limited	1,390.00	-	-	-	1,390.00	-	-	-



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements for the year ended March 31, 2019

(iii) Details of outstanding balances

Particulars	As at March 31, 2019				As at March 31, 2018			(Amount in ₹ lakhs)
	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting	Enterprise having significant influence over reporting enterprise	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting	
<b>Advance from customers</b>								
- Fortis Hospitals Limited	-	533.71	-	-	-	-	423.99	-
- Fortis Healthcare Limited	10.89	-	-	-	-	-	-	8.65
<b>Interest free loans (including interest accrued at effective interest rate)</b>								
- Fortis Hospitals Limited	-	1,576.42	-	-	-	-	1,725.59	-
- Fortis Healthcare Limited	31.83	-	-	-	-	-	-	31.83
<b>Financial guarantees issued on the behalf of</b>								
- International Hospital Limited	-	17,000.00	-	-	-	-	17,000.00	-

Note:-

1. During the year 2017-18, the non convertible debentures issued to RHT Health Trust Services Pte. Limited was secured by way of financial guarantees given by International Hospital limited, Fortis Health Management Limited and Escorts Heart and Super Speciality Hospital Limited. w.e.f January 15, 2019, the same have been transferred to Fortis Healthcare Limited (Holding Company) (refer note 24(a)(i)).



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23. Commitments

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance of ₹ 149.94 lakhs) ₹160.83 lakhs as at March 31, 2018)	1,591.58	1,709.35

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

24. Borrowings

a. Secured borrowing

i) Non-convertible debentures (NCDs)

- A. The Company had issued the NCDs to RHT Health Trust Services Pte. Limited on October 31, 2017 which was sold to Fortis Healthcare Limited on January 15, 2019 (refer note 1(b)). The details are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Number of debentures	700,000	700,000
Principal amount (₹ in lakhs)	7,000.00	7,000.00
Accrued interest (₹ in lakhs)	1,224.14	362.61
Borrowing cost capitalised as tangible work in progress during the year (₹ in lakhs)	307.67	383.33
Rate of Interest (p.a.)	13.15%	13.15%
Terms of redemption	The maturity date of NCDs' is October 30, 2035.	

As per the terms of the agreement dated October 24, 2017, the above NCDs were secured through Axis Trustee Services Limited ("Trustee") by pledging freehold land at Ludhiana (along with buildup property) and current and future fixed movable assets of Ludhiana clinical establishment. Charge has been created on the bank accounts maintained at Ludhiana and Corporate locations w.e.f. January 15, 2019.

- B. The principal amount of NCD is repayable on October 30, 2035 and the interest on NCDs is payable on the half yearly basis i.e. June 29 and December 29 of every year. The accrued interest as at March 31, 2019 was due for repayment on June 29, 2019.

During the previous year ended March 31, 2018, the Company had defaulted in payment of interest as per the terms of the agreement. As per the amended agreement, consequent to the default in payment of interest, the outstanding principal and interest was repayable on demand. However, subsequent to the year ended March 31, 2018, the Board of Directors of RHT Health Trust Services Pte. Limited (RHSPL), the erstwhile lender of NCDs had confirmed through an extension letter dated September 24, 2018 that they will not call for the outstanding interest or/and principal till the time, the Company is not in a position to make these payments. The Company did not expect to repay the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding liabilities as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the extension letter received from RHSPL as mentioned above became invalid due to change in holder of the instrument from RHSPL to Fortis Healthcare Limited (refer note 1(b) for details). The Company continues with the default in the payment of interest and consequent to the default in the current year and hence, the outstanding principal and interest are repayable on demand. Therefore, the outstanding liabilities has been re-classified from non-current to current as at March 31, 2019.



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b. Unsecured borrowings

i) Optionally convertible debentures (OCD)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Number of OCDs issued	780,000	780,000
Principal amount (₹ in lakhs)	7,800	7,800
Rate of interest (p.a.)	9% to 22% depending upon Earnings before interest and tax (EBIT) of the Company. For the year ended March 31, 2019, EBIT is less than ₹ 1,200 lakhs (for year ended March 31, 2018, EBIT is less than ₹ 1,200 lakhs), therefore, interest rate is 9% p.a. (for the year ended March 31, 2018 @ 9% p.a.)	
Accrued interest (₹ in lakhs)	4,436.21	3,762.28
Repayment term	The maturity date of OCD is September 16, 2030.	

B. The principal amount of OCD is repayable on September 16, 2030 or earlier by giving six months' notice. The lender has the option to convert the outstanding amount into equity shares. The interest on the optionally convertible debentures is payable on monthly basis or can be deferred up to a period of 5 years on a mutually agreement basis.

During the previous year ended March 31, 2018, the Company had defaulted in payment of the interest amount as per the terms of the agreement. Consequent to the default in payment of interest, the outstanding principal and interest were repayable on demand. However, subsequent to the year ended March 31, 2018, the Board of Directors of International Hospital Limited (IHL) had confirmed through an extension letter dated September 24, 2018 that they will not call for the outstanding interest or/and principal till the time the Company is not in a position to make these payments. The Company did not expect to repay the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding liabilities as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the letter provided by IHL has been revoked. The Company continues with the default in the payment of interest and consequent to the default as per the terms of agreement, the outstanding principal and interest are repayable on demand. Therefore, the outstanding liabilities has been re-classified from non-current to current as at March 31, 2019.

ii) Loan from related party

A. The Company obtained loan from Fortis Health Management Limited. The details are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount (₹ in lakhs)	252.40	252.40
Rate of interest (p.a.)	12%	12%
Accrued interest (₹ in lakhs)	120.14	90.30

B. As per the terms of the loan agreement dated March 31, 2017, principal amount is repayable on 31 March 2019 and the interest is payable on demand or as mutually agreed between the parties.

During the previous year ended March 31, 2018, the Board of Directors of Fortis Health Management Limited had confirmed through an extension letter dated September 24, 2018 that they will not call for the outstanding interest or/and principal till the time, the Company is not in a position to make these payments. The Company did not expect to repay the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding liabilities as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.



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During the current year ended March 31, 2019, the letter provided by Fortis Health Management Limited has been revoked. As per the terms of agreement, the outstanding principal and interest are repayable on demand. Therefore, the outstanding liabilities has been re-classified from non-current to current as at March 31, 2019.

### iii) Loan from related party

A. The Company obtained loan from International Hospital Limited. The details are as follows:

Particulars	As at March 31, 2019	As at March 31, 2018
Principal amount (₹ in lakhs)	120.00	120.00
Rate of interest (p.a.)	12%	12%
Accrued interest (₹ in lakhs)	60.42	46.60

B. As per the terms of the loan agreement dated March 31, 2017, principal amount is repayable on 31 March 2019 and the interest is payable on demand or as mutually agreed between the parties.

During the previous year ended March 31, 2018, the Board of Directors of International Hospital Limited had confirmed through an extension letter dated September 24, 2018 that they will not call for the outstanding interest or/and principal till the time, the Company is not in a position to make these payments. The Company did not expect to repay the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding liabilities as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the letter provided by International Hospital Limited has been revoked. As per the terms of agreement, the outstanding principal and interest are repayable on demand. Therefore, the outstanding liabilities has been re-classified from non-current to current as at March 31, 2019.

### c. Interest free loan from related party

The Company received interest free loan amounting to ₹ 1,761.85 lakhs from Fortis Hospitals Limited and ₹ 31.83 lakhs from Fortis Healthcare Limited in tranches starting from July, 2014 till February 2016. This loan is refundable upon completion of construction of clinical establishment at Ludhiana or as mutually agreed between the parties. Using prevailing market interest rate of 9% for an equivalent loan, fair value of the loan has been computed and difference between transaction value and fair value has been recognised as advance received from customer since as per terms of agreement, the loan amount is adjustable against service fees as per HMSA which will be entered up on completion of hospital. Interest expense is computed at effective rate of interest at end of each financial year.

Details of loan is as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Amount received (₹ in lakhs) (a)	1,793.68	1,793.68
Fair value of loan (b)	1,249.08	1,361.04
Advance received from customer (c) = (a) - (b)	544.60	432.64
Interest expense	148.22	150.63
Interest accrued (d)	544.60	396.38
Deemed equity (e)	217.26	-
Amount of loan outstanding (refer note below) (f) = (b) + (d) - (e)	1,576.42	1,757.42



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**d. Redeemable preference share capital**

The Company issued redeemable preference shares to Fortis Health Management Limited (originally to Vectra Pharmaceuticals Private Limited) on April 4, 2011.

Particulars	As at March 31, 2019	As at March 31, 2018
Number of preference shares issued	90,000	90,000
Principal amount (₹ in lakhs)	9.00	9.00
Redemption amount (₹ in lakhs)	1350.00	1350.00
Terms of redemption	The maturity date of preference shares is April 03, 2021 or early redemption by giving notice of 30 days	

The Company issued redeemable preference shares to Fortis Health Management Limited on October 1, 2011.

Particulars	As at March 31, 2019	As at March 31, 2018
Number of preference shares issued	400,000	400,000
Principal amount (₹ in lakhs)	40.00	40.00
Redemption amount (₹ in lakhs)	40.00	40.00
Terms of Redemption	The maturity date of preference shares is October 01, 2021 or early redemption by giving notice of 30 days.	

The principal amount of preference shares is repayable on October 01, 2021. These shares are non-cumulative. Fortis Health Management Limited has an option for early redemption i.e. by giving 30 days' notice.

During the previous year ended March 31, 2018, the Board of Directors of Fortis Health Management Limited had confirmed through an extension letter dated September 24, 2018 that they will not call for the amount of principal for redeemable preference shares as long as the Company is not in a position to make these payments. The Company did not expect to repay the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding liabilities as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the letter provided by the Fortis Health Management Limited has been revoked. As per the terms of agreement, the outstanding principal and interest are repayable on demand. Therefore, the outstanding liabilities has been re-classified from non-current to current as at March 31, 2019.

**25. Employee benefits plan:****Defined contribution plan**

The Company makes provident fund contributions that is defined contribution plan, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company have charged ₹ 1.71 lakhs (previous year Nil) to statement of profit and loss account and have capitalised ₹ 0.79 lakhs (₹4.74 lakhs as at March 31, 2018) for provident fund contributions. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.

**Defined benefit plan**

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



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

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>i. Movement in net liability</b>		
Present value of obligation at the beginning of the year	14.13	17.49
Current service cost	1.32	2.00
Interest cost	0.97	0.97
Amount recognised to OCI	(5.73)	1.31
Plan amendments cost / (credit)		
Benefits paid	(2.71)	(7.64)
<b>Total</b>	<b>7.98</b>	<b>14.13</b>
Present value of obligations at the end of the year-Current	0.20	0.65
Present value of obligations at the end of the year-Non-Current	7.78	13.48

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
<b>ii. Expense recognised in Ind AS statement of profit and loss is as follows:</b>		
Service cost	1.32	2.00
Past service cost	-	-
Interest cost	0.97	0.97
<b>Amount charged to Ind AS statement of profit and loss</b>	<b>2.29</b>	<b>2.97</b>
<b>iii. Expense recognised in other comprehensive income is as follows:</b>		
Net actuarial (gain)/loss due to experience adjustment recognised during the year	(5.80)	2.09
Net actuarial loss due to assumptions changes recognised during the year	0.07	(0.78)
<b>Amount charged to other comprehensive income</b>	<b>(5.73)</b>	<b>1.31</b>

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

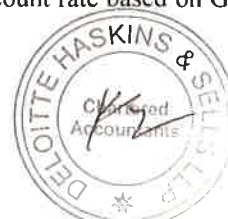
Principal actuarial assumptions for gratuity and compensated absences	For the year ended March 31, 2019	For the year ended March 31, 2018
Rate for discounting liabilities	7.50%	7.60%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%
Mortality table used	Indian assured lives mortality (2006-08) (modified) ult.	Indian assured lives mortality (2006-08) (modified) ult.

The gratuity scheme is a defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of services and paid lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

- a) Interest rate risk- The defined benefit obligation is calculated using discount rate based on Government bonds. If bond yields fall the defined benefit obligation will tend to increase.



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- b) Salary inflation risk - Higher than expected increase in salary will increase the defined benefit obligation.
- c) Demographic risk - This is the risk variability of results due to unsystematic nature of decrements that include mortality, withdrawal disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

**Notes:**

- a) The estimates of future salary increases, considered in actuarial valuation, takes into account 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 discounted rate, expected salary increase and mortality. The sensitivity analyses below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.
- If the discount rate is 0.5% higher (Lower), the defined benefit obligation would increase by ₹0.34 lakhs (Decrease by ₹0.37 lakhs), as at March 31, 2018: decrease by ₹ 0.73 lakhs (increase by ₹ 0.78 lakhs).
  - If the expected salary growth increases (decreases) by 1% (previous year 0.5%) the defined benefit obligation would increase by ₹.74 lakhs (Decrease by ₹.67 lakhs), as at March 31, 2018: increase by ₹ 0.78 lakhs (decrease by ₹ 0.73 lakhs).
  - If the withdrawal rate increases (decreases) by 0.5% the defined benefit obligation would increase by ₹ 0.01 lakhs (decrease by ₹ Nil, as at March 31, 2018: decrease by ₹ 0.05 lakhs (increase by ₹ 0.03 lakhs).

**Method used for sensitivity analysis**

The above sensitivity results determine their individual impact on the plan's year end defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Ind AS balance sheet.

There was no change in the methods and assumption, except the discount rate, used in the preparing the sensitivity analysis from prior year.

**26. 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 Company is not subject to any externally imposed capital requirements.

The Company's Board review the capital structure of the Company on need basis. The funding requirements are met through a mixture of internal fund generation, convertible debt securities, borrowings from bank and other borrowings from related parties. The Company has received support letter from its intermediary holding company, i.e. Fortis Healthcare Limited for continuous unconditional financial support enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS financial statements.

**ii) Categories of financial instruments**

**(a) Details of financial assets measured at fair value through profit or loss is as follows:**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Investments in mutual funds	2,859.66	3,119.87
<b>Total</b>	<b>2,859.66</b>	<b>3,119.87</b>



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## (b) Details of financial assets measured at amortised cost is as follows:

(Amount in ₹ lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amortised cost	Fair value	Amortised cost	Fair value
Cash and cash equivalents	40.68	40.68	19.59	19.59
Other financial assets (current)	-	-	0.73	0.73
<b>Total</b>	<b>40.68</b>	<b>40.68</b>	<b>20.32</b>	<b>20.32</b>

## (c) Details of financial liabilities measured at amortised cost is as follows:

(Amount in ₹ lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amortised cost	Fair value	Amortised cost	Fair value
Trade payables	19.84	19.84	22.29	22.29
Redeemable preference share capital: non-current	-	-	1,390.00	1,390.00
Redeemable preference share capital: current*	1,390.00	1,390.00	-	-
Optionally convertible debentures: non-current (including accrued interest)	-	-	11,562.22	11,562.22
Optionally convertible debentures: current (including accrued interest) **	12,236.21	12,236.21	-	-
Loan from related parties: non-current (including interest)	-	-	509.36	509.36
Loan from related parties: current (including accrued interest) ***	552.96	552.96	-	-
Non-convertible debentures: non-current (including accrued interest)	-	-	7,362.61	7,362.61
Non-convertible debentures: current (including accrued interest)****	8,224.14	8,224.14	-	-
Borrowings- non-current	1,576.42	1,576.42	-	-
Borrowings- current	-	-	1,757.42	1,757.42
Other financial liabilities – non-current	2.25	2.25	2.25	2.25
Other financial liabilities – current	238.26	238.26	354.61	354.61
<b>Total</b>	<b>24,240.08</b>	<b>24,240.08</b>	<b>22,960.76</b>	<b>22,960.76</b>

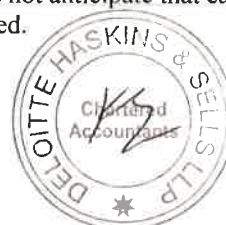
\* During the year ended March 31, 2019, Redeemable preference shares issued to Fortis Health Management Limited and accrued interest thereon has been classified from non-current to current on account of the reasons stated in note no. 24(d) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

\*\* During the year ended March 31, 2019, Optionally convertible debentures issued to International Hospital Limited and accrued interest thereon has been classified from non-current to current on account of the reasons stated in note no. 24(b)(i) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

\*\*\* During the year ended March 31, 2019, Intercompany loan received from Fortis Health Management Limited and International Hospital Limited and accrued interest thereon has been classified from non-current to current on account of the reasons stated in note no. 24(b)(ii) and 24(b)(iii) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.



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\*\*\*\* During the year ended March 31, 2019, Non-convertible debentures issued to Fortis Healthcare Limited and accrued interest thereon has been re-classified from non-current to current on account of the reasons stated in note no. 24(a)(i) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

**iii) Financial risk management objectives**

The Company's financial liabilities mainly comprise of borrowings, trade payables and other payables. The Company's financial assets mainly comprises of cash and cash equivalents and other financial assets. The Company's management provides services to the business, co-ordinates access to domestic financial markets, monitors and manages financial risks relating to operations of the Company. These risks include market risk, credit risk and liquidity risk.

Below mentioned disclosures summaries the Company's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

**i. Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: currency risk, interest rate risk and other price risk. The Company is not exposed to other price risk.

**1. Currency risk**

The Company has no exposure from the international market as the Company operations are in India only. Hence, the Company is not exposed to currency risk.

**2. Interest rate risk management**

The Company is exposed to interest rate risk because Company borrows funds at both fixed and floating interest rates and invests in debt oriented mutual funds. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. These exposures are reviewed by appropriate levels of management. The Company invests in debt mutual funds to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns. Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements. The Company regularly monitors the market rate of interest to mitigate the risk exposure.

**Interest rate sensitivity analysis**

The sensitivity analysis is 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 year was outstanding for the whole year. As at March 31, 2019 (As at March 31, 2018: Nil) there are no outstanding liabilities which are exposed to interest rate changes.

**3. Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk is only on security deposit provided by the company to the lessor in operating lease arrangement.

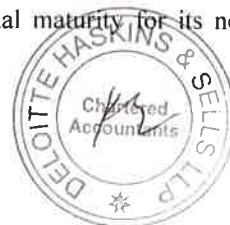
**4. Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors for Company's short-term, medium-term and long-term funding and liquidity requirements. The Company manages liquidity risk by availing borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The following tables give details of Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods.



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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.

(Amount in ₹ lakhs)					
Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
<b>As at March 31, 2019</b>					
<b>Fixed interest rate instrument</b>					
Optionally convertible debentures(including accrued interest)	4,436.21	-	7,800.00	12,236.21	12,236.21
Non-convertible debentures((including accrued interest)	763.89	460.25	7,000.00	8,224.14	8,224.14
Loan from related parties (including accrued interest)	552.96	-	-	552.96	552.96
Interest free loan from related parties	-	1,793.68	-	1,793.68	1,576.42
Redeemable preference shares	1,390.00	-	-	1,390.00	1,390.00
<b>Other financial liabilities</b>					
Trade payables	19.84	-	-	19.84	19.84
Other financial liabilities	238.26	-	-	238.26	238.26
<b>Total</b>	<b>7,401.16</b>	<b>2,253.93</b>	<b>14,800.00</b>	<b>24,455.09</b>	<b>24,237.83</b>

(Amount in ₹ lakhs)					
Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
<b>As at March 31, 2018</b>					
<b>Fixed interest rate instrument</b>					
Optionally convertible debentures(including accrued interest)	-	3,762.29	7,800.00	11562.29	11562.29
Non-convertible debentures((including accrued interest)	-	362.61	7,000.00	7,362.61	7362.61
Loan from related parties (including accrued interest)	-	136.90	372.40	509.30	509.30
Interest free loan from related parties	1,793.68	-	-	1,793.68	1,757.42
Redeemable preference shares	-	-	1,390.00	1,390.00	1,390.00
<b>Other financial liabilities</b>					
Trade payables	22.29	-	-	22.29	22.29
Other financial liabilities	356.86	-	-	356.86	356.86
<b>Total</b>	<b>2,172.83</b>	<b>4,261.80</b>	<b>16,562.40</b>	<b>22,997.03</b>	<b>22,960.77</b>

## 27. Fair value measurement

Fair value of the Company's financial assets that are measured at fair value on a recurring basis is as follows:

(Amount in ₹ lakhs)				
Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2019	March 31, 2018		
Investment in mutual fund	2,859.66	3,119.87	Level 1	Quoted price in active market



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There was no transfer between Level 1, Level 2 and Level 3 in the year. The carrying amount of financial assets and financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be received or settled.

**28. Loss per share**

Loss per share	Denomination	(Amount in ₹ lakhs)	
		For the year ended March 31, 2019	For the year ended March 31, 2018
Loss as per Ind AS statement of profit and loss	₹ in lakhs	(1,587.13)	(907.26)
Weighted average number of equity shares in calculating basic EPS	Numbers in lakhs	0.51	0.51
Weighted average number of equity shares in calculating diluted EPS	Numbers in lakhs	0.51	0.51
Basic EPS	₹	(3,112.02)	(1,778.94)
Diluted EPS*	₹	(3,112.02)	(1,778.94)

\*The Company has issued optionally convertible debentures to International Hospital Limited (lender) on September 17, 2012. These debentures are convertible at the option of the lender at any time on or prior to the maturity date as specified in the agreement i.e. September 17, 2030 into such number of shares and at such price per share as the parties may mutually agree. Number of shares are not fixed in the agreement, therefore, impact of these potential equity shares has not been considered while computing diluted earnings per share.

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

During the period ended December 31, 2006, Government of India has promulgated an Act namely, the Micro, Small and Medium Enterprises Development Act, 2006 which came into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the supplier. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the year.*	7.54	-
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year.*	3.96	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
(iv) 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.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, 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.	-	-

\*Amount and interest due is on account of capital creditors.

Dues to micro and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

**30. Segment reporting**

The Board of Directors of the Company, which have been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the



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Company as a single unit. There are no geographical segments as all the operations of the Company are in India. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments"

### 31. Deferred tax

#### (a) Unrecognised deferred tax asset

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
<b>Deferred tax liability (DTL)</b>		
Difference between book base and tax base of loan recognised at amortised cost	-	9.43
Mutual funds recognised at fair value through profit or loss	77.97	-
<b>Total</b>	<b>77.97</b>	<b>9.43</b>
<b>Deferred tax assets (DTA)</b>		
Difference between book base and tax base of advance received against service fees receivable in future	-	112.49
<b>Total</b>	<b>-</b>	<b>112.49</b>
<b>Net deferred tax asset (Liability)</b>	<b>(77.97)</b>	<b>103.06</b>
<b>Deferred tax assets recognised to the extent of deferred tax liability*</b>	<b>-</b>	<b>9.43</b>
<b>Recognised Deferred Tax liability (Previous year Unrecognised deferred tax asset)</b>	<b>(77.97)</b>	<b>103.06</b>

\*As at March 31, 2018, DTA has been recognised only to the extent of the DTL as there is no reasonable certainty that there will be future taxable income against which such deferred tax asset will be adjusted.

During the current year the company have recognized deferred tax liability on the fair valuation of Mutual Funds.

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

Particulars	(Amount in ₹ lakhs)	
	Year ended March 31, 2019	Year ended March 31, 2018
Accounting loss before tax	(1,504.99)	(907.26)
Statutory income tax rate	26.00%	34.608%
Tax at statutory income tax rate	(391.29)	(313.99)
Deferred tax asset not recognised	(0.10)	39.16
Change in tax rate	-	(21.15)
Expenditure not claimed in tax	473.53	295.98
<b>Total</b>	<b>82.14</b>	<b>313.99</b>
Tax expense recognised in statement of profit and loss	82.14	-

32. On November 8, 2010, the Government of Andhra Pradesh permitted Hyderabad Metropolitan Development Authority to lease out the land to Company for 33 years for the establishment of international quality specialty hospital. The Company has paid an advance amounting to ₹194.78 lakhs as at March 31, 2019 (₹194.78 lakhs as at March 31, 2018) for obtaining the land under lease which is included in advance against leasehold land (included in note-5). During the year, the management was in discussion with the government authority for the registration of the land and due the uncertainties involved in respect to the registration of land, the Company has provided for the allowance made.



*[Handwritten signature]*



**33. Details of borrowing costs capitalized**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Borrowing costs capitalised during the year under head capital work-in-progress	307.67	578.19

**34. Financial guarantee contracts**

Details of the financial guarantees issued by the Company on behalf of related parties to the debenture trustee i.e. Axis Trustee Services Limited for non-convertibles debentures issued by these related parties.

Name of the related party	Date of guarantee given	(Amount in ₹ lakhs)	
		As at March 31, 2019	As at March 31, 2018
International Hospital Limited	October 24, 2017	17,000.00	17,000.00
<b>Total</b>		<b>17,000.00</b>	<b>17,000.00</b>

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

The Company has issued financial guarantee to debenture trustee (Axis Trustee Services Limited) for Non-Convertible Debentures issued by the borrower for expansion and development of business and for general corporate purpose for the related parties in table below. In accordance with the policy of the Company, the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified financial guarantees as contingent liabilities. Accordingly, there are no liabilities recognised in the balance sheet under these contracts.

Name of the related party	Date of guarantee given	(Amount in ₹ lakhs)	
		As at March 31, 2019	As at March 31, 2018
International Hospital Limited	October 24, 2017	17,000.00	17,000.00
<b>Total</b>		<b>17,000.00</b>	<b>17,000.00</b>

**36. Going concern**

The Company has accumulated losses of ₹ 8,719.14 lakhs as at March 31, 2019 including loss of ₹ 1,587.13 lakhs incurred during the current year as against equity share capital of ₹ 5.10 lakhs. Further, the Company has current liabilities of ₹ 22,692.54 lakhs and current assets of ₹ 2,900.34 lakhs as at March 31, 2019. The Company's current liabilities exceeds its current assets by ₹ 19,792.20 lakhs. The net worth of the Company has been completely eroded. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The Company proposes to fund its operations in near future primarily from funds committed by the holding company i.e., Fortis Healthcare Limited which has confirmed that it will provide continuous unconditional financial support to the Company enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS Balance Sheet. This will enable the Company to settle its obligations as and when they fall due and operate as a going concern. The management of the Company expects to generate positive operating cash flows in the foreseeable period. Accordingly, the Ind AS financial statements of the Company have been prepared using the going concern assumption.



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**37. Asset taken on operating lease**

i) The Company has taken a guest house on operating lease in the previous year. The agreements are further renewable at the option of the Company. During the current year, the company vacated the said guest house. There are escalation clauses in the respective lease agreements. For all cases, there are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total future minimum lease payments under the non-cancellable operating leases are as under:


Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Minimum lease payments:		
Not later than one year	-	0.79
Later than one year but not later than five years	-	-
Later than five years	-	-
<b>Total</b>	-	<b>0.79</b>

**38. Approval of Ind AS financial statements**

The Ind AS financial statements were approved for issue by the Board of Directors on May 23, 2019.



For and on behalf of Board of Directors of Hospitalia Eastern Private Limited

  
Akshay Kumar Tiwari  
Director  
DIN: 07930333

  
Rajneesh Kumar Mittal  
Director  
DIN: 08298264

23 MAY 2019