

# B S R & Co. LLP

Chartered Accountants

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

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

## INDEPENDENT AUDITORS' REPORT

To the Members of Escorts Heart and Super Speciality Hospital Limited

Report on the Audit of the Financial Statements

### Opinion

We have audited the financial statements of Escorts Heart and Super Speciality Hospital Limited ("the Company"), which comprise the balance sheet as at 31 March 2021, and the statement of profit and loss (including other comprehensive income), statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of the significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2021, and loss and other comprehensive income, changes in equity and its cash flows for the year ended on that date.

### Basis for Opinion

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

### Emphasis of Matter

We draw attention to Note 41 in the financial statements, which describes the economic and social consequences the entity is facing as a result of COVID-19 which is impacting supply chains/ demand/ personnel available for work and/ or being able to access of offices/ hospitals.

Our opinion is not modified in respect of this matter.

### Other information

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

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### **Management's and Board of Directors' Responsibility for the Financial Statements**

The Company's Management and Board of Directors are responsible for the matters stated in section 134(5) of the Act with respect to the preparation of these financial statements that give a true and fair view of the state of affairs, profit/loss and other comprehensive income, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Management and Board of Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors is also responsible for overseeing the Company's financial reporting process.

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

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures in the financial statements made by the Management and Board of Directors.
- Conclude on the appropriateness of the Management and Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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.

*aj*

B S R & Co. LLP

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

#### **Other Matter**

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

Our opinion is not modified in respect of this matter.

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

1. As required by the Companies (Auditors' Report) Order, 2016 ("the Order") issued by the Central Government in terms of section 143 (11) of the Act, we give in the "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. (A) As required by Section 143(3) of the Act, we report that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The balance sheet, the statement of profit and loss (including other comprehensive income), the statement of changes in equity and the statement of cash flows dealt with by this Report are in agreement with the books of account.
  - d) In our opinion, the aforesaid financial statements comply with the Ind AS specified under section 133 of the Act.
  - e) On the basis of the written representations received from the directors as on 31 March 2021 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2021 from being appointed as a director in terms of Section 164(2) of the Act.
  - f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

*la*

B S R & Co. LLP

(B) With respect to the other matters to be included in the Auditors' Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

- i. The Company has disclosed the impact of pending litigations as at 31 March 2021 on its financial position in its financial statements - Refer Note 32 to the financial statements;
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- iv. The disclosures in the financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in these financial statements since they do not pertain to the financial year ended 31 March 2021.

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

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

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



**Rajesh Arora**  
*Partner*  
Membership No. 076124  
UDIN: 21076124AAAABK6131

Place: Gurugram  
Date: 28 May 2021

**Annexure "A" to the Independent Auditor's Report on the financial statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2021**

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

- (i)
  - (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets (i.e. Property, plant and equipment).
  - (b) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has a regular programme of physical verification of its fixed assets by which all fixed assets are verified once in every two years. In accordance with this programme, certain fixed assets were physically verified during the year. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets. As informed to us, no material discrepancies were noted on such verification.
  - (c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable property of land and buildings which are freehold are held in the name of the Company. In respect of immovable properties of land and buildings that have been taken on lease (classified as part of Right-of-use assets in the financial statements), the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the 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 and on the basis of our examination of the records of the Company, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013:
  - (a) The terms and conditions of the grant of such loans given in the earlier years are, in our opinion, prima facie not prejudicial to the Company's interest.
  - (b) According to the information and explanations given to us, the schedule of repayment of principal and payment of interest has been stipulated. However, the receipt of interest has not been regular as per the said stipulations. Further, as mentioned in note 39 of the financial statements, the schedule of repayment of principal and receipt of interest for such loans has been extended by the Company during the year.
  - (c) According to the information and explanations given to us, there is no overdue amount remaining outstanding as at the year- end based on the extension letter issued by the Company for the interest and/ or principal amount receivable from the investee company/ borrower.

Also refer note 39 of the financial statements.

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

- (iv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, we are of the opinion that the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.



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

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

- (b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income- tax, Duty of customs, Goods and Services tax, Cess and other material statutory dues as at 31 March 2021 for a period of more than six months from the date they became payable.
- (c) According to the information and explanations given to us, the following dues of Income-tax have not been deposited by the Company with appropriate authorities on account of disputes:

| Name of Statute      | Nature of Dues  | Forum where Dispute is Pending        | Period to which the amount relates | Amount Involved (₹ in Lakhs) | Amount paid under protest (₹ in Lakhs) |
|----------------------|---|---------------------------------------|------------------------------------|------------------------------|--|
| Income Tax Act, 1961 | Transfer pricing adjustment due to interest expense claimed on Compulsorily Convertible Debentures (CCDs) | Income Tax Appellate Tribunal         | AY 2013-14                         | 560.26                       | 424.78                                 |
| Income Tax Act, 1961 | Transfer pricing adjustment due to interest expense claimed on CCDs                                       | Commissioner of Income- tax (Appeals) | AY 2014-15                         | 724.28                       | 442.42                                 |
| Income Tax Act, 1961 | Transfer pricing adjustment due to interest expense claimed on CCDs                                       | Commissioner of Income- tax (Appeals) | AY 2015-16                         | 731.01                       | 731.01                                 |
| Income Tax Act, 1961 | Transfer pricing adjustment due to interest expense claimed on CCDs                                       | Commissioner of Income- tax (Appeals) | AY 2016-17                         | 821.25                       | 535.27                                 |
| Income Tax Act, 1961 | Income tax dues and interest thereon on disallowance of certain expenses                                  | Commissioner of Income- tax (Appeals) | AY 2018-19                         | 6.92                         | 6.92                                   |

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders, except as under:

| Particulars                       | Amount of default as at<br>31 March 2021<br>(₹ in lakhs) |           | Period of default           |
|-----------------------------------|--|-----------|-----------------------------|
|                                   | Principal  | Interest  |                             |
| <b>Due to Debenture- holders</b>  |  |           |                             |
| Compulsory convertible debentures | -  | 3,811.75  | April 2018 to March 2021    |
| Non-convertible debentures        | -  | 22,933.53 | December 2015 to March 2021 |

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

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

- (ix) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not raised any money way of initial public offer/ further public offer/ debt instruments and term loans during the year.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and on the Company by its officers or employees has been noticed or reported during the year.
- (xi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, no managerial remuneration has been paid during the year. Hence, the provisions of section 197 read with Schedule V of the Act are not applicable to the Company.
- (xii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not a Nidhi Company. Accordingly, paragraph 3(xii) of the Order is not applicable.
- (xiii) According to the information and explanations given to us and on the basis of our examination of the records of the Company, transactions with related parties are in compliance with Section 188 of the Act, where applicable, and the details of such transactions have been disclosed in the financial statements as required by the applicable Accounting Standards. According to the information and explanations given to us, the provisions of Section 177 of the Act are not applicable to the Company.
- (xiv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable.
- (xv) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, paragraph 3(xv) of the Order is not applicable.

*Qai*

B S R & Co. LLP

- (xvi) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the Company is not required to be registered under section 45- IA of the Reserve Bank of India Act, 1934. Accordingly, paragraph 3(xvi) of the Order is not applicable.

*For B S R & Co. LLP*

*Chartered Accountants*

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



**Rajesh Arora**

*Partner*

Membership No. 076124

UDIN: 21076124AAAABK6131

Place: Gurugram

Date: 28 May 2021



**Annexure B to the Independent Auditors' report on the financial statements of Escorts Heart and Super Speciality Hospital Limited for the year ended 31 March 2021**

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

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

**Opinion**

We have audited the internal financial controls with reference to financial statements of Escorts Heart and Super Speciality Hospital Limited ("the Company") as of 31 March 2021 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

In our opinion, the Company has, in all material respects, adequate internal financial controls with reference to financial statements and such internal financial controls were operating effectively as at 31 March 2021, based on the internal financial controls with reference to financial statements criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

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

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

**Auditors' Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls with reference to financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to financial statements. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls with reference to financial statements were established and maintained and whether such controls operated effectively in all material respects.

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

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

*los*

B S R & Co. LLP

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

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

**Inherent Limitations of Internal Financial controls with Reference to Financial Statements**

Because of the inherent limitations of internal financial controls with reference to financial statements, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls with reference to financial statements to future periods are subject to the risk that the internal financial controls with reference to financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

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



**Rajesh Arora**  
*Partner*  
Membership No. 076124  
UDIN: 21076124AAAABK6131

Place: Gurugram  
Date: 28 May 2021

**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2021**


| Particulars  | Notes | As at<br>March 31, 2021<br>(₹ in lakhs) | As at<br>March 31, 2020<br>(₹ in lakhs) |
|--|-------|---|---|
| <b>ASSETS</b>  |       |   |   |
| <b>A. Non-current assets</b>   |       |   |   |
| (a) Property, plant and equipment  | 5a    | 27,329.79                               | 27,611.16                               |
| (b) Capital work-in progress   | 5b    | 25.00                                   | 30.91                                   |
| (c) Right-of-use asset   | 29    | 892.79                                  | 904.12                                  |
| (d) Goodwill   | 5c    | 491.54                                  | 491.54                                  |
| (e) Financial assets   |       |   |   |
| (i) Loans  | 6     | 129.79                                  | 399.79                                  |
| (f) Deferred tax assets (net)  | 7     | 4,095.85                                | 3,563.60                                |
| (g) Non-current tax assets (net)   | 8     | 4,019.10                                | 3,962.38                                |
| (h) Other non-current assets   | 9     | 117.78                                  | 96.01                                   |
| <b>Total non-current assets (A)</b>  |       | <b>37,101.64</b>                        | <b>37,059.51</b>                        |
| <b>B. Current assets</b>   |       |   |   |
| (a) Financial assets   |       |   |   |
| (i) Investments  | 10    | 17,775.00                               | 17,775.00                               |
| (ii) Trade receivables   | 11    | 6,583.63                                | 5,675.91                                |
| (iii) Cash and cash equivalents  | 12a   | 21.47                                   | 14.67                                   |
| (iv) Bank balances other than (iii) above  | 12b   | -                                       | 15.88                                   |
| (v) Other financial assets   | 13    | 12,544.93                               | 11,063.77                               |
| (b) Other current assets   | 9     | 56.59                                   | 43.85                                   |
| <b>Total current assets (B)</b>  |       | <b>36,981.62</b>                        | <b>34,589.08</b>                        |
| <b>Total assets (A+B)</b>  |       | <b>74,083.26</b>                        | <b>71,648.59</b>                        |
| <b>EQUITY AND LIABILITIES</b>  |       |   |   |
| <b>A. Equity</b>   |       |   |   |
| (a) Equity share capital   | 14    | 3,392.52                                | 3,392.52                                |
| (b) Other equity   |       | 9,219.25                                | 10,828.87                               |
| <b>Total equity (A)</b>  |       | <b>12,611.77</b>                        | <b>14,221.39</b>                        |
| <b>Liabilities</b>   |       |   |   |
| <b>B. Non-current liabilities</b>  |       |   |   |
| (a) Provisions   | 15    | 165.12                                  | 37.59                                   |
| (b) Other non-current liabilities  | 16    | 287.74                                  | 328.25                                  |
| <b>Total non-current liabilities (B)</b>   |       | <b>452.86</b>                           | <b>365.84</b>                           |
| <b>C. Current liabilities</b>  |       |   |   |
| (a) Financial liabilities  |       |   |   |
| (i) Borrowings   | 17    | 31,304.00                               | 31,305.00                               |
| (ii) Trade payables  |       |   |   |
| - Total outstanding dues of micro enterprises and small enterprises                      | 18    | 15.27                                   | 20.32                                   |
| - Total outstanding dues of creditors other than micro enterprises and small enterprises | 18    | 611.19                                  | 429.36                                  |
| (iii) Other financial liabilities  | 19    | 28,636.67                               | 24,744.81                               |
| (b) Provisions   | 15    | 6.78                                    | 1.69                                    |
| (c) Other current liabilities  | 16    | 444.72                                  | 560.18                                  |
| <b>Total current liabilities (C)</b>   |       | <b>61,018.63</b>                        | <b>57,061.36</b>                        |
| <b>Total liabilities (B+C)</b>   |       | <b>61,471.49</b>                        | <b>57,427.20</b>                        |
| <b>Total equity and liabilities (A+B+C)</b>  |       | <b>74,083.26</b>                        | <b>71,648.59</b>                        |

See accompanying notes forming integral part of the financial statements

1-44

In terms of our report attached


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

  
**Rajesh Arora**  
Partner  
Membership No: 076124

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

  
**Abhijit Singh**  
Whole time Director  
DIN: 08433520

  
**Manu Kapila**  
Director  
DIN: 03403696

  
**Anita Rastogi**  
Company Secretary  
Membership No.: A13380  
Place : Gurugram  
Date: May 28, 2021

  
**Sonu Goyal**  
Chief Financial Officer

Place : Gurugram  
Date: May 28, 2021



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2021**

| Particulars  | Notes | Year ended<br>March 31, 2021<br>(₹ in lakhs) | Year ended<br>March 31, 2020<br>(₹ in lakhs) |
|--|-------|--|--|
| <b>INCOME</b>  |       |  |  |
| I Revenue from operations  | 20    | 6,143.88                                     | 10,553.27                                    |
| II Other income  | 21    | 1,631.26                                     | 1,635.04                                     |
| <b>III Total income (I+II)</b>   |       | <b>7,775.14</b>                              | <b>12,188.31</b>                             |
| <b>IV EXPENSES</b>   |       |  |  |
| (i) Purchases of medical consumable and drugs                                |       | -  | 16.91  |
| (ii) Employee benefits expense   | 22    | 665.57                                       | 162.83                                       |
| (iii) Finance costs  | 23    | 4,635.85                                     | 4,633.13                                     |
| (iv) Depreciation and amortisation expense                                   | 24    | 468.81                                       | 481.45                                       |
| (v) Other expenses   | 25    | 4,139.32                                     | 4,801.42                                     |
| <b>Total expenses</b>  |       | <b>9,909.55</b>                              | <b>10,095.74</b>                             |
| <b>V (Loss)/ profit before tax (III-IV)</b>                                  |       | <b>(2,134.41)</b>                            | <b>2,092.57</b>                              |
| <b>VI Tax expense</b>  |       |  |  |
| (i) Current tax  | 26    | -  | -  |
| (ii) Deferred tax credit   | 26    | (530.37)                                     | (3,563.15)                                   |
| <b>Total tax expense</b>   |       | <b>(530.37)</b>                              | <b>(3,563.15)</b>                            |
| <b>VII (Loss)/ profit after tax for the year (V-VI)</b>                      |       | <b>(1,604.04)</b>                            | <b>5,655.72</b>                              |
| <b>VIII Other comprehensive (loss)/ income</b>                               |       |  |  |
| Items that will not be subsequently reclassified to profit or loss           |       |  |  |
| Remeasurement of the defined benefit liabilities                             | 33    | (7.46)                                       | (1.80)                                       |
| Income tax relating to items that will not be reclassified to profit or loss | 26    | 1.88   | 0.45   |
|  |       | <b>(5.58)</b>                                | <b>(1.35)</b>                                |
| <b>IX Total comprehensive (loss)/ income for the year (VII-VIII)</b>         |       | <b>(1,609.62)</b>                            | <b>5,654.37</b>                              |
| <b>(Loss)/ earnings per share of ₹10 each</b>                                |       |  |  |
| Basic (in ₹)   | 27    | (4.73)                                       | 16.67  |
| Diluted (in ₹)   | 27    | (4.73)                                       | 16.67  |
| See accompanying notes forming integral part of the financial statements     | 1-44  |  |  |

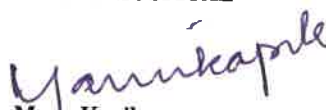
In terms of our report attached

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

  
**Rajesh Arora**  
Partner  
Membership No: 076124

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

  
**Abhijit Singh**  
Whole time Director  
DIN: 08433520

  
**Manu Kapila**  
Director  
DIN: 03403696

  
**Anita Rastogi**  
Company Secretary  
Membership No.: A13380  
Place : Gurugram  
Date: May 28, 2021

  
**Sonu Goyal**  
Chief Financial Officer

Place : Gurugram  
Date: May 28, 2021



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2021**

| Particulars   | Notes | Year ended<br>March 31, 2021<br>(₹ in lakhs) | Year ended<br>March 31, 2020<br>(₹ in lakhs) |
|---|-------|--|--|
| <b>A. Cash flow from operating activities</b>   |       |  |  |
| (Loss)/ Profit before tax   |       | (2,134.41)                                   | 2,092.57                                     |
| Adjustments for:  |       |  |  |
| Depreciation and amortisation expense   |       | 468.81                                       | 481.45                                       |
| Liabilities no longer required written back   |       | (2.68)                                       | (2.50)                                       |
| Allowance for doubtful trade receivables  |       | 11.08  | 10.62  |
| Allowance for doubtful advances   |       | -  | 1.30   |
| Interest income   |       | (1,616.74)                                   | (1,629.22)                                   |
| Finance cost  |       | 4,633.01                                     | 4,633.09                                     |
| <b>Operating profit before changes in following assets and liabilities</b>                |       | <b>1,359.07</b>                              | <b>5,587.31</b>                              |
| <b>Changes in operating assets and liabilities</b>  |       |  |  |
| Increase in trade receivables   |       | (918.80)                                     | (3,889.36)                                   |
| Decrease/ (increase) in loans, other financial assets and other assets                    |       | (18.20)                                      | (101.70)                                     |
| Increase in trade payables, provisions, other financial liabilities and other liabilities |       | 158.20                                       | 44.33  |
| <b>Cash generated from operations</b>   |       | <b>580.27</b>                                | <b>1,640.58</b>                              |
| Income taxes paid (net)   |       | (56.72)                                      | (1,210.40)                                   |
| <b>Net cash generated from operating activities (A)</b>                                   |       | <b>523.55</b>                                | <b>430.18</b>                                |
| <b>B. Cash flows from investing activities</b>  |       |  |  |
| Purchase of property, plant and equipment   |       | (136.92)                                     | (163.68)                                     |
| Proceeds from sale of property, plant and equipment                                       |       | -  | 0.60   |
| Loans received back from related parties  |       | 270.00                                       | -  |
| Fixed deposits matured/(placed) with banks (net)  |       | 15.88  | (1.06)                                       |
| Interest received   |       | 102.04                                       | 162.63                                       |
| <b>Net cash generated / (used ) In investing activities (B)</b>                           |       | <b>251.00</b>                                | <b>(1.51)</b>                                |
| <b>C. Cash flows from financing activities*</b>   |       |  |  |
| Repayment of current borrowings   |       | (1.00)                                       | -  |
| Finance cost paid   |       | (766.75)                                     | (463.31)                                     |
| <b>Net cash used in financing activities (C)</b>  |       | <b>(767.75)</b>                              | <b>(463.31)</b>                              |
| Net increase in cash and cash equivalents (A + B + C)                                     |       | 6.80   | (34.64)                                      |
| Cash and cash equivalents at the beginning of the year                                    |       | 14.67  | 49.31  |
| <b>Cash and cash equivalents at the end of the year</b>                                   | 12a   | <b>21.47</b>                                 | <b>14.67</b>                                 |

| Particulars             | *Changes in liabilities arising from financing activities (₹ in lakhs) |                  |
|-------------------------|--|------------------|
|                         | Current borrowings   | Interest accrued |
| As at April 01, 2019    | 31,305.00  | 20,529.12        |
| Finance cost            | -  | 4,633.09         |
| Finance cost paid       | -  | (463.31)         |
| As at March 31, 2020    | 31,305.00  | 24,698.90        |
| As at April 01, 2021    | 31,305.00  | 24,698.90        |
| Repayment of borrowings | (1.00)   | -                |
| Finance cost            | -  | 4,633.01         |
| Finance cost paid       | -  | (766.75)         |
| As at March 31, 2021    | 31,304.00  | 28,565.16        |

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

See accompanying notes forming integral part of the financial statements 1-44

In terms of our report attached

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

  
**Rajesh Arora**  
Partner  
Membership No: 076124

Place : Gurugram  
Date: May 28, 2021

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

  
**Abhijit Singh**  
Whole time Director  
DIN: 08433520  
  
**Anita Rastogi**  
Company Secretary  
Membership No.: A13380  
Place : Gurugram  
Date: May 28, 2021

  
**Manu Kapila**  
Director  
DIN: 03403696  
  
**Sonu Goyal**  
Chief Financial Officer



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2021**

| Particulars  | Equity               |                            | Other equity        |                   |                    |            | ( ₹ in lakhs) |  |
|--|----------------------|----------------------------|---------------------|-------------------|--------------------|------------|---------------|--|
|  | Equity share capital | Capital redemption reserve | Securities premium* | Retained earnings | Total other equity | Total      |               |  |
| Balance at April 1, 2019                                     | 3,392.52             | 50.00                      | 21,060.68           | (15,936.18)       | 5,174.50           | 8,567.02   |               |  |
| Profit for the year  | -                    | -                          | -                   | 5,655.72          | 5,655.72           | 5,655.72   |               |  |
| Other comprehensive income/ (loss) for the year (net of tax) | -                    | -                          | -                   | (1.35)            | (1.35)             | (1.35)     |               |  |
| <b>Total comprehensive loss for the year</b>                 | -                    | -                          | -                   | 5,654.37          | 5,654.37           | 5,654.37   |               |  |
| Balance as at March 31, 2020                                 | 3,392.52             | 50.00                      | 21,060.68           | (10,281.81)       | 10,828.87          | 14,221.39  |               |  |
| Loss for the year  | -                    | -                          | -                   | (1,604.04)        | (1,604.04)         | (1,604.04) |               |  |
| Other comprehensive income/ (loss) for the year (net of tax) | -                    | -                          | -                   | (5.58)            | (5.58)             | (5.58)     |               |  |
| <b>Total comprehensive income for the year</b>               | -                    | -                          | -                   | (1,609.62)        | (1,609.62)         | (1,609.62) |               |  |
| Balance as at March 31, 2021                                 | 3,392.52             | 50.00                      | 21,060.68           | (11,891.43)       | 9,219.25           | 12,611.77  |               |  |

\* The unutilized accumulated excess of issue price over face value on issue of shares. This reserve is utilised in accordance with the provisions of the Companies Act 2013.

See accompanying notes forming integral part of the financial statements


1-44

In terms of our report attached.


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

  
**Rajesh Arora**  
 Partner  
 Membership No: 076124

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

  
**Abhijit Singly**  
 Whole time Director  
 DIN: 08433520

  
**Manu Kapila**  
 Director  
 DIN: 03403696

  
**Anita Rastogi**  
 Company Secretary  
 Membership No.: A13380  
 Place : Gurugram  
 Date: May 28, 2021

  
**Sonu Goyal**  
 Chief Financial Officer



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**1. Corporate Information**

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

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

**2. Significant accounting policies**

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

**(a) Basis of preparation**

*(i) Statement of compliance*

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

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

*(ii) Functional and presentation currency*

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

*(iii) Historical cost convention*

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

**(b) Current versus non-current classification**

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

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

The Company classifies all other assets as non-current.



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

**(c) Measurement of fair values**

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

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

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

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

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

When measuring the fair value of an asset or a liability, the Company uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorized in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement. The Company recognizes transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

**(d) Property, plant and equipment (PPE) and intangible assets**

**(i) Property, plant and equipment**

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Advances paid towards acquisition of property, plant and equipment outstanding at each Balance Sheet date, are shown under other non-current assets and cost of assets not ready for intended use before the year end, are shown as capital work-in-progress.





**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**(ii) Goodwill and Intangible assets**

- For measurement of goodwill that arises from business combination, refer note 2(e). Subsequent measurement is at cost less any accumulated impairment losses.
- Internally generated goodwill is not recognised as an asset. With regard to other internally generated intangible assets:
  - Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the statement of profit and loss as incurred.
  - Development expenditure including regulatory cost and legal expenses leading to product registration/ market authorisation relating to the new and/or improved product and/or process development is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the Company intends to and has sufficient resources to complete development and to use the asset. The expenditure capitalised includes the cost of materials, direct labour, overhead costs that are directly attributable to preparing the asset for its intended use, and directly attributable finance costs (in the same manner as in the case of property, plant and equipment). Other development expenditure is recognised in the Statement of Profit and Loss as incurred.
- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

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

Depreciation is provided on straight line basis on the original cost/ acquisition cost of assets or other amounts substituted for cost of property, plant and equipment as per the useful life specified in Part 'C' of Schedule II of the Act, read with notification dated 29 August 2014 of the Ministry of Corporate Affairs, except for the certain classes of property, plant and equipment which are depreciated based on the internal technical assessment of the management. The details of useful life are as under:

| Category of assets     | Management estimate of useful life | Useful life as per Schedule II |
|------------------------|------------------------------------|--------------------------------|
| Buildings              | 10-60 years                        | 60 years                       |
| Plant and machinery    | 20 years                           | 15 years                       |
| Medical equipment      | 8-16 years                         | 13 years                       |
| Computers              | 6 years                            | 3 years                        |
| Furniture and fittings | 16 years                           | 10 years                       |
| Office equipment       | 4 years                            | 5 years                        |

Freehold land is not depreciated.

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

Goodwill is not amortized and is tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired.

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

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

**(iv) Derecognition**

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

**(e) Business combinations**

Business combinations (other than business combinations between common control entities) are accounted for using the purchase (acquisition) method. The cost of an acquisition is measured as the fair value of the consideration transferred, equity instruments issued, and liabilities incurred or assumed at the date of exchange. The consideration transferred does not include amounts related to the settlement of pre-existing relationships; such amounts are generally recognised in the Statements of Profit or Loss and Other Comprehensive Income. The cost of acquisition also includes the fair value of any contingent consideration. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at fair value at the date of acquisition. Transaction costs incurred in connection with a business combination are expensed as incurred. The excess of the consideration transferred over the fair value of the net identifiable assets acquired is recorded as goodwill. If those amounts are less than the fair value of the net identifiable assets of the business acquired, the difference is recognised in other comprehensive income and accumulated in equity as capital reserve provided there is clear evidence of the underlying reasons for classifying the business combination as a bargain purchase.

Business combinations arising from transfers of interests in entities that are under the control of the shareholder that controls the Company are accounted for as if the acquisition had occurred at the beginning of the earliest comparative period presented or, if later, at the date that common control was established; for this purpose comparatives are revised. The assets and liabilities acquired are recognized at their carrying amounts. The identity of the reserves is preserved, and they appear in the financial statements of the Company in the same form in which they appeared in the financial statement of the acquired entity. The differences, if any, between the consideration and the amount of share capital of the acquired entity is transferred to capital reserve.

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

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

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

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

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

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**(g) Financial instrument**

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

*Financial assets*

*Initial recognition and measurement*

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

*Subsequent measurement*

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

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

*Debt instruments at amortised cost*

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

After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to the gross carrying amount of the financial asset or the amortised cost of the financial liability. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortization is included in other income in the Statement of Profit and Loss. The losses arising from impairment are recognised in the Statement of Profit and Loss. This category generally applies to trade and other receivables.

*Debt instrument at FVOCI*

A 'debt instrument' is classified as at the FVOCI if the objective of the business model is achieved both by collecting contractual cash flows and selling the financial assets, and the asset's contractual cash flows represent SPPI.

Debt instruments included within the FVOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in the other comprehensive income (OCI). On derecognition of the asset, cumulative gain or loss previously recognised in OCI is reclassified to the Statement of Profit and Loss. Interest earned whilst holding FVOCI debt instrument is reported as interest income using the EIR method.

*Debt instrument at FVPL*

FVPL is a residual category for debt instruments. Any debt instrument, which does not meet the criteria for categorization as at amortized cost or as FVOCI, is classified as at FVPL. In addition, at initial recognition, the Company may irrevocably elect to designate a debt instrument, which otherwise meets amortised cost or FVOCI criteria, as at FVPL. However, such election is allowed only if doing so reduces or eliminates a measurement or recognition inconsistency (referred to as 'accounting mismatch').

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

*Financial guarantee contracts*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees issued by the Company on behalf of group companies are designated as 'Insurance Contracts'. The Company designates such insurance contracts as contingent liabilities.

*Equity investments*

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

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

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

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

*Impairment of financial assets*

The Company recognizes loss allowance using the expected credit loss (ECL) model for the financial assets which are not fair valued through profit or loss. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime ECL. For all financial assets with contractual cash flows other than trade receivable, ECLs are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL. The amount of ECL (or reversal) that is required to adjust the loss allowance at the reporting date is recognised as an impairment gain or loss in the Statement of Profit and Loss.

*Derecognition of financial assets*

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

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

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

*Write-off of financial assets*

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

*Financial liabilities*

Financial liabilities are classified as measured at amortised cost or FVPL. A financial liability is classified as at FVPL if it is classified as held-for-trading, or it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVPL are measured at fair value and net gains and losses, including any interest expense, are recognised in Statement of Profit and Loss. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in Statement of Profit and Loss. Any gain or loss on derecognition is also recognized in Statement of Profit and Loss.

*Derecognition of financial liabilities*

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the Statement of Profit and Loss.

*Offsetting*

Financial assets and financial liabilities are offset and the net amount presented in the Balance Sheet when, and only when, the Company currently has a legally enforceable right to set off the amounts and it intends either to settle them on a net basis or to realize the asset and settle the liability simultaneously.

**(h) Cash and cash equivalents**

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

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

**(i) Contingent liabilities and contingent assets**

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

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

**(j) Provisions**

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at reporting date, taking into account the risks and uncertainties surrounding the obligation. When some or all the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received, and the amount of the receivable can be measured reliably.

A contract is considered to be onerous when the expected economic benefits to be derived by the Company from the contract are lower than the unavoidable cost of meeting its obligations under the contract. The provision for an onerous contract is measured at the present value of the lower of the expected cost of terminating the contract and the expected net cost of continuing with the contract. Before such a provision is made, the Company recognizes any impairment loss on the assets associated with that contract.

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

**(k) Revenue recognition**

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

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

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

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

**(l) Employee benefits**

*Short-term employee benefits*

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

*Post-employment benefits*

Post-employment benefit plans are classified into defined benefits plans and defined contribution plans as under:

a) **Gratuity**

The Company has an obligation towards gratuity, a defined benefit retirement plan covering eligible employees. The plan provides for a lump sum payment to vested employees at retirement, death while in employment or on termination of employment of an amount based on the respective employee's salary and the tenure of employment. The liability in respect of gratuity is recognised in the books of account based on actuarial valuation by an independent actuary.



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

b) Provident fund

- (i) The Company makes contribution to the Regional Provident Fund Commissioner in accordance with Employees Provident Fund and Miscellaneous Provision Act, 1952 for its employees.
- (ii) The Company's contribution to the provident fund is charged to Statement of Profit and Loss.

*Other long-term employee benefits:*

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

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

*Actuarial valuation*

The liability in respect of all defined benefit plans and other long-term benefits is accrued in the books of account on the basis of actuarial valuation carried out by an independent actuary using the Projected Unit Credit Method. The obligation is measured at the present value of estimated future cash flows. The discount rates used for determining the present value of obligation under defined benefit plans, is based on the market yields on Government securities as at the Balance Sheet date, having maturity periods approximating to the terms of related obligations.

Remeasurement gains and losses on other long-term benefits are recognised in the Statement of Profit and Loss in the year in which they arise. Remeasurement gains and losses in respect of all defined benefit plans arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in other equity in the Statement of Changes in Equity and in the Balance Sheet. Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost. Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Any differential between the plan assets (for a funded defined benefit plan) and the defined benefit obligation as per actuarial valuation is recognised as a liability if it is a deficit or as an asset if it is a surplus (to the extent of the lower of present value of any economic benefits available in the form of refunds from the plan or reduction in future contribution to the plan).

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

**(m) Borrowing costs**

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

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

Capitalization of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying assets for their intended uses are complete. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing costs include exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

**(n) Income tax**

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

*Current taxes*

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

*Deferred taxes*

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

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

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

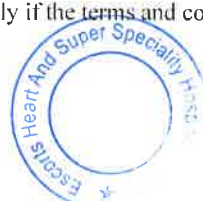
Deferred tax assets and liabilities are offset only if there is a legally enforceable right to set off the recognised amounts, and it is intended to realize the asset and settle the liability on a net basis or simultaneously.

**(o) Ind AS 116 – Leases**

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

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

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





**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

At inception or on reassessment of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of their relative stand-alone prices.

**(i) As a lessee**

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

The Company recognises a right-of-use asset and a lease liability at the lease commencement date. The right of use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentive received.

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

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

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

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

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

Short-term leases and leases of low-value assets

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

**(ii) As a lessor**

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

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

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

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

**(p) Foreign currency translation**

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

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. For example, translation differences on non-monetary assets such as equity investments classified as FVOCI are recognised in other comprehensive income (OCI).

**(q) Statement of cash flows**

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

**(r) Segment reporting**

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Company's other components, and for which discrete financial information is available. Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). Revenues, expenses, assets and liabilities, which are common to the enterprise as a whole and are not allocable to segments on a reasonable basis, have been treated as "unallocated revenues/ expenses/ assets/ liabilities", as the case may be.

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

**(s) Earnings per share**

**(i) Basic earnings per share**

Basic earnings per share is calculated by dividing:

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

**(ii) Diluted earnings per share**

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

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

**3. Critical estimates and judgments**

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

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**Judgments**

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

- a) Leasing arrangement (classification and accounting) – Note 29
- b) **Property, plant and equipment/ investment property- accounting for Hospital and Medical Service Agreements (“HMSA”)**

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

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

The Company has entered into Hospital and Medical Services Agreements (“HMSA”) with Fortis Hospitals Limited and Fortis Healthcare Limited for Gurugram and Shalimar Bagh units respectively, wherein the Company is required to provide and maintain the Company’s clinical establishment along with other services like out-patient diagnostic (‘OPD’) and radio diagnostic. The Company needs to exercise judgment to analyse whether the arrangement involves providing the right to use the Company’s clinical establishment and whether the OPD and radio diagnostic services in the arrangement are significant to the overall arrangement.

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

**Assumptions and estimation uncertainties**

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

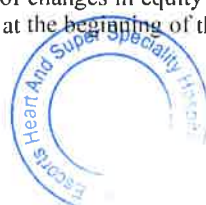
- Financial instruments - Note 34
- Fair value measurement – Note 35
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(d)(iii)
- Recognition and estimation of tax expense including deferred tax– Note 7
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 33
- Estimated impairment of financial assets and non-financial assets- Note 5(c), 6, 9 and 11

**4. Recent Pronouncements but not yet effective**

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

**Balance Sheet:**

- Lease liabilities should be separately disclosed under the head ‘financial liabilities’, duly distinguished as current or non-current.
- Certain additional disclosures in the statement of changes in equity such as changes in equity share capital due to prior period errors and restated balances at the beginning of the current reporting period.



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

---

- Specified format for disclosure of shareholding of promoters.
- Specified format for ageing schedule of trade receivables, trade payables, capital work-in-progress and intangible asset under development.
- If a company has not used funds for the specific purpose for which it was borrowed from banks and financial institutions, then disclosure of details of where it has been used.
- Specific disclosure under 'additional regulatory requirement' such as compliance with approved schemes of arrangements, compliance with number of layers of companies, title deeds of immovable property not held in name of company, loans and advances to promoters, directors, key managerial personnel (KMP) and related parties, details of benami property held etc.

**Statement of profit and loss:**

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

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

**5a Property, plant and equipment**

| Particulars                                     | (₹ in lakhs)   |                                       |           |                        |                      |                           |           |                     |       |           |
|---|----------------|---------------------------------------|-----------|------------------------|----------------------|---------------------------|-----------|---------------------|-------|-----------|
|   | Leasehold land | Freehold land<br>(Refer note 1 below) | Buildings | Plant and<br>machinery | Medical<br>equipment | Furniture and<br>fittings | Computers | Office<br>equipment | Total |           |
| <b>Gross carrying value</b>                     |                |                                       |           |                        |                      |                           |           |                     |       |           |
| As at April 1, 2019                             | 961.64         | 18,068.69                             | 13,326.11 | 2,228.83               | 682.31               | 0.59                      | 2.52      | 18.51               |       | 35,289.20 |
| Adjustment on initial application of IND AS 116 | (961.64)       | -                                     | -         | -                      | -                    | -                         | -         | -                   |       | (961.64)  |
| Additions                                       | -              | -                                     | 39.50     | 76.38                  | -                    | -                         | -         | -                   |       | 115.88    |
| Disposals                                       | -              | -                                     | (0.47)    | (0.36)                 | -                    | -                         | -         | -                   |       | (0.83)    |
| As at March 31, 2020                            | -              | 18,068.69                             | 13,365.61 | 2,304.74               | 681.95               | 0.59                      | 2.52      | 18.51               |       | 34,442.61 |
| Additions                                       | -              | -                                     | 18.25     | 150.54                 | 7.32                 | -                         | -         | -                   |       | 176.11    |
| As at March 31, 2021                            | -              | 18,068.69                             | 13,383.86 | 2,455.28               | 689.27               | 0.59                      | 2.52      | 18.51               |       | 34,618.72 |
| <b>Accumulated Depreciation</b>                 |                |                                       |           |                        |                      |                           |           |                     |       |           |
| As at April 1, 2019                             | 45.96          | -                                     | 4,801.06  | 1,249.33               | 291.25               | 0.16                      | 1.74      | 18.51               |       | 6,408.01  |
| Adjustment on initial application of IND AS 116 | (45.96)        | -                                     | -         | -                      | -                    | -                         | -         | -                   |       | (45.96)   |
| Charge for the year                             | -              | -                                     | 309.71    | 92.76                  | 67.07                | 0.04                      | 0.31      | -                   |       | 469.89    |
| Disposals                                       | -              | -                                     | -         | (0.23)                 | (0.26)               | -                         | -         | -                   |       | (0.49)    |
| As at March 31, 2020                            | -              | -                                     | 5,110.77  | 1,341.86               | 358.06               | 0.20                      | 2.05      | 18.51               |       | 6,831.45  |
| Charge for the year                             | -              | -                                     | 310.32    | 87.58                  | 59.29                | 0.04                      | 0.25      | -                   |       | 457.48    |
| As at March 31, 2021                            | -              | -                                     | 5,421.09  | 1,429.44               | 417.35               | 0.24                      | 2.30      | 18.51               |       | 7,288.93  |
| <b>Carrying amount</b>                          |                |                                       |           |                        |                      |                           |           |                     |       |           |
| As at March 31, 2020                            | -              | 18,068.69                             | 8,254.84  | 962.88                 | 323.89               | 0.39                      | 0.47      | -                   |       | 27,611.16 |
| As at March 31, 2021                            | -              | 18,068.69                             | 7,962.77  | 1,025.84               | 271.92               | 0.35                      | 0.22      | -                   |       | 27,329.79 |

**Note:**

1. Moveable assets of the Company and the freehold land located at Mohali were pledged as security to Axis Trustee Services Limited for the non-convertible debentures issued to Fortis Healthcare Limited. The charge has been satisfied during the previous year (Refer note 30(i)).
2. Exclusive charge on immovable property located at Mohali against cumulative borrowings taken from The Hong Kong and Shanghai Banking Corporation Limited by Fortis Healthcare Limited, Fortis Hospitals Limited, International Hospital Limited, Fortis Hospital Limited, Escorts Heart Institute and Research Centre Limited and Hiranandani Healthcare Private Limited
3. Exclusive charge on immovable property located at Jaipur against cumulative borrowings taken from DBS Bank Ltd. by Fortis Healthcare Limited, International Hospital Limited, Fortis Hospital Limited and Escorts Heart Institute and Research Centre Limited

**5b Capital work-in-progress**

| Particulars                               | (Rupees in lacs)       |                        |
|---|------------------------|------------------------|
|   | As at<br>31 March 2021 | As at<br>31 March 2020 |
| Opening Balance                           | 30.91                  | 10.81                  |
| Additions*                                | 170.20                 | 135.98                 |
| Transfer to property, plant and equipment | (176.11)               | (115.88)               |
| <b>Closing balance</b>                    | <b>25.00</b>           | <b>30.91</b>           |

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

| 5c. Goodwill             |                         | ( ₹ in lakhs) |
|--------------------------|-------------------------|---------------|
| Particulars              | Goodwill on acquisition |               |
| Cost                     |                         |               |
| As at April 1, 2019      | 491.54                  |               |
| Additions                | -                       |               |
| Disposals                | -                       |               |
| As at March 31, 2020     | 491.54                  |               |
| Additions                | -                       |               |
| Disposals                | -                       |               |
| As at March 31, 2021     | 491.54                  |               |
| <b>Carrying amount :</b> |                         |               |
| As at March 31, 2020     | 491.54                  |               |
| As at March 31, 2021     | 491.54                  |               |

Note: Closing goodwill for ₹ 491.54 lakhs consists of goodwill arising at the time of the acquisition of clinical establishment at Mohali.

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

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

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

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

| Particulars  | As at<br>31 March, 2021 | As at<br>31 March, 2020 |
|--|-------------------------|-------------------------|
| Compound average net sales growth rate for seven year period (p.a.)                                      | 4%-7%                   | 4%-7%                   |
| Growth rate used for extrapolation of cash flow projections beyond seven year period. (Refer note below) | 3% p.a.                 | 3% p.a.                 |
| Discount rate (p.a.)   | 12.70%                  | 12.70%                  |

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

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

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



ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars                                    | As at<br>March 31, 2021<br>(₹ in lakhs) | As at<br>March 31, 2020<br>(₹ in lakhs) |
|--|---|---|
| <b>6 Loans (unsecured)</b>                     |   |   |
| <b>Non-current at amortised cost</b>           |   |   |
| <b>Considered good</b>                         |   |   |
| (a) Loan to related party (Refer note 39(i))   | -                                       | 270.00                                  |
| (b) Security deposits                          | 129.79                                  | 129.79                                  |
| <b>Credit impaired</b>                         |   |   |
| (a) Security deposits                          | 1.30                                    | 1.30                                    |
| Less: Loss allowance                           | (1.30)                                  | (1.30)                                  |
|  | <b>129.79</b>                           | <b>399.79</b>                           |
| <b>7 Deferred Tax Assets (net)</b>             |   |   |
| Deferred tax assets                            | 4,380.80                                | 3,681.90                                |
| Deferred tax liabilities                       | (284.95)                                | (118.30)                                |
| <b>Deferred tax assets recognised in books</b> | <b>4,095.85</b>                         | <b>3,563.60</b>                         |

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

| 2020-2021  | (₹ in lakhs)            |                                       |                                  |                         |
|--|-------------------------|---------------------------------------|----------------------------------|-------------------------|
|  | As at<br>April 01, 2020 | Credit/(charge) to<br>profit and loss | Credit to other<br>comprehensive | As at<br>March 31, 2021 |
| <b>Deferred tax asset</b>  |                         |                                       |                                  |                         |
| (a) Provision for expected credit loss                           | 22.80                   | 2.63                                  | -                                | 25.43                   |
| (b) Defined benefit obligation                                   | 9.89                    | 31.50                                 | 1.88                             | 43.27                   |
| (c) Carry forward losses, unabsorbed depreciation and allowances | 3,556.40                | 673.08                                | -                                | 4,229.48                |
| (d) Amortisation of non-recurring base fee                       | 92.81                   | (10.19)                               | -                                | 82.62                   |
|  | <b>3,681.90</b>         | <b>697.02</b>                         | <b>1.88</b>                      | <b>4,380.80</b>         |
| <b>Deferred tax liabilities</b>                                  |                         |                                       |                                  |                         |
| (a) Property, plant and equipment                                | (16.60)                 | (144.63)                              | -                                | (161.23)                |
| (b) Intangible assets  | (101.70)                | (22.02)                               | -                                | (123.72)                |
|  | <b>(118.30)</b>         | <b>(166.65)</b>                       | <b>-</b>                         | <b>(284.95)</b>         |
| <b>Deferred tax asset (net)</b>                                  | <b>3,563.60</b>         | <b>530.37</b>                         | <b>1.88</b>                      | <b>4,095.85</b>         |

| 2019-2020  | (₹ in lakhs)            |   |                                  |                         |
|--|-------------------------|---|----------------------------------|-------------------------|
|  | As at<br>April 01, 2019 | Credit/ ( charge)<br>to profit and loss | Credit to other<br>comprehensive | As at<br>March 31, 2020 |
| <b>Deferred tax asset</b>  |                         |   |                                  |                         |
| (a) Provision for expected credit loss                           | -                       | 22.80                                   | -                                | 22.80                   |
| (b) Defined benefit obligation                                   | -                       | 9.44                                    | 0.45                             | 9.89                    |
| (c) Carry forward losses, unabsorbed depreciation and allowances | -                       | 3,556.40                                | -                                | 3,556.40                |
| (d) Amortisation of non-recurring base fee                       | -                       | 92.81                                   | -                                | 92.81                   |
|  | <b>-</b>                | <b>3,681.45</b>                         | <b>0.45</b>                      | <b>3,681.90</b>         |
| <b>Deferred tax liabilities</b>                                  |                         |   |                                  |                         |
| (a) Property, plant and equipment                                | -                       | (16.60)                                 | -                                | (16.60)                 |
| (b) Intangible assets  | -                       | (101.70)                                | -                                | (101.70)                |
|  | <b>-</b>                | <b>(118.30)</b>                         | <b>-</b>                         | <b>(118.30)</b>         |
| <b>Deferred tax asset (net)</b>                                  | <b>-</b>                | <b>3,563.15</b>                         | <b>0.45</b>                      | <b>3,563.60</b>         |

**8 Non-current tax assets (net)**

|  |                 |                 |
|--|-----------------|-----------------|
| <b>Considered good</b>                             |                 |                 |
| Advance income tax (net of provision for taxation) | 4,019.10        | 3,962.38        |
|  | <b>4,019.10</b> | <b>3,962.38</b> |
| Provision for taxation                             | 901.99          | 901.99          |



ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars   | As at<br>March 31, 2021<br>(₹ in lakhs) | As at<br>March 31, 2020<br>(₹ in lakhs) |
|---|---|---|
| <b>9 Other assets (unsecured)</b>   |   |   |
| <b>Non-current</b>  |   |   |
| <b>Considered good</b>  |   |   |
| (a) Technology renewal fund   | 117.78                                  | 78.78                                   |
| (b) Capital advances  | -                                       | 17.23                                   |
| <b>Credit impaired</b>  |   |   |
| (a) Capital advances  | 57.89                                   | 57.89                                   |
| Less: Loss allowance  | (57.89)                                 | (57.89)                                 |
|   | <b>117.78</b>                           | <b>96.01</b>                            |
| <b>Current</b>  |   |   |
| <b>Considered good</b>  |   |   |
| (a) Advance to vendors  | 5.35                                    | 11.51                                   |
| (b) Prepaid expenses  | 51.24                                   | 32.34                                   |
|   | <b>56.59</b>                            | <b>43.85</b>                            |
| <b>Credit impaired</b>  |   |   |
| (a) Advance to vendors  | -                                       | 0.04                                    |
| Less: Loss allowance  | -                                       | (0.04)                                  |
|   | <b>56.59</b>                            | <b>43.85</b>                            |
| <b>10 Investments</b>   |   |   |
| <b>Current</b>  |   |   |
| <b>Unquoted investments in fellow subsidiaries</b>  |   |   |
| <b>Investment in debt instruments measured at amortised cost</b>  |   |   |
| (a) International Hospital Limited (Refer note 39 (i))  |   |   |
| 1,777,500 (1,777,500 as at March 31, 2020) unsecured 9% optionally convertible debentures of INR 1,000 each fully paid up | 17,775.00                               | 17,775.00                               |
| <b>Aggregate carrying value of unquoted investments in fellow subsidiaries</b>  | <b>17,775.00</b>                        | <b>17,775.00</b>                        |
| <b>Aggregate gross value of unquoted investments in fellow subsidiaries</b>   | <b>17,775.00</b>                        | <b>17,775.00</b>                        |
| <b>Aggregate amount of impairment in value of investments in fellow subsidiaries</b>                                      | <b>-</b>                                | <b>-</b>                                |





ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars   | As at                          | As at                          |
|---|--------------------------------|--------------------------------|
|   | March 31, 2021<br>(₹ in lakhs) | March 31, 2020<br>(₹ in lakhs) |
| <b>11 Trade receivables (Unsecured unless otherwise stated)</b> |                                |                                |
| <b>Current</b>  |                                |                                |
| (a) Considered good   |                                |                                |
| From others   | 58.53                          | 99.00                          |
| From related parties  | 6,525.10                       | 5,576.91                       |
| (b) Credit impaired   |                                |                                |
| From others   | 43.14                          | 32.70                          |
| Less: Loss allowance  | (43.14)                        | (32.70)                        |
|   | <b>6,583.63</b>                | <b>5,675.91</b>                |

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

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

The Company uses its judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period. The provision matrix used to compute the expected credit loss allowance for trade receivables (other than due from related parties) are as follows:

**Expected credit loss - clinical establishment units**

| Ageing bucket      | Expected credit allowance% |                |
|--------------------|----------------------------|----------------|
|                    | March 31, 2021             | March 31, 2020 |
| 0 - 6 months       | -                          | -              |
| More than 6 months | 100%                       | 100%           |

The hospital operating companies have confirmed that it has the ability and intention to settle the outstanding dues payable to the Company in due course. Hence, the Company believes that no adjustment is required to be carried out in its financial statements as at and for the year ended March 31, 2021 with respect to the outstanding receivables.

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

| Particulars   | (₹ in lakhs)                            |   |
|---|---|---|
|   | For the year<br>ended March 31,<br>2021 | For the year<br>ended March 31,<br>2020 |
| Balance at the beginning of the year                                    | 32.70                                   | 22.08                                   |
| Add: Creation of the allowance for expected credit loss (Refer note 25) | 11.08                                   | 10.62                                   |
| Less: Utilisation of the allowance for expected credit loss             | (0.64)                                  | -                                       |
| <b>Balance at the end of the year</b>                                   | <b>43.14</b>                            | <b>32.70</b>                            |

**12a Cash and cash equivalents**

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

|   |              |              |
|---|--------------|--------------|
| (a) Cash on hand  | 0.17         | 0.86         |
| (b) Balances with banks   |              |              |
| (i) in current accounts   | 21.30        | 13.81        |
| <b>Cash and cash equivalents as per balance sheet and statement of cash flows</b> | <b>21.47</b> | <b>14.67</b> |

**12b Bank balances other than above**

|   |   |              |
|---|---|--------------|
| (a) Balances with bank  |   |              |
| Bank deposits due to mature within 12 months from the reporting date* | - | 15.88        |
|   | - | <b>15.88</b> |

\*Fixed deposits are pledged against bank guarantee issued by banks of behalf of the Company



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

| Particulars   | As at<br>March 31, 2021<br>(₹ in lakhs) | As at<br>March 31, 2020<br>(₹ in lakhs) |
|---|---|---|
| <b>13 Other financial assets (unsecured)</b>  |   |   |
| <b>Current</b>  |   |   |
| <b>Considered good</b>  |   |   |
| (a) Interest accrued and due on optionally convertible debentures and loan to related party (refer note 28) | 12,464.10                               | 10,951.64                               |
| (b) Interest accrued but not due on fixed deposits  | 2.48                                    | 0.24                                    |
| (c) Amount recoverable from related parties for reimbursement of expenses (refer note 28)                   | 58.25                                   | 81.56                                   |
| (d) Others  | 20.10                                   | 30.33                                   |
|   | <b>12,544.93</b>                        | <b>11,063.77</b>                        |



ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars  | As at                          | As at                          |
|--|--------------------------------|--------------------------------|
|  | March 31, 2021<br>(₹ in lakhs) | March 31, 2020<br>(₹ in lakhs) |
| <b>14 Share capital</b>  |                                |                                |
| <b>Authorised share capital:</b>   |                                |                                |
| 34,010,655 (34,010,655 as at March 31, 2020) equity shares of ₹10 each     | 3,401.07                       | 3,401.07                       |
| 10,989,345 (10,989,345 as at March 31, 2020) preference shares of ₹10 each | 1,098.93                       | 1,098.93                       |
| <b>Total authorised share capital</b>                                      | <b>4,500.00</b>                | <b>4,500.00</b>                |
| <b>Issued, subscribed and fully paid up shares</b>                         |                                |                                |
| 33,925,166 (33,925,166 as at March 31, 2020) equity shares of ₹10 each     | 3,392.52                       | 3,392.52                       |
| <b>Total issued, subscribed and fully paid up share capital</b>            | <b>3,392.52</b>                | <b>3,392.52</b>                |

Notes:

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

Equity Shares

| Particulars                               | As at March 31, 2021 |                 | As at March 31, 2020 |                 |
|---|----------------------|-----------------|----------------------|-----------------|
|   | Number               | (₹ in lakhs)    | Number               | (₹ in lakhs)    |
| At the beginning of the year              | 33,925,166           | 3,392.52        | 33,925,166           | 3,392.52        |
| <b>Outstanding at the end of the year</b> | <b>33,925,166</b>    | <b>3,392.52</b> | <b>33,925,166</b>    | <b>3,392.52</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. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

| Name of shareholder                                  | As at March 31, 2021 |              | As at March 31, 2020 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No. of Shares held   | (₹ in lakhs) | No. of Shares held   | (₹ in lakhs) |
| Fortis Healthcare Limited (Holding Company)          | 16,480,000           | 1,648.00     | 16,480,000           | 1,648.00     |
| International Hospital Limited (fellow subsidiary*)  | 12,990,000           | 1,299.00     | 12,990,000           | 1,299.00     |
| Fortis Health Management Limited (fellow subsidiary) | 4,455,166            | 445.52       | 4,455,166            | 445.52       |

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

| Name of shareholder                                  | As at March 31, 2021 |              | As at March 31, 2020 |              |
|--|----------------------|--------------|----------------------|--------------|
|  | No. of shares held   | % of Holding | No. of shares held   | % of Holding |
| Fortis Healthcare Limited (Holding Company)          | 16,480,000           | 48.58%       | 16,480,000           | 48.58%       |
| International Hospital Limited (fellow subsidiary*)  | 12,990,000           | 38.29%       | 12,990,000           | 38.29%       |
| Fortis Health Management Limited (fellow subsidiary) | 4,455,166            | 13.13%       | 4,455,166            | 13.13%       |

\*including 6 equity shares held by its nominees.

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

| Particulars   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 | Year ended<br>March 31, 2019 | Year ended<br>March 31, 2018 | Year ended<br>March 31, 2017 |
|---|------------------------------|------------------------------|------------------------------|------------------------------|------------------------------|
| Number of equity shares allotted upon conversion of compulsory convertible debentures (refer note 30(ii)) | -                            | -                            | 16,480,000                   | -                            | -                            |



ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars  | As at<br>March 31, 2021<br>(₹ in lakhs) | As at<br>March 31, 2020<br>(₹ in lakhs) |
|--|---|---|
| <b>15 Provisions</b>   |   |   |
| <b>Non- current</b>  |   |   |
| <b>Provision for employee benefits</b>   |   |   |
| (a) Gratuity (Refer note 33)   | 116.02                                  | 26.58                                   |
| (b) Compensated absences   | 49.10                                   | 11.01                                   |
|  | <b>165.12</b>                           | <b>37.59</b>                            |
| <b>Current</b>   |   |   |
| <b>Provision for employee benefits</b>   |   |   |
| (a) Gratuity (Refer note 33)   | 4.00                                    | 1.00                                    |
| (b) Compensated absences   | 2.78                                    | 0.69                                    |
|  | <b>6.78</b>                             | <b>1.69</b>                             |
| <b>16 Other liabilities</b>  |   |   |
| <b>Non- current</b>  |   |   |
| (a) Contract liability - advance from customers  | 287.74                                  | 328.25                                  |
|  | <b>287.74</b>                           | <b>328.25</b>                           |
| <b>Current</b>   |   |   |
| (a) Statutory dues payable   | 404.22                                  | 519.68                                  |
| (b) Contract liability - advance from customers  | 40.50                                   | 40.50                                   |
|  | <b>444.72</b>                           | <b>560.18</b>                           |
| <b>17 Current borrowings</b>   |   |   |
| <b>Unsecured</b>   |   |   |
| (a) Non-convertible debentures<br>3,130,400 (3,130,400 as at March 31, 2020) 14.80% Non-convertible<br>debentures (NCDs) of ₹ 1,000 each | 31,304.00                               | 31,304.00                               |
| (b) Loan from related party - repayable on demand (Refer note 30(a)(iii))  | -                                       | 1.00                                    |
|  | <b>31,304.00</b>                        | <b>31,305.00</b>                        |
| <b>18 Trade payables</b>   |   |   |
| (a) Total outstanding dues of micro enterprises and small enterprises<br>(Refer note 38)   | 15.27                                   | 20.32                                   |
| (b) Total outstanding dues of creditors other than micro enterprises<br>and small enterprises  | 611.19                                  | 429.36                                  |
|  | <b>626.46</b>                           | <b>449.68</b>                           |
| <b>19 Other financial liabilities</b>  |   |   |
| <b>Current</b>   |   |   |
| <b>Unsecured</b>   |   |   |
| (a) Interest accrued and due on compulsorily convertible debentures (refer note 30(ii))  | 3,811.75                                | 4,222.59                                |
| (b) Interest accrued and due on non-convertible debentures (refer note 30(i))  | 22,933.53                               | 18,690.64                               |
| (c) Interest accrued but not due on non-convertible debentures (Refer note 30(i))  | 1,819.88                                | 1,777.25                                |
| (d) Interest accrued and due on loan from related party (refer note 30(iii))   | -                                       | 8.42                                    |
| (e) Security deposits received   | 36.30                                   | 39.71                                   |
| (f) Capital creditors*   | 22.25                                   | 6.20                                    |
| (g) Employee payables  | 12.96                                   | -                                       |
|  | <b>28,636.67</b>                        | <b>24,744.81</b>                        |

\* includes amount due to micro and small enterprises amounting to ₹ 21.73 lakhs (March 31,2020: ₹ 0.29 lakhs)



ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
 NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021

| Particulars  | Year ended<br>March 31, 2021<br>(₹ in lakhs) | Year ended<br>March 31, 2020<br>(₹ in lakhs) |
|--|--|--|
| <b>20 Revenue from operations</b>                                  |  |  |
| (a) <b>Sale of services</b>  |  |  |
| Income from hospital and medical services                          | 5,995.04                                     | 10,074.16                                    |
|  | <b>5,995.04</b>                              | <b>10,074.16</b>                             |
| (b) <b>Other operating income</b>                                  |  |  |
| Income from rent (refer note 29)                                   | 148.84                                       | 479.11                                       |
|  | <b>148.84</b>                                | <b>479.11</b>                                |
|  | <b>6,143.88</b>                              | <b>10,553.27</b>                             |
| <b>21 Other income</b>   |  |  |
| (a) <b>Interest income on</b>                                      |  |  |
| (i) Optionally convertible debentures (refer note 28)              | 1,599.75                                     | 1,599.75                                     |
| (ii) Loan to related party (refer note 28)                         | 16.67  | 28.35  |
| (iii) Bank deposits  | 0.32   | 1.12   |
| (iv) Income tax refund   | 3.84   | -  |
| (v) Others   | 2.37   | 2.77   |
| <b>Total interest income</b>                                       | <b>1,622.95</b>                              | <b>1,631.99</b>                              |
| (b) <b>Other non-operating income</b>                              |  |  |
| (i) Liabilities no longer required written back                    | 2.68   | 2.50   |
| (ii) Profit on sale of property, plant and equipment               | -  | 0.26   |
| (iii) Scrap sale   | 4.70   | -  |
| (iv) Miscellaneous income  | 0.93   | 0.29   |
| <b>Total non-operating income</b>                                  | <b>8.31</b>                                  | <b>3.05</b>                                  |
| <b>Total other income</b>  | <b>1,631.26</b>                              | <b>1,635.04</b>                              |
| <b>22 Employee benefits expense</b>                                |  |  |
| (a) Salaries, wages and bonus                                      | 616.78                                       | 147.80                                       |
| (b) Gratuity expenses (Refer note 33)                              | 2.77   | 4.24   |
| (c) Compensated absences   | 12.32  | 1.40   |
| (d) Contribution to provident fund and other funds (Refer note 33) | 33.70  | 8.57   |
| (e) Staff welfare expenses   | -  | 0.82   |
|  | <b>665.57</b>                                | <b>162.83</b>                                |
| <b>23 Finance cost</b>   |  |  |
| (a) <b>Interest expense on</b>                                     |  |  |
| - Non-convertible debentures (refer note 28)                       | 4,632.99                                     | 4,632.99                                     |
| - Loan from related party (refer note 28)                          | 0.02   | 0.10   |
| - Interest on defined benefit plan                                 | 2.46   | -  |
| - Others   | 0.09   | 0.04   |
| (b) Bank charges   | 0.29   | -  |
|  | <b>4,635.85</b>                              | <b>4,633.13</b>                              |
| <b>24 Depreciation and amortisation expense</b>                    |  |  |
| (a) Depreciation of property, plant and equipment (Refer note 5a)  | 457.48                                       | 469.89                                       |
| (b) Amortization of right-of-use assets (Refer note 29)            | 11.33  | 11.56  |
|  | <b>468.81</b>                                | <b>481.45</b>                                |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

| Particulars   | Year ended<br>March 31, 2021<br>(₹ in lakhs) | Year ended<br>March 31, 2020<br>(₹ in lakhs) |
|---|--|--|
| <b>25 Other expenses</b>  |  |  |
| (a) Contractual manpower  | 178.49                                       | 175.41                                       |
| (b) Power and fuel  | 103.62                                       | 101.02                                       |
| (c) Housekeeping expenses including consumables                                 | 434.53                                       | 522.26                                       |
| (d) Pantry expenses   | 2.14   | 10.56  |
| (e) Radiology expenses  | 2,550.98                                     | 2,986.73                                     |
| (f) Professional and consultation fees to doctors                               | 499.28                                       | 530.21                                       |
| (g) Cost of medical services  | 129.03                                       | 211.11                                       |
| (h) Repairs and maintenance   |  |  |
| - Plant and equipment   | 122.85                                       | 143.93                                       |
| - Others  | -  | 1.06   |
| (i) Legal and professional fee (refer note below)                               | 33.44  | 33.40  |
| (j) Director sitting fee  | 1.75   | 4.24   |
| (k) Rates and taxes   | 28.69  | 52.69  |
| (l) Printing and stationery   | 3.28   | 2.11   |
| (m) Insurance   | 38.88  | 11.80  |
| (n) Allowances for doubtful advances  | -  | 1.30   |
| (o) Allowance for doubtful receivables (Refer note 11)                          | 11.08  | 10.62  |
| (p) Bank charges  | -  | 1.16   |
| (q) Miscellaneous expenses  | 1.28   | 1.81   |
|   | <b>4,139.32</b>                              | <b>4,801.42</b>                              |
| <b>Note:</b>  |  |  |
| (i) Auditors' remuneration comprises (inclusive of indirect tax)*               |  |  |
| (a) Statutory audit fee   | 13.10  | 13.75  |
| (b) Tax audit fee   | 1.33   | 1.57   |
| (c) Other services  | -  | 4.23   |
| (d) Out of pocket expenses  | 0.92   | 3.73   |
|   | <b>15.35</b>                                 | <b>23.28</b>                                 |
| <br>  |  |  |
| *Previous year fee represents amount paid to previous auditors of the Company.  |  |  |
| <b>26 Income tax</b>  |  |  |
| <b>Current tax</b>  |  |  |
| Current income tax charge for the year  | -  | -  |
| <b>Deferred tax (refer note 7)</b>  |  |  |
| Deferred tax credit for the year  | (530.37)                                     | (3,563.15)                                   |
|   | <b>(530.37)</b>                              | <b>(3,563.15)</b>                            |
| <b>Tax expense/(credit) recognised through the statement of profit and loss</b> | <b>(530.37)</b>                              | <b>(3,563.15)</b>                            |
| <b>Recognised in Other Comprehensive Income</b>                                 |  |  |
| Tax related to items that will not be classified to Profit and Loss             | 1.88   | 0.45   |
| <b>Income tax charged to other comprehensive income</b>                         | <b>1.88</b>                                  | <b>0.45</b>                                  |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2021**

| Particulars   | Year ended<br>March 31, 2021<br>(₹ in lakhs) | Year ended<br>March 31, 2020<br>(₹ in lakhs) |
|---|--|--|
| <b>The Income tax expense for the year can be reconciled to the accounting profit as follows:</b> |  |  |
| Profit/ (loss) before tax from continuing operations  | (2,134.41)                                   | 2,092.57                                     |
| Enacted income tax rate in India  | 25.17%                                       | 25.17%                                       |
| Income tax (credit)/ charge calculated  | (537.23)                                     | 526.70                                       |
| Effect of recognition of previously unrecognised deferred tax assets                              | -  | (1,299.82)                                   |
| Charge in respect of previous years   | 5.70   | (2,969.79)                                   |
| Effect on change in tax rates   | -  | 176.40                                       |
| Effect of deferred tax on goodwill due to change in law   | 22.02  | -  |
| Others  | (20.86)                                      | 3.36   |
| <b>Income tax expense recognised in statement of profit and loss</b>                              | <b>(530.37)</b>                              | <b>(3,563.15)</b>                            |

**27 Earnings per share (EPS)**

|   |            |            |
|---|------------|------------|
| (Loss)/ profit as per statement of profit and loss (Amount in lacs) | (1,604.04) | 5,655.72   |
| Weighted average number of equity shares outstanding                | 33,925,166 | 33,925,166 |
| Basic EPS (in Rs.)  | (4.73)     | 16.67      |
| Diluted EPS (in Rs.)  | (4.73)     | 16.67      |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**28. Related party disclosures**

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

|   |  |
|---|--|
| Ultimate Holding Company  | IHH Healthcare Berhad  |
| Intermediate Holding Company  | Integrated Healthcare Holdings Limited                         |
|   | Parkway Pantai Limited   |
|   | Northern TK Venture Pte Ltd                                    |
| Holding Company   | Fortis Healthcare Limited ('FHL')                              |
| Fellow subsidiaries (parties with whom transactions have taken place)                 | Fortis Hospitals Limited ('FHsL')                              |
|   | Fortis Hospotel Limited ('FHTL')                               |
|   | Fortis Health Management Limited ('FHML')                      |
|   | Hospitalia Eastern Private Limited ('HEPL')                    |
|   | Escorts Heart Institute and Research Centre Limited ('EHIRCL') |
|   | Hiranandani Healthcare Private Limited ('HHPL')                |
|   | International Hospital Limited ('IHL')                         |
| Key Management Personnel ('KMP') / Director (with whom transactions have taken place) | Mr. Gaurav Chugh, Director (upto October 01, 2020)             |
|   | Mr. Avinash Khaitan, Director (upto October 22, 2020)          |
|   | Ms. Manu Kapila, Director                                      |
|   | Mr. Rajeev Kumar Dua, Director (upto October 7, 2020)          |
|   | Mr. Abhijit Singh, Whole Time Director (w.e.f. April 25, 2019) |
|   | Ms. Anita Rastogi, Company Secretary (w.e.f. November 8, 2019) |

| Transactions details                     | (Rupees in Lakhs)            |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
| <b>Hospital Service fee</b>              |                              |                              |
| Fortis Hospitals Limited                 | 2,531.37                     | 5,190.49                     |
| Fortis Healthcare Limited                | 3,463.67                     | 4,883.67                     |
| <b>Rental income from outlets</b>        |                              |                              |
| Fortis Healthcare Limited                | -                            | 5.04                         |
| <b>Interest income on</b>                |                              |                              |
| <b>Loan to related party</b>             |                              |                              |
| International Hospital Limited           | 16.67                        | 28.35                        |
| <b>Optionally convertible debentures</b> |                              |                              |
| International Hospital Limited           | 1,599.75                     | 1,599.75                     |
| <b>Finance cost on</b>                   |                              |                              |
| <b>Non-convertible debentures</b>        |                              |                              |
| Fortis Healthcare Limited                | 4,632.99                     | 4,632.99                     |
| <b>Loan from related party</b>           |                              |                              |
| Fortis Hospotel Limited                  | 0.02                         | 0.10                         |
| <b>Director sitting fee</b>              |                              |                              |
| Mr. Abhijit Singh                        | 0.35                         | 0.83                         |
| Mr. Gaurav Chugh                         | 0.35                         | 0.94                         |
| Mr. Manu Kapila                          | 0.35                         | 0.59                         |
| Mr. Avinash Khaitan                      | 0.35                         | 0.94                         |
| Mr. Rajeev Kumar Dua                     | 0.35                         | 0.94                         |





**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

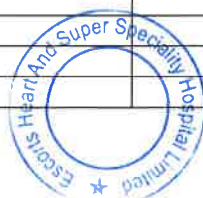
| Transactions details  | (Rupees in Lakhs)            |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2021 | Year ended<br>March 31, 2020 |
| <b>Retainership fee</b>   |                              |                              |
| Ms. Anita Rastogi   | 1.58                         | 0.66                         |
| <b>Expenses incurred by the Company on behalf of</b>  |                              |                              |
| Fortis Healthcare Limited   | 408.41                       | 447.36                       |
| Fortis Hospitals Limited  | 426.64                       | 489.42                       |
| <b>Loan received back</b>   |                              |                              |
| International Hospital Limited  | 270.00                       | -                            |
| <b>Loan repaid</b>  |                              |                              |
| Fortis Hospotel Limited   | 1.00                         | -                            |
| <b>Transfer of employee benefit liability to Company by</b>                                       |                              |                              |
| Fortis Hospital Limited   | 38.23                        | -                            |
| Fortis Healthcare Limited   | 89.93                        | -                            |
| <b>Corporate/ financial guarantees given earlier for loans availed by related party withdrawn</b> |                              |                              |
| International Hospital Limited  | -                            | 42,760.00                    |
| Hospitalia Eastern Private Limited  | -                            | 7,000.00                     |
| Escorts Heart Institute and Research Centre Limited   | 640.00                       | -                            |
| Fortis Healthcare Limited   | 2,510.00                     | -                            |
| Fortis Hospitals Limited  | 27,590.00                    | -                            |
| Fortis Health Management Limited  | 1,160.00                     | -                            |
| <b>Corporate guarantees issued on the behalf of</b>   |                              |                              |
| International Hospital Limited  | 3,500.00                     | 3,800.00                     |
| Fortis Hospotel Limited   | 3,000.00                     | 3,250.00                     |
| Escorts Heart Institute and Research Centre Limited   | 1,280.00                     | 4,140.00                     |
| Hiranandani Healthcare Private Limited  | -                            | 50.00                        |
| Fortis Healthcare Limited   | 11,075.82                    | 79,890.00                    |
| Fortis Hospitals Limited  | 33,330.00                    | 67,140.00                    |
| <b>Corporate guarantee received withdrawn</b>   |                              |                              |
| Fortis Health Management Limited  | -                            | 31,304.00                    |
| International Hospital Limited  | -                            | 31,304.00                    |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

(Rupees in Lakhs)

| Balance outstanding at the year end                     | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
|---|-------------------------|-------------------------|
| <b>Current borrowings</b>                               |                         |                         |
| <b>Non-convertible debentures</b>                       |                         |                         |
| Fortis Healthcare Limited                               | 31,304.00               | 31,304.00               |
| <b>Loan from related party</b>                          |                         |                         |
| Fortis Hospotel Limited                                 | -                       | 1.00                    |
| <b>Other non-current liabilities</b>                    |                         |                         |
| <b>Contract liability - advance from customers</b>      |                         |                         |
| Fortis Healthcare Limited                               | 287.74                  | 328.25                  |
| <b>Other current financial liabilities</b>              |                         |                         |
| <b>Interest accrued and due on</b>                      |                         |                         |
| <b>Compulsorily convertible debentures</b>              |                         |                         |
| Fortis Healthcare Limited                               | 3,811.75                | 4,222.59                |
| <b>Non-convertible debentures</b>                       |                         |                         |
| Fortis Healthcare Limited                               | 22,933.53               | 18,690.64               |
| <b>Inter corporate loan from related party</b>          |                         |                         |
| Fortis Hospotel Limited                                 | -                       | 8.42                    |
| <b>Interest accrued but not due on</b>                  |                         |                         |
| <b>Non-convertible debentures</b>                       |                         |                         |
| Fortis Healthcare Limited                               | 1,819.88                | 1,777.25                |
| <b>Other current liabilities</b>                        |                         |                         |
| <b>Advances from customers</b>                          |                         |                         |
| Fortis Healthcare Limited                               | 40.50                   | 40.50                   |
| <b>Other non-current assets</b>                         |                         |                         |
| <b>Technology renewal fund</b>                          |                         |                         |
| Fortis Healthcare Limited                               | 51.91                   | 29.92                   |
| Fortis Hospitals Limited                                | 65.87                   | 48.86                   |
| <b>Non-current investments</b>                          |                         |                         |
| <b>Optionally convertible debentures</b>                |                         |                         |
| International Hospital Limited                          | 17,775.00               | 17,775.00               |
| <b>Loans (Non-current)</b>                              |                         |                         |
| <b>Loan to related party</b>                            |                         |                         |
| International Hospital Limited                          | -                       | 270.00                  |
| <b>Trade receivables</b>                                |                         |                         |
| Fortis Hospitals Limited                                | 6,344.44                | 4,640.32                |
| Fortis Healthcare Limited                               | 180.66                  | 936.59                  |
| <b>Other current financial assets</b>                   |                         |                         |
| <b>Amount recoverable for reimbursement of expenses</b> |                         |                         |
| Fortis Hospitals Limited                                | 37.51                   | 55.05                   |
| Fortis Healthcare Limited                               | 20.74                   | 26.51                   |
| <b>Interest accrued on</b>                              |                         |                         |
| <b>Optionally convertible debentures</b>                |                         |                         |
| International Hospital Limited                          | 12,464.10               | 10,876.29               |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

|   | (Rupees in Lakhs)       |                         |
|---|-------------------------|-------------------------|
| Balance outstanding at the year end                       | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| <b>Loan to related party</b>                              |                         |                         |
| International Hospital Limited                            | -                       | 75.35                   |
| <b>Corporate/ financial guarantee issued on behalf of</b> |                         |                         |
| International Hospital Limited                            | 7,300.00                | 3,800.00                |
| Fortis Hospotel Limited                                   | 6,250.00                | 3,250.00                |
| Escorts Heart Institute and Research Centre Limited       | 4,780.00                | 4,140.00                |
| Fortis Healthcare Limited                                 | 88,455.82               | 79,890.00               |
| Fortis Hospitals Limited                                  | 72,880.00               | 67,140.00               |
| Hiranandani Healthcare Private Limited                    | 50.00                   | 50.00                   |
| Fortis Health Management Limited                          | -                       | 1,160.00                |

Note: Refer note 41 wherein stated that the Company has waived off the fee for hospital and medical services (HMSA fee) amounting to Rs. 1,103.04 lakhs and Rupees 2,681.59 lakhs receivable from FHL and FHSL respectively.

**29. Leases**

**As a lessee**

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

|   | ( Rupees in lakhs) |
|---|--------------------|
| Particulars   | Leasehold land     |
| <b>Gross carrying amount</b>                        |                    |
| <b>As at April 01, 2019</b>                         | -                  |
| Reclassification from Property, plant and equipment | 961.64             |
| Additions   | -                  |
| <b>As at April 01, 2020</b>                         | <b>961.64</b>      |
| Additions   | -                  |
| Deletions   | -                  |
| <b>As at March 31, 2021</b>                         | <b>961.64</b>      |
| <b>Accumulated amortization</b>                     |                    |
| <b>As at April 01, 2019</b>                         |                    |
| Reclassification from Property, plant and equipment | 45.96              |
| Charge for the year                                 | 11.56              |
| <b>As at March 31, 2020</b>                         | <b>57.52</b>       |
| Charge for the year                                 | 11.33              |
| <b>As at March 31, 2021</b>                         | <b>68.85</b>       |
| <b>Carrying amount as at March 31, 2020</b>         | <b>904.12</b>      |
| <b>Carrying amount as at March 31, 2021</b>         | <b>892.79</b>      |

**As a lessor**

**Assets given on operating lease:**

The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. The total lease income received / receivable in respect of the above leases recognised in the Statement of Profit and Loss for the year are Rupees 148.84 lacs (March 31, 2020 Rupees 479.11 lacs).



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Revenue from HMSA**

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

| Particulars                                       | (₹ in lakhs)            |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| Minimum service fee:                              |                         |                         |
| Not later than one year                           | 6,237.08                | 6,055.42                |
| Later than one year but not later than five years | 26,876.43               | 26,093.62               |
| Later than five years                             | 11,863.87               | 18,883.76               |
| <b>Total</b>                                      | <b>44,977.38</b>        | <b>51,032.80</b>        |

**30. Borrowings**

**Unsecured loans**

**i) Non-convertible debentures (NCDs)**

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

| Particulars                   | (₹ in lakhs)                               |                         |
|-------------------------------|--|-------------------------|
|                               | As at<br>March 31, 2021                    | As at<br>March 31, 2020 |
| Number of debentures          | 3,130,400                                  | 3,130,400               |
| Principal Amount (₹ in lakhs) | 31,304.00                                  | 31,304.00               |
| Accrued interest (₹ in lakhs) | 24,753.41                                  | 20,467.89               |
| Rate of Interest (p.a.)       | 14.80%                                     | 14.80%                  |
| Terms of redemption           | The maturity date of NCDs is May 01, 2032. |                         |

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

- the hypothecation on moveable and current assets and mortgage on the land at Mohali and charge on the bank accounts of Jaipur, Mohali and Corporate locations w.e.f. January 15, 2019.
- financial guarantee by International Hospital Limited and Fortis Health Management Limited.

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

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

As per the terms of the amended agreement dated July 12, 2017, consequent to the default in payment of interest, the outstanding principal and interest is repayable on demand. During the year ended March 31, 2019, the Company had defaulted in payment of interest and hence the outstanding liabilities was classified as current.

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

During the current year, the Board of Directors of Fortis Healthcare Limited has confirmed through an extension letter



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

dated June 12, 2020 that they will not call for the outstanding interest or/and principal till the time, the Company is in a position to make these payments.

**ii) Compulsorily Convertible Debentures (CCDs):**

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

On March 29, 2019, the Board of Directors of the Company passed a resolution to convert these CCDs into 16,480,000 equity shares of face value of ₹ 10 each. However, interest accrued till the date of conversion has not paid by the Company. The outstanding amount of such interest as included in other current financial liabilities amounting to ₹ 3,811.75 Lakhs (as on March 31, 2020: ₹ 4,222.59)

Consequent to the continuous default by the Company in earlier years, the outstanding interest is repayable on demand. However, during the current year, Fortis Healthcare Limited has confirmed through an extension letter dated June 12, 2020 that they will not call for the outstanding interest till the time, the Company is in a position to make these payments.

**iii) Loan from related party**

A. The Company had obtained loan from Fortis Hospotel Limited in earlier years. The details are as follows:

| Particulars                   | (₹ in lakhs)         |                      |
|-------------------------------|----------------------|----------------------|
|                               | As at March 31, 2021 | As at March 31, 2020 |
| Principal Amount (₹ lakhs)    | -                    | 1.00                 |
| Rate of interest (p.a.)       | -                    | 12%                  |
| Accrued interest (₹ in lakhs) | -                    | 8.42                 |

The loan amount has been repaid along with interest during the current year.

**31. Commitments:**

| Particulars  | As at<br>March 31, 2021<br>(₹ in lakhs) | As at<br>March 31, 2020<br>(₹ in lakhs) |
|--|---|---|
| Estimated amount of contracts remaining to be executed on capital account (net of capital advances of Rupees Nil (as at March 31, 2020 Rupees 17.23 lakhs) | 25.00                                   | 75.96                                   |

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

**32. Contingent liabilities to the extent not provided for:**

| Particulars   | March 31, 2021  | March 31, 2020  |
|---|-----------------|-----------------|
| Income tax related matters                              |                 |                 |
| - Disallowance of interest on CCDs (Refer note 2 below) | 2,836.80        | 2,836.80        |
| - Others  | 6.92            | -               |
|   | <b>2,843.72</b> | <b>2,836.80</b> |

- 1) The Company believes that none of the above matters, either individually or in aggregate, are expected to have any material adverse effect on its financial statements. The cash flows in respect of above matters are determinable only on receipt of judgements/decisions pending at various stages/forums.
- 2) As per clause 7 of the sponsor agreement dated September 18, 2012 the Company is indemnified by Fortis Healthcare Limited (Holding Company) for any losses suffered or to be suffered arising from outstanding assessments/ litigations



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

relating to non-allowance of interest on compulsorily convertible debentures or optionally convertible debentures. Based on the management's own assessment, the Company believes that an unfavorable outcome is remote for the indemnified outstanding assessments/ litigations.

**Guarantees:**

Outstanding guarantees furnished to banks on behalf of the holding company and fellow subsidiaries companies are Rupees 179,715.82 lacs (Previous year Rupees 159,430.00 lacs).

**33. Employee Benefits Plan:**

**Defined Contribution Plan**

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

The Company has recognised Rupees 33.70 lacs (Previous year Rupees 8.57 lacs) for provident fund and employee state insurance contribution in the Statement of Profit and Loss.

**Defined Benefit Plan**

**(i) Gratuity**

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

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

| Particulars  | ₹ in lakhs)             |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| <b>i. Movement in Net Liability</b>                      |                         |                         |
| Present value of obligation at the beginning of the year | 27.58                   | 23.20                   |
| Current service cost                                     | 2.77                    | 2.56                    |
| Interest cost  | 1.78                    | 1.68                    |
| Actuarial loss recognised in other comprehensive income  | 7.46                    | 1.80                    |
| Obligation transferred from other companies              | 82.92                   | -                       |
| Benefits paid  | (2.49)                  | (1.66)                  |
| Present value of obligations at the end of the year      | <b>120.02</b>           | <b>27.58</b>            |

| Particulars   | ₹ in lakhs)             |                         |
|---|-------------------------|-------------------------|
|   | As at<br>March 31, 2021 | As at<br>March 31, 2020 |
| <b>Present value of unfunded obligation</b>               |                         |                         |
| <b>Amounts in the Balance Sheet</b>                       |                         |                         |
| (a) Liabilities   | 120.02                  | 27.58                   |
| (b) Assets  | -                       | -                       |
| (c) Net liability/(asset) recognised in the Balance Sheet | <b>120.02</b>           | <b>27.58</b>            |
| Current Liability   | 4.00                    | 1.00                    |
| Non-Current Liability                                     | 116.02                  | 26.58                   |



ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED  
NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(₹ in lakhs)

| ii. Expense recognised in Statement of Profit and Loss is as follows: | Year ended     |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| <b>Amount recognised in employee benefit expense</b>                  |                |                |
| Service cost  | 2.77           | 4.24           |
| <b>Total</b>  | <b>2.77</b>    | <b>4.24</b>    |
| <b>Amount recognised in finance cost</b>                              |                |                |
| Interest cost   | 1.78           | -              |
| <b>Total</b>  | <b>1.78</b>    | <b>-</b>       |
| <b>Total Amount charged to Statement to Profit and Loss</b>           | <b>4.55</b>    | <b>4.24</b>    |

(₹ in lakhs)

| iii. Expense recognised in Statement of Other comprehensive income is as follows: | Year ended     |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| Net actuarial loss / (gain) due to experience adjustment                          | 7.46           | (0.31)         |
| Net actuarial loss / (gain) due to assumptions changes                            | -              | 2.11           |
| <b>Total</b>  | <b>7.46</b>    | <b>1.80</b>    |

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

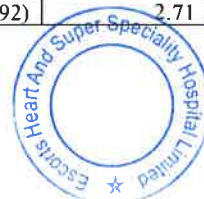
| Principal Actuarial assumptions for gratuity and compensated absences | As at                                    |  |
|---|--|--|
|   | March 31, 2021                           | March 31, 2020                           |
| Discounting rate (p.a.)   | 6.75%                                    | 6.75%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

**Notes:**

- The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in lakhs)

| Particulars                          | As at          |          | As at          |          |
|--------------------------------------|----------------|----------|----------------|----------|
|                                      | March 31, 2021 |          | March 31, 2020 |          |
|                                      | Increase       | Decrease | Increase       | Decrease |
| Change in discount rate by 0.5%      | (5.54)         | 5.95     | (1.43)         | 1.54     |
| Change in salary increase rate by 1% | 12.11          | (10.75)  | 3.15           | (2.77)   |
| Change in withdrawal rate by 5%      | (2.92)         | 2.71     | (0.69)         | 0.66     |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Expected benefit payments for the future years**

| (₹ in lakhs)              |                           |                           |                           |                           |  |
|---------------------------|---------------------------|---------------------------|---------------------------|---------------------------|--|
| Year ended March 31, 2022 | Year ended March 31, 2023 | Year ended March 31, 2024 | Year ended March 31, 2025 | Year ended March 31, 2026 | Year ended March 31, 2027 to year ended March 31, 2031 |
| 4.13                      | 4.49                      | 7.72                      | 7.37                      | 9.53                      | 74.08  |

**34. Financial Instruments**

**i) Capital Management**

The Company manages its capital to ensure that the Company will be able to continue as going concern while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company is not exposed to any externally imposed capital requirements.

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

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

**(ii) Financial risk management objectives**

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks including market risk, credit risk and liquidity risk.

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

**a) Market Risk**

The Company is not exposed to market risks.

**Interest rate risk management**

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

**Other price risks**

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

**b) Credit risk management**

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

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

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

Company carries other financial assets such as investments, balances with banks, inter-corporate deposits, advances, security deposits, loans to related parties and interest accrued etc. Company monitors the credit exposure on these financial assets on a case-to-case basis. Loans to subsidiaries are assessed for credit risk based on the underlying valuation of the entity and their ability to repay within the contractual repayment terms. Company creates loss allowance wherever there is an indication that credit risk has increased significantly.





**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

| Particulars                          | (₹ in lakhs)            |                         |
|--------------------------------------|-------------------------|-------------------------|
|                                      | As at<br>March 31, 2022 | As at<br>March 31, 2019 |
| Balance at the beginning of the year | 1.30                    | -                       |
| Loss allowance recognised            | -                       | 1.30                    |
| Balance at the end of the year       | 1.30                    | 1.30                    |

**c) Liquidity risk management**

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

**Liquidity and interest risk**

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

The tables include both interest and principal cash flows.

| Particulars  | (₹ in lakhs)     |          |                      |                  |                    |
|--|------------------|----------|----------------------|------------------|--------------------|
|  | Within 1 year    | 1-2 year | More than 2<br>years | Total            | Carrying<br>amount |
| <b>As at March 31, 2021</b>                                      |                  |          |                      |                  |                    |
| Interest accrued and due on Compulsorily convertible debentures* | 3,811.75         | -        | -                    | 3,811.75         | 3,811.75           |
| Non-convertible debenture* (including accrued interest thereon)  | 56,057.41        | -        | -                    | 56,057.41        | 56,057.41          |
| Trade payables   | 626.46           | -        | -                    | 626.46           | 626.46             |
| Other financial liabilities                                      | 71.51            | -        | -                    | 71.51            | 71.51              |
| <b>Total</b>   | <b>60,567.13</b> | <b>-</b> | <b>-</b>             | <b>60,567.13</b> | <b>60,567.13</b>   |

| Particulars  | (₹ in lakhs)     |          |                      |                  |                    |
|--|------------------|----------|----------------------|------------------|--------------------|
|  | Within 1 year    | 1-2 year | More than 2<br>years | Total            | Carrying<br>amount |
| <b>As at March 31, 2020</b>                                      |                  |          |                      |                  |                    |
| Interest accrued and due on Compulsorily convertible debentures* | 4,222.59         | -        | -                    | 4,222.59         | 4,222.59           |
| Non-convertible debenture* (including accrued interest thereon)  | 51,771.89        | -        | -                    | 51,771.89        | 51,771.89          |
| Loan from related party (including accrued interest thereon)     | 9.42             | -        | -                    | 9.42             | 9.42               |
| Trade payables   | 449.68           | -        | -                    | 449.68           | 449.68             |
| Other financial liabilities                                      | 45.91            | -        | -                    | 45.91            | 45.91              |
| <b>Total</b>   | <b>56,499.49</b> | <b>-</b> | <b>-</b>             | <b>56,499.49</b> | <b>56,499.49</b>   |

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



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**35. Fair value measurement**

**Financial assets measured at amortised cost**

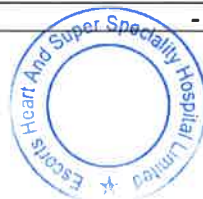
**31 March 2021**

| Particulars   | Note | Carrying value                             |                  |                  | Fair value       |
|---|------|--|------------------|------------------|------------------|
|   |      | Fair value through profit and loss (FVTPL) | Amortized cost   | Total            |                  |
| <b>Financial assets</b>   |      |  |                  |                  |                  |
| Investment in optionally convertible debentures (OCDs) (including accrued interest) | (a)  | -  | 30,239.10        | 30,239.10        | 30,239.10        |
| Loans   | (b)  | -  | 129.79           | 129.79           | 129.79           |
| Trade receivables   | (a)  | -  | 6,583.63         | 6,583.63         | 6,583.63         |
| Cash and cash equivalents   | (a)  | -  | 21.47            | 21.47            | 21.47            |
| Other financial assets (current)  | (a)  | -  | 80.83            | 80.83            | 80.83            |
| <b>Total</b>  |      | -  | <b>37,054.82</b> | <b>37,054.82</b> | <b>37,054.82</b> |

| Particulars   | Note | Carrying value                             |                  |                  | Fair value       |
|---|------|--|------------------|------------------|------------------|
|   |      | Fair value through profit and loss (FVTPL) | Amortized cost   | Total            |                  |
| <b>Financial Liabilities</b>                                    |      |  |                  |                  |                  |
| Interest accrued and due on Compulsorily convertible debentures | (a)  | -  | 3,811.75         | 3,811.75         | 3,811.75         |
| Non-convertible debenture (including accrued interest thereon)  | (a)  | -  | 56,057.41        | 56,057.41        | 56,057.41        |
| Trade payables (current)  | (a)  | -  | 626.46           | 626.46           | 626.46           |
| Other financial liabilities (current)                           | (a)  | -  | 71.51            | 71.51            | 71.51            |
| <b>Total</b>  |      | -  | <b>60,567.13</b> | <b>60,567.13</b> | <b>60,567.13</b> |

**31 March 2020**

| Particulars   | Note | Carrying value                             |                  |                  | Fair value       |
|---|------|--|------------------|------------------|------------------|
|   |      | Fair value through profit and loss (FVTPL) | Amortized cost   | Total            |                  |
| Investment in optionally convertible debentures (OCDs) (including accrued interest) | (a)  | -  | 28,651.29        | 28,651.29        | 28,651.29        |
| Loans (Non-current) (including accrued interest)                                    | (b)  | -  | 475.14           | 475.14           | 475.14           |
| Trade receivables   | (a)  | -  | 5,675.91         | 5,675.91         | 5,675.91         |
| Cash and cash equivalents   | (a)  | -  | 14.67            | 14.67            | 14.67            |
| Other bank balances   | (a)  | -  | 15.88            | 15.88            | 15.88            |
| Other financial assets (current)  | (a)  | -  | 112.13           | 112.13           | 112.13           |
| <b>Total</b>  |      | -  | <b>34,945.02</b> | <b>34,945.02</b> | <b>34,945.02</b> |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

| Particulars   | Note | Carrying value                             |                  |                  | Fair value       |
|---|------|--|------------------|------------------|------------------|
|   |      | Fair value through profit and loss (FVTPL) | Amortized cost   | Total            |                  |
| <b>Financial Liabilities</b>                                    |      |  |                  |                  |                  |
| Interest accrued and due on Compulsorily convertible debentures | (a)  | -  | 4,222.59         | 4,222.59         | 4,222.59         |
| Non-convertible debenture (including accrued interest thereon)  | (a)  | -  | 51,771.89        | 51,771.89        | 51,771.89        |
| Trade payables (current)  | (a)  | -  | 449.68           | 449.68           | 449.68           |
| Loan from related party (including accrued interest thereon)    | (a)  | -  | 9.42             | 9.42             | 9.42             |
| Other financial liabilities (current)                           | (a)  | -  | 45.91            | 45.91            | 45.91            |
| <b>Total</b>  |      | -  | <b>56,499.49</b> | <b>56,499.49</b> | <b>56,499.49</b> |

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

- Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.
- Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.

**Financial instruments measured at amortized cost**

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

36. The disclosures regarding details of specified bank notes held and transacted during the period November 8, 2016 to December 31, 2016 have not been made since the requirement does not pertain to financial year ended March 31, 2021 and March 31, 2020.

**37. Segment information**

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

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

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

| Particulars   | Year ended      |                  |
|---------------|-----------------|------------------|
|               | March 31, 2021  | March 31, 2020   |
| India         | 6,143.88        | 10,553.27        |
| Outside India | -               | -                |
| <b>Total</b>  | <b>6,143.88</b> | <b>10,553.27</b> |

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

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

| Particulars   | As at            |                  |
|---------------|------------------|------------------|
|               | March 31, 2021   | March 31, 2020   |
| India         | 32,876.00        | 33,096.12        |
| Outside India | -                | -                |
| <b>Total</b>  | <b>32,876.00</b> | <b>33,096.12</b> |



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

**Major customer**

1. Fortis Hospitals Limited, a fellow subsidiary contributes more than 10% to the revenue of the Company. The revenue earned during the current year is ₹ 2,531.37 lakhs (for the year ended March 31, 2020 ₹ 5,190.49 lakhs).
2. Fortis Healthcare Limited, holding company contributes more than 10% to the revenue of the Company. The revenue earned during the current year is ₹ 3,463.67 lakhs (for the year ended March 31, 2020 ₹ 4,883.67 lakhs).

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

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

| Particulars   | ₹ in lakhs)    |                |
|---|----------------|----------------|
|   | March 31, 2021 | March 31, 2020 |
| The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:   |                |                |
| -Principal amount due to micro and small enterprises*   | 37.00          | 20.61          |
| -Interest due on above  | -              | 1.02           |
| The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year   | -              | -              |
| The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.  | -              | -              |
| The amount of interest accrued and remaining unpaid at the end of each accounting year  | -              | -              |
| The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006 | -              | -              |

\* this includes amount due to capital creditors amounting to ₹ 21.73 lakhs (March 31, 2020: ₹ 0.29 lakhs)

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

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

| Nature of the Instrument                               | Issuer's name                  | Rate of Interest*                        | Redemption date as per the terms of the agreement               | Secured/ unsecured | ₹ in lakhs)<br>Amount as at |                |
|--|--------------------------------|--|---|--------------------|-----------------------------|----------------|
|  |                                |  |   |                    | March 31, 2021              | March 31, 2020 |
| Optionally convertible debentures [Refer Note 1 below] | International Hospital Limited | 9% p.a.                                  | September 16, 2030 or before by giving prior notice of 6 months | Unsecured          | 17,775.00                   | 17,775.00      |
| Inter corporate Loan                                   | International Hospital Limited | 8.85% p.a. (March 31, 2020: 10.50% p.a.) | March 31, 2022  | Unsecured          | -                           | 270.00         |

Note 1: The redemption date specified above are the dates as per the terms of the agreement. The interest on the optionally convertible debentures is receivable on monthly basis or can be deferred up to a period of 5 years on a mutually agreement basis which has expired. During the year ended March 31, 2021, the Company has not received the interest amount and Board of Directors of the Company has agreed to extend timelines via extension letter dated June 12, 2020 that they will not call for the outstanding interest or/and principal till the time. International Hospital Limited is in a position to make these payments.



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

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

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

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

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

(₹ in lakhs)

| Entity name   | As at March 31, 2021 | As at March 31, 2020 |
|---|----------------------|----------------------|
| International Hospital Limited                      | 7,300.00             | 3,800.00             |
| Fortis Hospotel Limited                             | 6,250.00             | 3,250.00             |
| Escorts Heart Institute and Research Centre Limited | 4,780.00             | 4,140.00             |
| Fortis Healthcare Limited                           | 88,455.82            | 79,890.00            |
| Fortis Hospitals Limited                            | 72,880.00            | 67,140.00            |
| Hiranandani Healthcare Private Limited              | 50.00                | 50.00                |
| <b>Total</b>  | <b>179,715.82</b>    | <b>158,270.00</b>    |

- (iii) 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 Financial Statement under these contracts. The guarantee has been withdrawn during the year.

(₹ in lakhs)

| Entity name                      | Date of guarantee given | As at March 31, 2021 | As at March 31, 2020 |
|----------------------------------|-------------------------|----------------------|----------------------|
| Fortis Health Management Limited | July 12, 2017           | -                    | 1,160.00             |
| <b>Total</b>                     |                         | <b>-</b>             | <b>1,160.00</b>      |

**40. Corporate social responsibility**

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

**41. COVID 19**

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

The Company is engaged in providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services as per the terms set out in Hospital and Medical Services Agreement (HMSA) with hospital operating companies i.e. Fortis Health Management (North) Limited, subsequently merged with Fortis Hospitals Limited (FHsL), a fellow subsidiary of the Company and Fortis Healthcare Limited, the holding company. The healthcare sector is exempted from the lock down in India, however due to the lock down and travel restrictions, the business of the Fortis Healthcare Limited and its other subsidiaries



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

providing hospital services (the "Group") and healthcare industry as a whole has also been impacted. Due to this, there have been changes in respect of the base fees set out in HMSA.

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

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

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

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

**42. Interest on delayed payment of service fees**

As per the HMSA arrangement with the hospital operating companies, the Company receives service fee consideration from the Hospital operating companies, as an when due. As per terms of the HMSA, in the event of any delay in payment of the Service Fee, an interest at a rate of State Bank of India base rate plus 2% per annum (on a compounded monthly basis) shall be payable by hospital operating companies to the Company. The Company and hospital operating companies have agreed that no interest would be charged/demanded for the delay in the payments on amounts under HMSA for the financial year 2019-20 and 2020-21 on account of the severity of the COVID 19 pandemic and uncertainty in the improvement of the situation. Consequently, the Company has not recognised interest on the delayed payment of the service fees/technology renewal fund during the year ended March 31, 2020 and March 31, 2021.

**43. Going Concern**

The Company has accumulated losses of ₹ 11,891.43 lakhs as at March 31, 2021 including loss ₹ 1,604.04 lakhs occurred during the current year as against equity share capital of ₹ 3,392.52 lakhs and securities premium of ₹ 21,060.68 lakhs. Further, the Company has current liabilities of ₹ 61,018.63 lakhs and current assets of ₹ 36,981.62 lakhs as at March 31, 2021. The Company's current liabilities exceeds its current assets by ₹ 24,037.01 lakhs. 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 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 financial statements of the Company have been prepared using the going concern assumption.



**ESCORTS HEART AND SUPER SPECIALITY HOSPITAL LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS**

---

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

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



**Rajesh Arora**  
Partner  
Membership Number: 076124

Place: Gurugram  
Date: May 28, 2021

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



**Abhijit Singh**  
Whole time Director  
DIN: 08433520



**Anita Rastogi**  
Company Secretary  
Membership No.: A13380

Place: Gurugram  
Date: May 28, 2021



**Manu Kapila**  
Director  
DIN: 03403696



**Sonu Goyal**  
Chief Financial Officer

