

## INDEPENDENT AUDITOR'S REPORT

To The Members of Hospitalia Eastern Private Limited

Report on the Audit of the IND AS Financial Statements

### Opinion

We have audited the accompanying IND AS financial statements of Hospitalia Eastern Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2020, and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid IND AS financial statements give the information required by the Companies Act, 2013 ("the Act") in the manner so required and give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, ("Ind AS") and other accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2020, and its loss, total comprehensive loss, its cash flows and the changes in equity for the year ended on that date.

### Basis for Opinion

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

### Material uncertainty related to Going Concern

We draw attention to Note 37 to the IND AS financial statements, which indicates that the Company has incurred a net loss of INR 1,886.68 lakhs during the year ended 31<sup>st</sup> March, 2020 and, as of that date, the Company's net worth is completely eroded and current liabilities exceeded its current assets by INR 22,808.30 lakhs. These events or conditions, along with other matters as set forth in Note 37, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the IND AS financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.



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

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

- Our opinion on the IND AS financial statements does not cover the other information and we will not express any form of assurance conclusion thereon
- In connection with our audit of the IND AS financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the IND AS financial statements or our knowledge obtained during the course of our audit or otherwise appears to be materially misstated.

When we read the Board of Directors report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance as required under SA 720 'The Auditor's responsibilities Relating to Other Information.

**Management's Responsibility for the IND AS Financial Statements**

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

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

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

**Auditor's Responsibility for the Audit of the IND AS Financial Statements**

Our objectives are to obtain reasonable assurance about whether the IND AS 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 IND AS 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 IND AS financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain



audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal financial control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the Company has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the IND AS financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the IND AS financial statements, including the disclosures, and whether the IND AS financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

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

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
  - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.



## **Deloitte Haskins & Sells LLP**

d) In our opinion, the aforesaid IND AS financial statements comply with the Ind AS specified under Section 133 of the Act.

e) The matter described in the Material uncertainty related to Going Concern section above, in our opinion, may have an adverse effect on the functioning of the Company.

f) On the basis of the written representations received from the directors as on 31 March, 2020 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2020 from being appointed as a director in terms of Section 164(2) of the Act.

g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

h) With respect to the other matters to be included in the Auditor's Report in accordance with the requirements of section 197(16) of the Act, as amended,

In our opinion and to the best of our information and according to the explanations given to us, the remuneration paid by the Company to its directors during the year is in accordance with the provisions of section 197 of the Act.

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

- i. The Company does not have any pending litigations which would impact its financial position.
- ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
- iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



*A. Kotwal*  
**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)  
(UDIN - 20103707AAAACQ7235)

Place : Gurugram  
Date : September 30, 2020

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**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT**

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

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

We have audited the internal financial controls over financial reporting of Hospitalia Eastern Private Limited ("the Company") as of March 31, 2020 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

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

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

**Auditor's Responsibility**

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting of the Company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

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

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

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## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2020, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note.

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



*Khazat A. Kotwal*

**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)  
(UDIN: 20103707AAAACQ7235)

Place: Gurugram  
Date: September 30, 2020

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

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
- (b) The Company has a program of verification of property, plant and equipment to cover all the items once in every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this program, the physical verification of property, plant and equipment was required to be carried out during the year ended March 31, 2020. As per the explanation provided to us by the Company, physical verification was not carried out during the year ended March 31, 2020 but will be carried out during the year ending March 31, 2021.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and building, is held in the name of the Company as at the balance sheet date
- (ii) The company does not have any inventory and hence reporting under clause (ii) of the Order is not applicable.
- (iii) According to the information and explanations given to us, the Company has not granted any secured or unsecured loans to companies covered in the register maintained under section 189 of the Act.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act 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, the Company has not accepted any deposit during the year. Further, according to the information and explanations given to us, there are no unclaimed deposits, hence the provisions of Sections 73 to 76 of the Act do not apply to the Company.
- (vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Act.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
  - (a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.  
We are informed that provisions of Employees State Insurance Act, 1948 are not applicable to the Company and the operations of the Company during the year did not give rise to any liability for excise duty, sales tax, value added tax and custom duty.
  - (b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Goods and Services Tax, and other material statutory dues in arrears as at March 31, 2020 for a period of more than six months from the date they became payable.
  - (c) There are no dues of Income-tax and Goods and Services tax as on March 31, 2020 on account of disputes.
- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to banks and dues to debenture holders, except as under:



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

Particulars	Amount of default of repayment of dues (₹ in lakhs)		Period of default
	Principal	Interest	
Due to Debenture-holders (Non-convertible debentures)	-	414.37	June 30, 2019 to March 31, 2020
Due to Debenture-holders (Optionally convertible debentures)	-	5,046.62	Oct 08, 2017 to March 31, 2020

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

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) The company is a private company and hence provisions of section 197 of the Act do not apply to the company.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Act, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the Ind AS financial statements etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Act are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

  
**Khazat A. Kotwal**  
Partner  
(Membership No. 103707)  
(UDIN: 20103707AAAACQ7235)



Place: Gurugram  
Date: September 30, 2020





Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)

Balance Sheet as at March 31, 2020

(Amount in ₹ lakhs)

Particulars	Notes	As at March 31, 2020	As at March 31, 2019
<b>ASSETS</b>			
<b>A. Non-current assets</b>			
(a) Property, plant and equipment	4a	6,124.71	6,124.71
(b) Capital work-in-progress	4b	6,492.86	6,469.61
(c) Other non-current assets	5	6.07	149.94
<b>Total non-current assets (A)</b>		<b>12,623.64</b>	<b>12,744.26</b>
<b>B. Current assets</b>			
(a) Financial assets			
(i) Investments	6	-	2,859.66
(ii) Cash and cash equivalents	7	3.43	40.68
(b) Other current assets	5	2.98	-
<b>Total current assets (B)</b>		<b>6.41</b>	<b>2,900.34</b>
<b>Total assets (A+B)</b>		<b>12,630.05</b>	<b>15,644.60</b>
<b>EQUITY AND LIABILITIES</b>			
<b>A. Equity</b>			
(a) Equity share capital	9	5.10	5.10
(b) Other equity	10	(10,594.89)	(8,719.14)
<b>Total equity (A)</b>		<b>(10,589.79)</b>	<b>(8,714.04)</b>
<b>Liabilities</b>			
<b>B. Non-current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	8	392.40	1,576.42
(ii) Other financial liabilities	15	12.73	2.25
(b) Provisions	11	-	9.46
(c) Deferred tax liabilities (Net)	16	-	77.97
<b>Total non-current liabilities (B)</b>		<b>405.13</b>	<b>1,666.10</b>
<b>C. Current liabilities</b>			
(a) Financial liabilities			
(i) Borrowings	8	16,307.40	16,562.40
(ii) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises.	14	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	14	20.86	19.84
(iii) Other financial liabilities	15	6,265.11	6,079.17
(b) Provisions	11	-	0.25
(c) Current tax liabilities (net)	12	89.91	4.17
(d) Other current liabilities	13	131.43	26.71
<b>Total current liabilities (C)</b>		<b>22,814.71</b>	<b>22,692.54</b>
<b>Total liabilities (B+C)</b>		<b>23,219.84</b>	<b>24,358.64</b>
<b>Total equity and liabilities (A+B+C)</b>		<b>12,630.05</b>	<b>15,644.60</b>

See accompanying notes forming part of the Ind AS financial statements 1-38

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Khazat A. Kotwal  
Partner



Place: Gurugram  
Date: September 30, 2020



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

Akshay Kumar Tiwari  
Director  
DIN: 07930333

Place: Gurugram  
Date: September 30, 2020

Rajeev Kumar Dua

Rajeev Kumar Dua  
Director  
DIN: 06974102

Place: Gurugram  
Date: September 30, 2020

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Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)

Statement of Profit and Loss for the year ended March 31, 2020

(Amount in ₹ lakhs)

Particulars	Notes	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>I Revenue from operations</b>		-	-
<b>II Other income</b>	17	41.16	316.40
<b>III Total income ( I+II )</b>		<b>41.16</b>	<b>316.40</b>
<b>IV Expenses</b>			
(i) Finance cost	18	1,874.10	1,507.74
(ii) Employee benefits expense	19	13.62	60.52
(iii) Other expenses	20	32.35	253.13
<b>Total expenses (IV)</b>		<b>1,920.07</b>	<b>1,821.39</b>
<b>V Loss before tax (III-IV)</b>		<b>(1,878.91)</b>	<b>(1,504.99)</b>
<b>VI Tax expense</b>			
(i) Current tax	21	85.74	4.17
(ii) Deferred tax	21	(77.97)	77.97
<b>VII Loss after tax for the year (V-VI)</b>		<b>(1,886.68)</b>	<b>(1,587.13)</b>
<b>Other comprehensive income</b>			
i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		0.05	5.73
ii) Income tax relating to items that will not be reclassified to profit or loss		-	-
<b>Total other comprehensive income (VIII)</b>		<b>0.05</b>	<b>5.73</b>
<b>IX Total comprehensive loss for the year (VII+VIII)</b>		<b>(1,886.63)</b>	<b>(1,581.40)</b>
<b>Loss per share (Nominal value of shares ₹10/- each (Previous year ₹10/- each))</b>			
(i) Basic (in ₹)	28	(3,699.37)	(3,112.02)
(ii) Diluted (in ₹)	28	(3,699.37)	(3,112.02)

See accompanying notes forming part of the Ind AS financial statements

1-38

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Khazat A. Kotwal  
Partner



Place: Gurugram  
Date: September 30, 2020



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

Akshay Kumar Tiwari  
Director  
DIN: 07930333

Place: Gurugram  
Date: September 30, 2020

Rajeev Kumar Dua

Rajeev Kumar Dua  
Director  
DIN: 06974102

Place: Gurugram  
Date: September 30, 2020

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Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)  
Statement of Cash Flows for the year ended March 31, 2020

(Amount in ₹ lakhs)

Particulars	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>Cash flow from operating activities</b>		
Loss before tax	(1,878.91)	(1,504.99)
Adjustments for:		
Profit on redemption of mutual funds	-	-
Net Gain/ loss arising on financial assets estimated at fair value through profit and loss	(41.16)	(316.31)
Finance cost	1,874.10	1,507.74
Miscellaneous expenses (Balances written off)	-	2.00
Advances written off	-	194.78
	<b>(45.97)</b>	<b>(116.78)</b>
Movements in working capital:		
(Increase)/ decrease in other current financial assets	-	0.73
(Increase)/ decrease in other current assets	(2.98)	-
Increase/ (decrease) in other liabilities	115.25	(3.81)
Increase/ (decrease) in trade payables	6.28	(2.45)
Increase/ (decrease) in provisions	(1.94)	73.24
<b>Cash generated from Operations</b>	<b>70.64</b>	<b>(49.07)</b>
Income taxes paid (including tax deducted at source)	7.77	82.14
<b>Net cash decrease in operating activities (A)</b>	<b>62.87</b>	<b>(131.21)</b>
<b>Cash flow from investing activities</b>		
Payments for property, plant and equipment and capital creditor	(6.45)	(259.29)
Proceeds from sale of investment in mutual funds	2,900.82	499.66
<b>Net cash increase / (decrease) used in investing activities (B)</b>	<b>2,894.37</b>	<b>240.37</b>
<b>Cash flow from financing activities</b>		
Proceeds from non-current borrowings	20.00	-
Repayment of current borrowings	(1,458.93)	-
Interest paid	(1,555.56)	(88.07)
<b>Net cash (decrease)/ increase from financing activities (C)</b>	<b>(2,994.49)</b>	<b>(88.07)</b>
<b>Net increase in cash and cash equivalents (A + B + C)</b>	<b>(37.25)</b>	<b>21.09</b>
Total cash and cash equivalents at the beginning of the year	40.68	19.59
<b>Cash and cash equivalents at the end of the year</b>	<b>3.43</b>	<b>40.68</b>
<b>Cash and cash equivalents comprise of:</b>		
Cash on hand	-	-
Balances with banks in current accounts	3.43	40.68
<b>Total</b>	<b>3.43</b>	<b>40.68</b>

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

	As at March 31, 2019	Cash flows	Non-cash changes	As at March 31, 2020
Borrowings - Non current	1,576.42	(1,438.93)	254.91	392.40
Borrowings - Current	16,562.40	-	(255.00)	16,307.40
<b>Total liabilities from financing activities</b>	<b>18,138.82</b>	<b>(1,438.93)</b>	<b>(0.09)</b>	<b>16,699.80</b>

See accompanying notes forming part of the Ind AS financial statements

1-38

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

K. A. K.



Khazat A. Kotwal  
Partner

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

Akshay Kumar Tiwari

Director  
DIN: 07930333

Rajeev Kumar Dua

Director  
DIN: 06974102

Place: Gurugram  
Date: September 30, 2020



Place: Gurugram  
Date: September 30, 2020

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Place: Gurugram  
Date: September 30, 2020

Hospitalia Eastern Private Limited (CIN U45202DL1988PTC033270)  
Statement of changes in equity for the year ended March 31, 2020

(Amount in ₹ lakhs)

Particulars	
<b>a. Equity share capital</b>	
Balance as at March 31, 2018	5.10
Changes in equity share capital during the year	-
Balance as at March 31, 2019	5.10
Changes in equity share capital during the year	-
Balance as at March 31, 2020	5.10

**b. Other equity**

(Amount in ₹ lakhs)

Particulars	Deemed Equity	Retained earnings	Total other equity
Balance at April 01, 2018	-	(7,355.00)	(7,355.00)
Loss for the year	-	(1,587.13)	(1,587.13)
Deemed equity	217.26	-	217.26
Other comprehensive Income/ (loss) arising from remeasurement of defined benefit obligation, net of income tax	-	5.73	5.73
<b>Balance as at March 31, 2019</b>	<b>217.26</b>	<b>(8,936.40)</b>	<b>(8,719.14)</b>
Loss for the year	-	(1,886.68)	(1,886.68)
Deemed equity	10.88	-	10.88
Other comprehensive Income/ (loss) arising from remeasurement of defined benefit obligation, net of income tax	-	0.05	0.05
<b>Balance as at March 31, 2020</b>	<b>228.14</b>	<b>(10,823.03)</b>	<b>(10,594.89)</b>

See accompanying notes forming part of the Ind AS financial statements

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In terms of our report attached.

For Deloitte Haskins & Sells LLP  
Chartered Accountants

*K. A. Kotwal*

Khazat A. Kotwal  
Partner



Place: Gurugram  
Date: September 30, 2020

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

*Akshay Kumar Tiwari*

Akshay Kumar Tiwari  
Director  
DIN: 07930333

*Rajeev Kumar Dua*

Rajeev Kumar Dua  
Director  
DIN: 06974102

Place: Gurugram  
Date: September 30, 2020

Place: Gurugram  
Date: September 30, 2020



*[Signature]*

**1. Corporate information**

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

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

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

**2. Significant accounting policies**

**2.1 Basis of preparation**

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

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

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

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

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

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

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

**2.2 New and amended standards and interpretations**

The Company applied for the first time following amendment to the Ind AS which are effective for annual periods beginning on or after April 01, 2019. The nature and the impact of the amendment is described below:



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

**IND AS 116**

Ind AS 116 Leases, issued on 30 March 2019 has replaced Ind AS 17 Leases, and related interpretations and sets out the principles for recognition, measurement, presentation and disclosure of leases and requires a lessee to recognise assets and liabilities for all leases. Ind AS 116, as a practical expedient, allows entities not to apply the standard to leases with a term up to 12 months and also, to leases of low value underlying asset. Lessees are required to initially recognize a lease liability for the obligation to make lease payments and a right-of-use asset for the right to use the underlying asset over the lease term. The lease liability is measured at the present value of the lease payments to be made over the lease term using the rate of interest implicit in the lease or in case such rate is not determinable, using the incremental borrowing rate.

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

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

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

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

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability.

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

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

The amendments relate to the existing requirements in Ind AS 109 regarding termination rights in order to allow measurement at amortised cost (or, depending on the business model, at fair value through other comprehensive income) even in the case of negative compensation payments.

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

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

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling.

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



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

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

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

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

The amendments clarify that an entity applies Ind AS 109 *Financial Instruments*, to long-term interests in an associate or joint venture that form part of the net investment in the associate or joint venture but to which the equity method is not applied.

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

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

The amendments to Ind AS 103 relating to re-measurement clarify that when an entity obtains control of a business that is a joint operation, it re-measures previously held interests in that business. The amendments to Ind AS 111 clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not re-measure previously held interests in that business.

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

## **2.3 Borrowing costs**

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

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

## **2.4 Employee benefits**

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

### **(a) Defined benefit plan**

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

Defined benefit costs are categorised as follows:

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

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

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

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



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**(b) Short-term employee benefits**

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are during the year when the employees render the service. Such benefits include salaries and variable pay.

**(c) Long-term employee benefits**

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

**(d) Defined contribution plan**

Employee benefit under defined contribution plans comprising of provident fund is recognized based on the amount of obligation of the Company to contribute to the plan. The same is paid to the provident fund authorities, which is expensed off during the year.

**2.5 Taxation**

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

**i) Current tax**

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

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

**ii) Deferred tax**

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

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

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

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

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



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

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

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

**2.6 Property, plant and equipment (PPE)**

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

Freehold land is not depreciated.

**Components of costs**

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

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

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

**2.7 Impairment**

**(a) Tangible asset**

The Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

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

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

An assessment is made annually as to see if there are any indications that impairment losses recognised earlier may no longer exist or may have come down. The impairment loss is reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the previous impairment loss was recognised. If it is so, the carrying amount of the asset is increased to the lower of its recoverable amount and the carrying amount that have been determined, net of depreciation, had no impairment loss been recognised for the asset in prior years. After a reversal, the depreciation charges adjusted in future periods to allocate the asset's revised carrying amount less any



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residual value, on a systematic basis over its remaining useful life. Reversals of Impairment loss are recognised in the statement of statement of profit and loss.

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

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

**2.8 Provision**

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

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

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

**2.9 Contingent liabilities**

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

**2.10 Earnings per share**

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

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

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

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

**2.11 Operating cycle**

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

**2.12 Financial instrument**

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



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

#### **Financial assets**

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

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

#### **Classification of financial assets**

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

#### **Effective interest method**

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

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

#### **Financial assets at fair value through profit or loss (FVTPL)**

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any gains or losses arising on remeasurement recognised in statement of profit and loss. The net gain or loss recognised in statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

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

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind-AS 109 requires expected credit losses to be measured through a loss allowance. The Company measures the loss allowance for a financial instrument at an amount equal to 12 month expected credit losses or at an amount equal to lifetime expected losses, if the credit risk on the financial asset has increased significantly since initial recognition.



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

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

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

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

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

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

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

##### **Equity instruments**

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

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

##### **Compound financial instruments**

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in statement of profit and loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.



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### Financial liabilities

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

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

### 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.

### Derecognition of financial liabilities

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

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

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

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

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

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

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

#### 3.1 Significant accounting estimates

##### (a) Impairment of assets

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



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**(b) Defined benefit plans**

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

**3.2 Significant judgement**

**(a) Going concern**

The Company has prepared its Ind AS financial statements using the going concern assumption. Refer note - 37 of Ind AS financial statements.



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**Hospitalia Eastern Private Limited**

**Notes to Ind AS financial statements as at and for the year ended March 31, 2020**

**4a. Property, plant and equipment**

(Amount in ₹ lakhs)

Particulars	Freehold land	Total
<b>Gross block</b>		
<b>As at April 01, 2018</b>	6,124.71	6,124.71
Additions	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	6,124.71	6,124.71
Additions	-	-
Disposals	-	-
<b>As at March 31, 2020</b>	6,124.71	6,124.71
<b>Accumulated depreciation</b>		
<b>As at April 01, 2018</b>	-	-
Charge for the year	-	-
Disposals	-	-
<b>As at March 31, 2019</b>	-	-
Charge for the year	-	-
Disposals	-	-
<b>As at March 31, 2020</b>	-	-
<b>Carrying amount:</b>		
<b>As at March 31, 2020</b>	6,124.71	6,124.71
<b>As at March 31, 2019</b>	6,124.71	6,124.71

Notes:

- Freehold land with carrying amount of ₹ 6,124.71 lakhs and moveable fixed assets of the Company was 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 current year. (Refer note -24(a)(i))
- Exclusive charge on immovable property located at Ludhiana and Chennai against cumulative borrowings from The Hong Kong and Shanghai Banking Corporation Limited by Fortis Healthcare Limited, Fortis Hospitals Limited, International Hospital Limited, Escorts Heart Institute and Research Centre Limited and Hiranandani Healthcare Private Limited.

**4b. Capital work-in-progress**

(Amount in ₹ lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Capital work-in-progress	6,492.86	6,469.61



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2020

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>5. Other assets</b>		
<b><u>Non-current</u></b>		
<b>Unsecured</b>		
Capital advances	6.07	149.94
Advance against leasehold land (refer note - 32)	194.78	194.78
Less: Allowance for doubtful advances	(194.78)	(194.78)
	-	-
<b>Total Other assets</b>	<b>6.07</b>	<b>149.94</b>
<b>(b) <u>Current</u></b>		
<b>Unsecured</b>		
Advances to suppliers	0.05	-
Prepaid expenses	2.93	-
	<b>2.98</b>	<b>-</b>
<b>6. Investments</b>		
<b><u>Current</u></b>		
<b><u>Quoted investment (measured at fair value through profit and loss)</u></b>		
Investment in mutual funds	-	-
Nil units (354,720,575 units as at March 31, 2019 of ₹299.00/- each) fully paid up of Aditya Birla Sun Life-Cash Plus Growth Regular Plan	-	1,060.63
Nil units (6,848,552,815 units as at March 31, 2019 of ₹26.27/- each) fully paid up of Franklin India Ultra Short Bond Fund - Super Institutional Plan	-	1,799.03
	-	-
<b>Total current investments</b>	<b>-</b>	<b>2,859.66</b>
<b>Aggregate carrying value of quoted investments</b>	<b>-</b>	<b>2,859.66</b>
<b>7. Cash and cash equivalents</b>		
For the purposes of the statement of cash flows, cash and cash equivalents include cash on hand and in banks. Cash and cash equivalents at the end of the financial year as shown in the Statement of cash flows can be reconciled to the related items in the balance sheet as follows:		
<b>(a) Balances with banks</b>		
-in current accounts	3.43	40.68
	<b>3.43</b>	<b>40.68</b>
<b>8. Borrowings</b>		
<b><u>Unsecured - measured at amortised cost</u></b>		
Loan from related parties (refer note - 24 a (iii) and (iv))	392.40	-
Interest free loan from related party (refer note - 24 (b))	-	1,576.42
	<b>392.40</b>	<b>1,576.42</b>
	<b>392.40</b>	<b>1,576.42</b>
<b>(b) <u>Current</u></b>		
<b><u>Secured - measured at amortised cost</u></b>		
Non-convertible debentures		
Nil (700,000 as at March 31, 2019), 13.15% Non-convertible debentures (NCDs) of ₹1,000/- each (refer note -24(a)(i))	-	7,000.00
<b><u>Unsecured - measured at amortised cost</u></b>		
Non-convertible debentures		
700,000 (Nil as at March 31, 2019), 13.15% Non-convertible debentures (NCDs) of ₹1,000/- each (refer note -24 a (i))	7,000.00	-
490,000 (as at March 31, 2019: 490,000) 10% redeemable non cumulative preference shares of ₹ 10/- each (refer note - 24 (c))	1,390.00	1,390.00
Optionally convertible debentures (refer note - 24 a (ii))	7,800.00	7,800.00
780,000 (780,000 as at March 31, 2019) debentures of ₹1,000/- each	-	-
Loan from related parties (refer note - 24 a (iii) and (iv))	-	372.40
Interest free loan from related party (refer note - 24 (b))	117.40	-
	<b>16,307.40</b>	<b>16,562.40</b>



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2020

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>9 Equity share capital</b>		
<b>Share Capital</b>		
<b>Authorised</b>		
4,500,000 (4,500,000 as at March 31, 2019) equity shares of ₹10 each	450.00	450.00
<b>Total authorised share capital</b>	<b>450.00</b>	<b>450.00</b>
<b>Issued, subscribed and fully paid up</b>		
51,000 (51,000 as at March 31, 2019) equity shares of ₹10 each	5.10	5.10
<b>Total issued, subscribed and fully paid up share capital</b>	<b>5.10</b>	<b>5.10</b>

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

Particulars	(Amount in ₹ lakhs)			
	For the year ended March 31, 2020		For the year ended March 31, 2019	
	Number	Amount	Number	Amount
At the beginning of the year	51,000	5.10	51,000	5.10
Outstanding at the closing of the year	51,000	5.10	51,000	5.10

(b) Terms/rights attached to equity shares

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

(c) Shares held by the holding Company

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	Amount	No. of shares held	Amount
Fortis Health Management Limited, the holding company*	51,000	5.10	51,000	5.10

\*including 6 equity shares held by its nominees.

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

Name of shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Health Management Limited, the holding company*	51,000	100	51,000	100

\*including 6 equity shares held by its nominees.

**10 Other equity**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Retained earnings</b>		
Opening balance	(8,719.14)	(7,355.00)
Loss for the year	(1,886.68)	(1,587.13)
Deemed equity (refer note below)	10.88	217.26
Other comprehensive Income arising from remeasurement of defined benefit obligation, net of income tax	0.05	5.73
Closing balance	<b>(10,594.89)</b>	<b>(8,719.14)</b>

**Note:**

Fortis Healthcare Limited, the Intermediate Holding Company and Fortis Hospitals Limited, the fellow subsidiary of the company, have granted the interest free loan to the Company. During the previous year, the difference between the fair value of the interest free loan and the carrying value of the loan as at March 31, 2019 was considered as deemed equity. During the current year also, the difference between the fair value of the interest free loan and the carrying value of the loan as at March 31, 2020 has been considered as deemed equity.



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2020

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>11. Provisions</b>		
<b>(a) Non-current</b>		
<b>Provision for employee benefits</b>		
(i) Provision for gratuity (refer note - 25)	-	7.78
(ii) Provision for compensated absences	-	1.68
	<u>-</u>	<u>9.46</u>
<b>(b) Current</b>		
<b>Provisions for employee benefits</b>		
(i) Provision for gratuity (refer note - 25)	-	0.20
(ii) Provision for compensated absences	-	0.05
	<u>-</u>	<u>0.25</u>
<b>12. Current tax liabilities (net)</b>		
Income tax payable	89.91	4.17
	<u>89.91</u>	<u>4.17</u>
<b>13. Other liabilities</b>		
<b>Current</b>		
Statutory dues payables	131.43	26.71
	<u>131.43</u>	<u>26.71</u>
<b>14. Trade payables</b>		
- Total outstanding dues of micro enterprises and small enterprises (refer note - 29)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	20.86	19.84
	<u>20.86</u>	<u>19.84</u>
<b>15. Other financial liabilities</b>		
<b>(a) Non-current</b>		
(a) Payable to related parties	12.73	2.25
	<u>12.73</u>	<u>2.25</u>
<b>(b) Current</b>		
(a) Interest accrued and due on borrowings (Refer note 24(a)(i), 24(a)(ii), 24(a)(iii), 24(a)(iv))	5,734.44	5,408.96
(b) Interest accrued but not due on borrowings (Refer note 24(a)(i))	414.23	431.95
(c) Capital creditors	116.44	238.26
	<u>6,265.11</u>	<u>6,079.17</u>
<b>16. Deferred tax liabilities (Net)</b>		
<b>Net deferred tax recognised:</b>		
<b>Deferred tax liabilities in relation to:</b>		
Unrealised gain on mutual fund	-	77.97
	<u>-</u>	<u>77.97</u>
<b>Deferred tax liabilities recognised in books</b>	<u>-</u>	<u>77.97</u>



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2020

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>17. Other income</b>		
(a) Net Gain arising on financial assets estimated at fair value through profit and loss	41.16	316.31
(b) Miscellaneous income	-	0.09
	<b>41.16</b>	<b>316.40</b>
<b>18. Finance cost</b>		
(a) Interest expenses		
- on optionally convertible debentures measured at amortised cost	702.00	702.00
- on interest free loan from related parties measured at amortised cost (refer note - 24(b))	211.86	148.22
- on Non convertible debentures measured at amortised cost	920.50	612.83
- on loan from related parties measured at amortised cost	39.74	44.69
	<b>1,874.10</b>	<b>1,507.74</b>
<b>19. Employee benefits expense</b>		
(a) Salaries and wages	12.00	54.41
(b) Gratuity (Refer note 25)	0.49	2.29
(c) Leave encashment	0.53	0.51
(d) Contribution to provident and other funds	0.60	3.31
	<b>13.62</b>	<b>60.52</b>
<b>20. Other expenses</b>		
(a) Legal and professional fee	2.33	7.47
(b) Rates and taxes	2.18	4.79
(c) Directors sitting fees	4.01	0.59
(d) Payment to auditors (including goods and services tax)		
- Audit fee	7.47	8.68
- reimbursement of expenses	1.40	0.63
- other services	0.32	6.82
(e) Repairs and maintenance		
- Others	-	10.17
(f) Power fuel and water	0.20	2.68
(g) Rent		
- Others	2.12	0.42
(h) Travel and conveyance	0.33	0.48
(i) Communication expenses	-	0.46
(j) Insurance	2.29	4.39
(k) Security expenses	7.81	5.80
(l) Bad debts written off	-	2.00
(m) Provision for doubtful advances	-	194.78
(n) Bank charges	0.16	1.03
(o) Miscellaneous expenses	1.73	1.94
	<b>32.35</b>	<b>253.13</b>
<b>21. Tax expense</b>		
<b>Recognised in statement of profit and loss account</b>		
<b>Current tax</b>		
(a) In respect of the current year	85.74	4.17
	<b>85.74</b>	<b>4.17</b>
<b>Deferred tax (refer note 16)</b>		
(a) In respect of the current year	(77.97)	77.97
	<b>(77.97)</b>	<b>77.97</b>
<b>Tax expense recognised through statement of profit and loss account</b>	<b>7.77</b>	<b>82.14</b>
<b>Recognised in other comprehensive income</b>		
<b>Deferred tax</b>		
(a) In respect of the current year	-	-
<b>Tax credit recognised through other comprehensive income</b>	-	-



**22. Related party disclosures**

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

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



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Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019				(Amount in ₹ lakhs)	
	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting enterprise	Key Managerial Personnel (KMP)	Enterprise having significant influence over reporting enterprise	Holding company (refer note 2)	Fellow subsidiary (refer note 2)	Group entities of enterprise having significant control over reporting enterprise (refer note 2)		Key Managerial Personnel (KMP)
<b>Transactions during the year</b>										
<b>Finance cost</b>										
Interest on non convertible debentures (capitalised)										
- RHT Health Trust Services Pte Limited	920.50	-	-	-	-	-	920.50	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-
Interest on loan from related parties	27.14	-	-	-	30.29	-	14.40	-	-	-
- Fortis Health Management Limited	-	12.60	-	-	-	-	-	-	-	-
- International Hospital Limited	-	-	-	-	-	-	-	-	-	-
Interest on optionally convertible debentures	-	702.00	-	-	-	-	702.00	-	-	-
- International Hospital Limited	-	-	-	-	-	-	-	-	-	-
Interest on interest free loan (at effective interest rate)	2.57	209.29	-	-	2.96	-	145.26	-	-	-
- Fortis Hospitals Limited	-	-	-	-	-	-	-	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-
Repayment of interest free loan	-	1,660.00	-	-	-	-	-	-	-	-
- Fortis Hospitals Limited	-	-	-	-	-	-	-	-	-	-
Payment of interest accrued on non convertible debentures	1,224.00	-	-	-	-	-	-	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	-	-	-	-	-
Directors sitting fees	-	-	-	0.94	-	-	-	-	-	-
Mr. Akshay Kumar Tiwari	-	-	-	1.06	-	-	-	-	-	-
Mr. Arun Kumar Rasogi	-	-	-	1.06	-	-	-	-	-	-
Mr. Jitender Kumar	-	-	-	0.94	-	-	-	-	-	-
Mr. Rajneesh Kumar Mittal	-	-	-	-	-	-	-	-	0.30	-
Mr. Sangeet Kumar Singla	-	-	-	-	-	-	-	-	0.30	-
Ms Aarti Singh	-	-	-	-	-	-	-	-	-	-
Loan taken during the year										
Loan from related parties	20.00	-	-	-	-	-	-	-	-	-
- Fortis Health Management Limited	-	-	-	-	-	-	-	-	-	-



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Hospitalia Eastern Private Limited

Notes to Ind AS financial statements for the year ended March 31, 2020

(ii) Summary of transactions with related parties

Particulars	For the year ended March 31, 2020				For the year ended March 31, 2019					
	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting enterprise	Key Managerial Personnel (KMP)	Enterprise having significant influence over reporting enterprise	Holding company (refer note 2)	Fellow subsidiary (refer note 2)	Group entities of enterprise having significant control over reporting enterprise (refer note 2)	Key Managerial Personnel (KMP)	Enterprise having significant influence over reporting enterprise (refer note 2)
<b>Gratuity and leave liability transferred out</b>										
International Hospital Limited	-	10.68	-	-	-	-	-	-	-	-
<b>Financial guarantee issued disposed</b>										
International Hospital Limited	-	17,000.00	-	-	-	-	-	-	-	-
<b>Financial guarantees issued on the behalf of</b>										
Fortis Hospital Limited	-	3,250.00	-	-	-	-	-	-	-	-
Escorts Heart Institute and Research Centre Limited	-	4,140.00	-	-	-	-	-	-	-	-
Fortis Healthcare Limited	79,890.00	-	-	-	-	-	-	-	-	-
Fortis Hospitals Limited	-	67,140.00	-	-	-	-	-	-	-	-
Hiranandani Healthcare Private Limited	-	50.00	-	-	-	-	-	-	-	-
International Hospital Limited	-	3,800.00	-	-	-	-	-	-	-	-
<b>Financial surpluses received disposed</b>										
Escorts Health and Super Speciality Hospital Limited	7,000.00	-	-	-	-	-	-	-	-	-
Fortis Health Management Limited	-	-	-	-	-	-	-	-	-	-
International Hospital Limited	7,000.00	7,000.00	-	-	-	-	-	-	-	-

Note:-

- Fortis Hospitals Limited was Group entities of enterprise having significant influence of the Company up to January 14, 2019 and has become the Fellow subsidiaries w.e.f. January 15, 2019 (Refer note 1(b)). The transactions entered by the Company with Fortis Hospitals Limited has been reported for the year as a whole and not been bifurcated in the transaction up to January 14, 2019 and from January 14, 2019 to March 31, 2019
- Fortis Healthcare Limited was Group entities of enterprise having significant influence of the Company up to January 14, 2019 and has become the Intermediate Holding Company w.e.f. January 15, 2019 (Refer note 1(b)). The transactions entered by the Company with Fortis Healthcare Limited has been reported for the year as a whole and not been bifurcated in the transaction up to January 14, 2019 and from January 14, 2019 to March 31, 2019



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements for the year ended March 31, 2020

(iii) Details of outstanding balances

Particulars	As at March 31, 2020					As at March 31, 2019		
	Holding company	Fellow subsidiary	Group entities of significant control over reporting enterprise	Enterprise having significant influence over reporting enterprise	Holding company	Fellow subsidiary	Group entities of significant control over reporting enterprise	Enterprise having significant influence over reporting enterprise
<b>Balance outstanding at the year end</b>								
<b>Loan from related parties</b>								
- Fortis Health Management Limited	272.40	-	-	-	252.40	-	-	-
- International Hospital Limited	-	120.00	-	-	-	120.00	-	-
<b>Non convertible debentures</b>								
- RHT Health Trust Services Pte. Limited	-	-	-	-	-	-	-	-
- Fortis Healthcare Limited	7,000.00	-	-	-	7,000.00	-	-	-
<b>Optionally convertible debentures</b>								
- International Hospital Limited	-	7,800.00	-	-	-	7,800.00	-	-
<b>Interest accrued but not due on</b>								
<b>Loan from related parties</b>								
- Fortis Health Management Limited	144.57	-	-	-	-	-	-	-
- International Hospital Limited	-	72.39	-	-	-	60.42	-	-
<b>Optionally convertible debentures</b>								
- International Hospital Limited	-	5,103.11	-	-	-	4,436.21	-	-
<b>Non convertible debentures</b>								
- RHT Health Trust Services Pte. Limited	828.59	-	-	-	1,224.14	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	-	-	-
<b>Payable for reimbursement for expenses</b>								
- Fortis Health Management Limited	2.25	-	-	-	2.25	-	-	-
<b>Redeemable preference shares</b>								
- Fortis Health Management Limited	1,390.00	-	-	-	1,390.00	-	-	-



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Hospitalia Eastern Private Limited  
Notes to Ind AS financial statements for the year ended March 31, 2020

(iii) Details of outstanding balances

Particulars	As at March 31, 2020				As at March 31, 2019			
	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting enterprise	Enterprise having significant influence over reporting enterprise	Holding company	Fellow subsidiary	Group entities of enterprise having significant control over reporting enterprise	Enterprise having significant influence over reporting enterprise
<b>Other Payable</b>								
- International Hospital Limited	-	10.68	-	-	-	-	-	-
<b>Advance from customers</b>								
- Fortis Hospitals Limited	-	-	-	-	10.89	-	-	-
- Fortis Healthcare Limited	-	-	-	-	-	533.71	-	-
<b>Interest free loans (including interest accrued at effective interest rate)</b>								
- Fortis Hospitals Limited	-	101.85	-	-	31.83	-	-	-
- Fortis Healthcare Limited	31.83	-	-	-	-	1,576.42	-	-
<b>Financial guarantees issued on the behalf of</b>								
- Fortis Hospital Limited	-	3,250.00	-	-	-	-	-	-
- Escorts Heart Institute and Research Centre Limited	-	4,140.00	-	-	-	-	-	-
- Fortis Healthcare Limited	79,890.00	-	-	-	-	-	-	-
- Fortis Hospitals Limited	-	67,140.00	-	-	-	-	-	-
- Hiranandani Healthcare Private Limited	-	50.00	-	-	-	-	-	-
- International Hospital Limited	-	3,800.00	-	-	-	17,000.00	-	-



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23. Commitments

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
Estimated amount of contracts remaining to be executed on capital account and not provided for (Net of capital advance of ₹ 6.07 lakhs) ₹149.94 lakhs as at March 31, 2019)	1,712.20	1,591.58

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

24. Borrowings

a. Unsecured borrowing

i) Non-convertible debentures (NCDs)

- A. The Company issued NCDs to RHT Health Trust Services Pte. Limited on October 24, 2017. On January 15, 2019 RHT Health Trust Services Pte. Limited sold these NCDs to Fortis Healthcare Limited. The details are as follows:

Particulars	As at March 31, 2020	As at March 31, 2019
Number of NCD's	700,000	700,000
Principal amount outstanding (₹ in lakhs)	7,000.00	7,000.00
Accrued interest (₹ in lakhs)	828.59	1,224.14
Payment made against accrued interest (₹ in lakhs)	1,224.00	-
Borrowing cost capitalised as tangible work in progress during the year (₹ in lakhs)	-	307.67
Rate of Interest (p.a.)	13.15%	13.15%
Terms of redemption	The maturity date of NCDs' is October 30, 2035.	

As per the terms of the agreement dated October 24, 2017, the above NCDs were secured through Axis Trustee Services Limited ("Trustee"), wherein the following charge was created against the debentures issued:-

1. by pledging freehold land at Ludhiana (along with buildup property)
2. current and future fixed movable assets of Ludhiana clinical establishment.
3. Charge has been created on the bank accounts maintained at Ludhiana and Corporate locations w.e.f. January 15, 2019
4. Corporate Guarantee by EHSSHL, FHML and IHL.

Effective December 23, 2019 Axis Trustee Services Limited has satisfied the above said charge based on the no objection certificate dated September 4, 2019 from Fortis Healthcare Limited. Accordingly, these NCDs are disclosed as unsecured.

As per the original terms of the agreement dated October 24, 2017, the debenture issuance proceeds of the above NCDs shall be utilized by the Company for financing any capital expenditure of the Company. However, Effective April 10, 2019, Axis Trustee Services Limited has waived the above provisions of utilization of the Debenture proceeds on the basis of consent letter dated April 03, 2019 received from Fortis Healthcare Limited. Accordingly, the unutilised proceeds of the NCDs can be utilised for any purposes, as the Company's Board of Directors may determine.

- B. The principal amount of NCD is repayable on October 30, 2035 and the interest on NCDs is payable on the half yearly basis i.e. June 29 and December 29 of every year. The accrued interest as at March 31, 2020 was due for repayment on June 29, 2020.



As per the terms of the agreement, 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 continues with the default in the payment of interest in the current year. Accordingly, the outstanding liabilities has been classified as current.

However, subsequent to the year end, the Board of Directors of Fortis Healthcare Limited has confirmed through an extension letter 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) Optionally convertible debentures (OCD)**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Number of OCDs issued	780,000	780,000
Principal amount (₹ in lakhs)	7,800	7,800
Rate of interest (p.a.)	9% to 22% depending up on Earnings before interest and tax (EBIT) of Company. At present, EBIT is less than ₹ 3,900 lakhs, therefore interest rate is 9% p.a.	
Accrued interest (₹ in lakhs)	5,103.11	4,436.21
Repayment term	The maturity date of OCD is September 16, 2030.	

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

During the year ended March 31, 2019, the Company had defaulted in payment of interest. The Company continues with the default in the payment of interest in the current year. The principal amount has been classified as current due to the option of early redemption available with both the parties.

However, subsequent to the year end, the Board of Directors of International Hospital Limited has confirmed through an extension letter 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.

The Holding company i.e. Fortis Healthcare Limited has confirmed that it will provide unconditional continuous financial support to the Company enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS Balance Sheet.

**iii) Loan from related party**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount (₹ in lakhs)	272.40	252.40
Rate of interest (p.a.)	10.50%	12%
Accrued interest (₹ in lakhs)	144.57	120.14

- B. During the year ended March 31, 2019, the Company had defaulted in payment of amount of principal and interest as per the terms of the agreement. As per the agreement, consequent to the default in payment of amount of principal and interest, the outstanding amount of principal and interest was repayable on demand.



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During the Current year, the Company and Fortis Health Management Limited has entered into a Memorandum of Understanding (“MOU”) dated October 31, 2019 amended vide supplementary agreement dated December 27, 2019 to amend the term of the loan agreement dated March 31, 2017 and as per the amended agreement the principal amount of loan is repayable on March 31, 2022 and the interest on loan is payable on yearly basis. Also the rate of interest has been changed from 12% to 10.50% w.e.f April 1, 2019. As per the amended agreement the Company continues to default in payment of interest. The principal amount has been classified to non-current from current during the current year due to extension of the term of loan.

iv) Loan from related party

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

Particulars	As at March 31, 2020	As at March 31, 2019
Principal amount (₹ in lakhs)	120.00	120.00
Rate of interest (p.a.)	10.50%	12%
Accrued interest (₹ in lakhs)	72.39	60.42

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

During the year ended March 31, 2019, the Company had defaulted in payment of amount of principal and interest as per the terms of the agreement. As per the agreement, consequent to the default in payment of amount of principal and interest, the outstanding amount of principal and interest was repayable on demand.

Subsequent to the year end, the Company and International Hospital Limited has entered into a Memorandum of Understanding (“MOU”) dated June 16, 2020 to amend the term of the loan agreement dated March 31, 2017 and as per the amended agreement the principal amount of loan is repayable on March 31, 2022 and the interest on loan is payable on yearly basis. Also the rate of interest has been changed from 12% to 10.50% w.e.f April 1, 2019. As per the amended agreement the Company continues to default in payment of interest. The principal amount has been classified to non-current from current during the current year due to extension of the term of loan.

b. Interest free loan from related party

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

During the current year the Company has repaid the interest free loan amounting to ₹ 1,660.00 lakhs and balance of ₹ 133.68 lakhs is repayable on demand.

Details of loan is as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
Amount received (₹ in lakhs)	1,793.68	1,793.68
Fair value of loan (a)	1,576.42	1,249.08
Advance received from customer	-	544.60
Interest expense (b)	211.86	148.22
Interest accrued (c)	-	544.60
Amount repaid (₹ in lakhs) (d)	1,660.00	
Deemed equity recognized during the year (e)	10.88	217.26



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**Hospitalia Eastern Private Limited**  
**Notes to Ind AS Financial Statements as at and for the year ended March 31, 2020**

Particulars	As at March 31, 2020	As at March 31, 2019
Amount of loan outstanding (f)= (a)+(b)+(c)-(d)-(e)	117.40	1,576.42

**c. Redeemable preference share capital**

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

Particulars	As at March 31, 2020	As at March 31, 2019
Number of preference shares issued	90,000	90,000
Principal amount (₹ in lakhs)	9.00	9.00
Redemption amount (₹ in lakhs)	1350.00	1350.00
Terms of redemption	The maturity date of preference shares is April 03, 2021 or early redemption by giving notice of 30 days	

The principal amount of preference shares is repayable on April 03, 2021. These shares are non-cumulative. Fortis Health Management Limited has an option for early redemption i.e. by giving 30 days' notice. The principal amount has been classified as current due to the option of early redemption available with Fortis Health Management Limited.

The Holding company i.e. Fortis Healthcare Limited has confirmed that it will provide unconditional continuous financial support to the Company enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS Balance Sheet.

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

Particulars	As at March 31, 2020	As at March 31, 2019
Number of preference shares issued	400,000	400,000
Principal amount (₹ in lakhs)	40.00	40.00
Redemption amount (₹ in lakhs)	40.00	40.00
Terms of Redemption	The maturity date of preference shares is October 01, 2021 or early redemption by giving notice of 30 days.	

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

The Holding company i.e. Fortis Healthcare Limited has confirmed that it will provide unconditional continuous financial support to the Company enabling it to meet its operating, capital and financing requirements for at least 12 months from the date of the Ind AS Balance Sheet.

**25. Employee benefits plan:**

**Defined contribution plan**

The Company makes provident fund contributions that is defined contribution plan, for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company have charged ₹ 0.60 lakhs (Previous year 1.71 lakhs) to statement of profit and loss account and have capitalised ₹ Nil (₹ 0.79 lakhs as at March 31, 2019) for provident fund contributions. The contributions payable to these plans by the Company are at rates specified in the rules of the schemes.



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**Defined benefit plan**

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

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

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>i. Movement in net liability</b>		
Present value of obligation at the beginning of the year	7.98	14.13
Current service cost	0.19	1.32
Interest cost	0.30	0.97
Amount recognised to OCI	(0.05)	(5.73)
Acquisitions (credit)/ cost	(8.42)	-
Benefits paid	-	(2.71)
<b>Total</b>	-	<b>7.98</b>
Present value of obligations at the end of the year-Current	-	0.20
Present value of obligations at the end of the year-Non-Current	-	7.78

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2020	For the year ended March 31, 2019
<b>ii. Expense recognised in Ind AS statement of profit and loss is as follows:</b>		
Service cost	0.19	1.32
Interest cost	0.30	0.97
<b>Amount charged to Ind AS statement of profit and loss</b>	<b>0.49</b>	<b>2.29</b>
<b>iii. Expense recognised in other comprehensive income is as follows:</b>		
Net actuarial (gain)/loss due to experience adjustment recognised during the year	0.33	(5.80)
Net actuarial loss due to assumptions changes recognised during the year	(0.38)	0.07
<b>Amount charged to other comprehensive income</b>	<b>(0.05)</b>	<b>(5.73)</b>

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

Principal actuarial assumptions for gratuity and compensated absences	For the year ended March 31, 2020	For the year ended March 31, 2019
Rate for discounting liabilities	7.00%	7.50%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%
Mortality table used	Indian assured lives mortality (2006-08) (modified) ult.	Indian assured lives mortality (2006-08) (modified) ult.

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

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



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

**Notes:**

- a) The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary increase and mortality. The sensitivity analyses below has been determined based on reasonably possible changes of the respective assumptions occurring at the end of the year, while holding all other assumptions constant.
- If the discount rate is 0.5% higher (Lower), the defined benefit obligation would increase by ₹ Nil (Decrease by ₹ Nil), as at March 31, 2019: decrease by ₹ 0.37 lakhs (increase by ₹ 0.34 lakhs).
  - If the expected salary growth increases (decreases) by 1% (previous year 0.5%) the defined benefit obligation would increase by ₹ Nil (Decrease by ₹ Nil), as at March 31, 2019: increase by ₹ 0.74 lakhs (decrease by ₹ 0.67 lakhs).
  - If the withdrawal rate increases (decreases) by 0.5% the defined benefit obligation would increase by ₹ Nil (decrease by ₹ Nil, as at March 31, 2019: decrease by ₹ Nil (increase by ₹ 0.01 lakhs).

**Method used for sensitivity analysis**

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

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

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

**26. Financial instruments**

**i) Capital management**

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

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



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ii) Categories of financial instruments

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

(Amount in ₹ lakhs)

Particulars	As at March 31, 2020	As at March 31, 2019
Investments in mutual funds	-	2,859.66
<b>Total</b>	-	<b>2,859.66</b>

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

(Amount in ₹ lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Cash and cash equivalents	3.43	3.43	40.68	40.68
<b>Total</b>	<b>3.43</b>	<b>3.43</b>	<b>40.68</b>	<b>40.68</b>

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

(Amount in ₹ lakhs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Amortised cost	Fair value	Amortised cost	Fair value
Trade payables	20.86	20.86	19.84	19.84
Redeemable preference share capital: current	1,390.00	1,390.00	1,390.00	1,390.00
Optionally convertible debentures: current (including accrued interest)	12,903.11	12,903.11	12,236.21	12,236.21
Loan from related parties: current and Non current (including accrued interest)	609.36	609.36	552.96	552.96
Non-convertible debentures: current (including accrued interest)	7,828.59	7,828.59	8,224.14	8,224.14
Interest free loan from related party-current	117.40	117.40	-	-
Borrowings- non-current	-	-	1,576.42	1,576.42
Other financial liabilities – non-current	12.73	12.73	2.25	2.25
Other financial liabilities – current	116.44	116.44	238.26	238.26
<b>Total</b>	<b>22,998.49</b>	<b>22,998.49</b>	<b>24,240.08</b>	<b>24,240.08</b>

Note 1- The carrying value of intercorporate loan from related parties, trade payable and other financial liabilities (current and non-current) measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

iii) Financial risk management objectives

The Company's financial liabilities mainly comprise of borrowings, trade payables and other payables. The Company's financial assets mainly comprises of cash and cash equivalents. These risks include market risk, credit risk and liquidity risk.

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

i. Market risk

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



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**1. Currency risk**

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

**2. Interest rate risk management**

The Company is not exposed to interest rate risk as the Company does not have any floating rate borrowings outstanding as at the date of the Balance Sheet.

**3. Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk arises primarily from trade receivables.

**4. Liquidity risk management**

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

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

The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the Company can be required to pay. The tables include both interest and principal cash flows.

(Amount in ₹ lakhs)

Particulars	Within 1 year	1-2 year	More than 2 year	Total	Carrying amount
<b>As at March 31, 2020</b>					
<b>Fixed interest rate instrument</b>					
Optionally convertible debentures(including accrued interest)	12,903.11	-	-	12,903.11	12,903.11
Non-convertible debentures((including accrued interest)	7,828.59	-	-	7,828.59	7,828.59
Loan from related parties (including accrued interest)	216.96	392.40	-	609.36	609.36
Interest free loan from related parties-current	117.40	-	-	117.40	117.40
Redeemable preference shares	1,390.00	-	-	1,390.00	1,390.00
<b>Other financial liabilities</b>					
Trade payables	20.86	-	-	20.86	20.86
Other financial liabilities-Non current	12.73	-	-	12.73	12.73
Other financial liabilities-current	116.44	-	-	116.44	116.44
<b>Total</b>	<b>22,606.09</b>	<b>392.40</b>	<b>-</b>	<b>22,998.49</b>	<b>22,998.49</b>



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**Hospitalia Eastern Private Limited**  
**Notes to Ind AS Financial Statements as at and for the year ended March 31, 2020**

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

**27. Fair value measurement**

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

(Amount in ₹ lakhs)				
Financial assets	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	March 31, 2020	March 31, 2019		
Investment in mutual fund	-	2,859.66	Level 1	Quoted price in active market

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

**28. Loss per share**

(Amount in ₹ lakhs)				
Loss per share	Denomination	For the year ended March 31, 2020	For the year ended March 31, 2019	
Loss as per Ind AS statement of profit and loss	₹ in lakhs	(1,886.68)	(1,587.13)	
Weighted average number of equity shares in calculating basic EPS	Numbers in lakhs	0.51	0.51	
Weighted average number of equity shares in calculating diluted EPS	Numbers in lakhs	0.51	0.51	
Basic EPS	₹	(3,699.37)	(3,112.02)	
Diluted EPS*	₹	(3,699.37)	(3,112.02)	

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



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

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

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
(i) Principal amount remaining unpaid to any supplier as at the end of the year.*	9.09	7.54
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the year.*	6.11	3.96
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day.	-	-
(iv) The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act.	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year.	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

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

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

30. Segment reporting

The Board of Directors of the Company, which have been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. There are no geographical segments as all the operations of the Company are in India. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments"

31. Deferred tax

(a) Unrecognised deferred tax asset

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
<b>Deferred tax liability (DTL)</b>		
Difference between book base and tax base of loan recognised at amortised cost	-	-
Mutual funds recognised at fair value through profit or loss	-	77.97
<b>Total</b>	-	77.97
<b>Deferred tax assets (DTA)</b>		
Difference between book base and tax base of advance received against service fees receivable in future	-	-
<b>Total</b>	-	-
<b>Net deferred tax asset (Liability)</b>	-	(77.97)
<b>Deferred tax assets recognised to the extent of deferred tax liability*</b>	-	-
<b>Recognised Deferred Tax liability (Previous year Unrecognised deferred tax asset)</b>	-	(77.97)



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

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

Particulars	(Amount in ₹ lakhs)	
	Year ended March 31, 2020	Year ended March 31, 2019
Accounting loss before tax	(1,878.91)	(1,504.99)
Statutory income tax rate	25.168%	26.00%
Tax at statutory income tax rate	(472.88)	(391.29)
Deferred tax asset not recognised	(0.10)	(0.10)
Previous year Tax	-	-
Change in tax rate	-	-
Expenditure not claimed in tax	480.75	473.53
<b>Total</b>	<b>7.77</b>	<b>82.14</b>
Tax expense recognised in statement of profit and loss	7.77	82.14

32. On November 8, 2010, the Government of Andhra Pradesh permitted Hyderabad Metropolitan Development Authority to lease out the land to Company for 33 years for the establishment of international quality specialty hospital. The Company has paid an advance amounting to ₹194.78 lakhs as at March 31, 2020 (₹194.78 lakhs as at March 31, 2019) for obtaining the land under lease which is included in advance against leasehold land (included in note-5). During the year, the management was in discussion with the government authority for the registration of the land and due the uncertainties involved in respect to the registration of land, the Company has provided for the allowance made.

**33. Details of borrowing costs capitalized**

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2020	As at March 31, 2019
Borrowing costs capitalised during the year under head capital work-in-progress	-	307.67

**34. Financial guarantee contracts**

a. During the current year, the Company has issued corporate guarantee in respect of term loan, overdraft, letter of credit, bank guarantee facilities availed from The Hongkong and Shanghai Banking Corporation Limited for the related parties in the table below. In accordance with the policy of the Company, the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified the financial guarantees as contingent liabilities. Accordingly, there are no liabilities recognised in the Ind AS Financial Statement under these contracts.

Refer below for details of the guarantee issued in respect of term loan, overdraft, letter of credit, bank guarantee facilities availed from The Hongkong and Shanghai Banking Corporation Limited availed for capital requirements for the following related parties.

Name of related party	Relationship	(Amount in ₹ lakhs)	
		As at March 31, 2020	As at March 31, 2019
Fortis Hospotel Limited	Fellow subsidiary	3,250.00	-
Escorts Heart Institute and Research Centre Limited	Fellow subsidiary	4,140.00	-
Fortis Healthcare Limited	Holding Company	79,890.00	-
Fortis Hospitals Limited	Fellow subsidiary	67,140.00	-



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**Hospitalia Eastern Private Limited**  
**Notes to Ind AS Financial Statements as at and for the year ended March 31, 2020**

(Amount in ₹ lakhs)

Name of related party	Relationship	As at March 31, 2020	As at March 31, 2019
Hiranandani Healthcare Private Limited	Fellow subsidiary	50.00	
International Hospital Limited	Fellow subsidiary	3,800.00	
<b>Total</b>		<b>158,270.00</b>	<b>-</b>

- b. Details of the financial guarantees issued by the Company on behalf of related parties to the debenture trustee i.e. Axis Trustee Services Limited for non-convertibles debentures issued by these related parties. During the current year, financial guarantee has been withdrawn.

(Amount in ₹ lakhs)

Name of the related party	Date of guarantee given	As at March 31, 2020	As at March 31, 2019
International Hospital Limited	October 24, 2017	-	17,000.00
<b>Total</b>		<b>-</b>	<b>17,000.00</b>

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

- a. During the current year, the Company has issued corporate guarantee in respect of term loan, overdraft, letter of credit, bank guarantee facilities availed from The Hongkong and Shanghai Banking Corporation Limited for the related parties in the table below. In accordance with the policy of the Company, the Company has designated such guarantees as 'Insurance Contracts'. The Company has classified the financial guarantees as contingent liabilities. Accordingly, there are no liabilities recognised in the Ind AS Financial Statement under these contracts.

(Amount in ₹ lakhs)

Name of related party	Relationship	As at March 31, 2020	As at March 31, 2019
Fortis Hospotel Limited	Fellow subsidiary	3,250.00	-
Escorts Heart Institute and Research Centre Limited	Fellow subsidiary	4,140.00	-
Fortis Healthcare Limited	Holding Company	79,890.00	-
Fortis Hospitals Limited	Fellow subsidiary	67,140.00	-
Hiranandani Healthcare Private Limited	Fellow subsidiary	50.00	
International Hospital Limited	Fellow subsidiary	3,800.00	
<b>Total</b>		<b>158,270.00</b>	<b>-</b>

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

(Amount in ₹ lakhs)

Name of the related party	Date of guarantee given	As at March 31, 2020	As at March 31, 2019
International Hospital Limited	October 24, 2017	-	17,000.00
<b>Total</b>		<b>-</b>	<b>17,000.00</b>



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### 36. Note on 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 in the process of developing clinical establishments in three cities i.e. Chennai, Hyderabad and Ludhiana.

For the year ended March 31, 2020, the Board of Directors have considered possible effects due to COVID 19 in its assessment of going concern assumption, the liquidity position for next one year and recoverability of assets comprising property, plant and equipment, Capital work in progress and other assets. While assessing the recoverable amount of property, plant and equipment, capital work in progress and other assets, the Company has used significant assumptions such as future projections for 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

### 37. Going Concern

The Company has accumulated losses of ₹ 10,823.03 lakhs as at March 31, 2020 including loss of ₹ 1,886.68 lakhs incurred during the current year as against equity share capital of ₹ 5.10 lakhs. Further, the Company has current liabilities of ₹ 22,814.71 lakhs and current assets of ₹ 6.41 lakhs as at March 31, 2020. The Company's current liabilities exceeds its current assets by ₹ 22,808.30 lakhs. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern and, therefore, it may be unable to realise its assets and discharge its liabilities in the normal course of business. The management expects to commence operations at one of its location during FY 2021-22. In the interim period, the Company proposes to fund its operations in near future primarily from funds committed by the Intermediate 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 from the date of the Ind AS Balance sheet. This will enable the Company to settle its obligations as and when they fall due and operate as a going concern. Accordingly, the Ind AS financial statements of the Company have been prepared using the going concern assumption.

### 38. Approval of Ind AS financial statements

The Ind AS financial statements were approved for issue by the Board of Directors on September 30, 2020.



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

Akshay Kumar Tiwari

Director

DIN: 07930333

Date: September 30, 2020

Rajeev Kumar Dua

Director

DIN: 06974102

Date: September 30, 2020