

INDEPENDENT AUDITOR'S REPORT

**To The Members of Escorts Heart and Super Speciality Hospital Limited
Report on the Audit of the Financial Statements**

Opinion

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

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

Basis for Opinion

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

Material uncertainty related to Going Concern

We draw attention to Note 46 to the financial statements, which indicates that the Company has accumulated losses of ₹ 15,936.18 lakhs and has incurred a net loss of ₹ 1,994.22 lakhs during the year ended March 31, 2019 and, as of that date, the Company's current liabilities exceeded its current assets by ₹ 23,318.97 lakhs. These events or conditions, along with other matters as set forth in Note 46, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. However, the financial statements of the Company have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.



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

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

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

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

Management's Responsibility for the Financial Statements

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

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

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

Auditor's Responsibility for the Audit of the Financial Statements

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



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

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

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

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

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



Report on Other Legal and Regulatory Requirements

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

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

- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has certain pending litigations as on March 31, 2019. However, there is no impact on the financial position of the Company for the reasons stated in note 43.
 - 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.



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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)



Kh. A. Kotwal

Khazat A. Kotwal
Partner
(Membership No. 103707)

Place: Gurugram
Date: *May 23, 2019*

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

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

We have audited the internal financial controls over financial reporting of Escorts Heart and Super Speciality Hospital Limited (the "Company") as of March 31, 2019 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

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



Khazat A. Kotwal

Khazat A. Kotwal
Partner
(Membership No. 103707)

Place: Gurugram
Date: *May 23, 2019*

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of property, plant and equipment.
 - (b) The Company has a program of verification of property, plant and equipment to cover all the items once in every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. As part of this program, the Company had performed its last physical verification of property, plant and equipment on March 31, 2018 and no material discrepancies were noticed on such physical verification.
 - (c) According to the information and explanations given to us, we report that, immovable properties of land and buildings whose title deeds have been pledged as security for non-convertible debentures are held in the name of the Company based on the confirmations directly received by us from lender's trustee. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as property, plant and equipment in the Ind AS financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (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 granted unsecured loans to companies covered in the register maintained under section 189 of the Act, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, prejudicial to the Company's interest as in accordance with the terms of the loan agreement, the interest on inter corporate deposits granted were receivable on demand but have not been called for by the Company during the year. Also, the interest on optionally convertible debentures subscribed by the Company is payable on monthly basis and the payment of such interest was deferred as mutually agreed with the issuer but has not been called for by the Company during the year even after the expiry of 5 years from the date on which such interest was first due and payable.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
 - (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 been specified by the Central Government under section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Act, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (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, Employees' State Insurance, Income-tax, Goods and Services Tax and other material statutory dues applicable to it to the appropriate authorities.
We are informed that operations of the Company during the year did not give rise to any liability for excise duty, sales tax and value added tax.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Goods and Services Tax, and other material statutory dues in arrears as at March 31, 2019 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2019 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹)	Amount Unpaid (₹)
Income Tax Act, 1961	The DCIT-TDS raised demand u/s 201(1A) amounting to ₹ 4.71 lakhs	High Court (Rajasthan)	AY 2009-10 (TDS)	4.71 lakhs	4.71 lakhs
Income Tax Act, 1961	Transfer pricing adjustment amounting to ₹ 1,960 lakhs on account of interest expense claimed on Compulsorily Convertible Debentures	Commissioner of Income Tax (Appeals), New Delhi	AY 2013-14	558.91 lakhs	558.91 lakhs



Income Tax Act, 1961	Transfer pricing adjustment amounting to ₹ 1,060 lakhs on account of interest expense claimed on Compulsorily Convertible Debentures	Commissioner of Income Tax (Appeals), New Delhi	AY 2014-15	281.87 lakhs	281.87 lakhs
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(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	-	16,298.20	July 12, 2017 to March 31, 2019

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

- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence, reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the provisions of section 197 read with Schedule V to the Act.
- (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.



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(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)



K. A. Kotwal

Khazat A. Kotwal
Partner
(Membership No. 103707)

Place: Gurugram
Date: *May 23, 2019*

Escorts Heart and Super Speciality Hospital Limited (CIN U85110DL2003PLC120016)
Balance Sheet as at March 31, 2019

Particulars	Notes	(Amount in ₹ lakhs)	
		As at March 31, 2019	As at March 31, 2018
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	4a	28,881.19	29,548.33
(b) Capital work-in progress	4b	10.81	-
(c) Goodwill	4c	491.54	491.54
(d) Financial assets			
(i) Investment in Subsidiary	8	-	17,775.00
(ii) Other financial assets	5	112.52	7,969.99
(iii) Loans	11	-	270.00
(e) Deferred tax assets (Net)	45	-	-
(f) Non-current tax assets	6	2,751.98	2,491.16
(g) Other non-current assets	7	39.78	21.51
Total non-current assets (A)		32,287.82	58,567.53
B. Current assets			
(a) Financial assets			
(i) Investments			
- Investment in subsidiary	8	17,775.00	-
- Other investments	8	-	404.47
(ii) Trade receivables	9	1,797.17	2,377.26
(iii) Cash and cash equivalents	10a	49.31	522.67
(iv) Bank balances other than (iii) above	10b	14.82	13.96
(v) Other financial assets	12	9,566.37	137.58
(vi) Loans	11	270.00	-
(b) Other current assets	13	30.53	29.65
Total current assets (B)		29,503.20	3,485.59
Total assets (A+B)		61,791.02	62,053.12
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	14	3,392.52	1,744.52
(b) Other equity	15	5,174.50	(13,016.40)
Total equity (A)		8,567.02	(11,271.88)
Liabilities			
B. Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	16	-	55,886.22
(ii) Other financial liabilities	17	-	14,308.46
(b) Provisions	18	32.96	31.18
(c) Other non-current liabilities	19	368.87	413.79
Total non-current liabilities (B)		401.83	70,639.65
C. Current liabilities			
(a) Financial liabilities			
(i) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	20	13.18	18.92
- Total outstanding dues of creditors other than micro enterprises and small enterprises	20	629.42	482.42
(ii) Borrowings	21	31,305.00	989.32
(iii) Other financial liabilities	22	20,586.79	197.36
(b) Provisions	23	1.94	2.13
(c) Other current liabilities	24	285.84	995.20
Total current liabilities (C)		52,822.17	2,685.35
Total liabilities (B+C)		53,224.00	73,325.00
Total equity and liabilities (A+B+C)		61,791.02	62,053.12

See accompanying notes forming part of the Ind AS financial statements
In terms of our report attached 1-47

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khazat A. Kotwal
Partner



For and on behalf of the Board of Directors of
Escorts Heart and Super Speciality Hospital Limited

Mamur Kapila
Chairman
DIN: 03403696

Avinash Khaitan
Director
DIN: 06987510

Utkarsh Gupta
Company Secretary

Ravi Bhatia
Chief Financial Officer

Place: Gurugram
Date:

Place: Gurugram
Date:

23 MAY 2019

23 MAY 2019

23 MAY 2019



Escorts Heart and Super Speciality Hospital Limited (CIN U85110DL2003PLC120016)
Statement of Profit and Loss for the year ended March 31, 2019

Particulars	Notes	(Amount in ₹ lakhs)	
		For the year ended March 31, 2019	For the year ended March 31, 2018
INCOME			
I Revenue from operations	25	10,216.64	10,342.38
II Other income	26	1,684.52	1,728.58
III Total income (I+II)		11,901.16	12,070.96
IV EXPENSES			
(i) Purchases of medical consumables and drugs		12.48	9.95
(ii) Employee benefits expense	27	210.70	203.68
(iii) Finance costs	28	8,383.30	8,581.33
(iv) Depreciation expense	29	705.72	717.96
(v) Other expenses	30	4,583.18	4,475.57
Total expenses		13,895.38	13,988.49
V Loss before tax (III-IV)		(1,994.22)	(1,917.53)
VI Tax expense			
(i) Current tax		-	-
(ii) Deferred tax	45	-	-
Total tax expense		-	-
VII Loss after tax for the year (V-VI)		(1,994.22)	(1,917.53)
VIII Other comprehensive Income/ (loss)			
Items that will not be reclassified to profit or loss			
- Remeasurement of the defined benefit plan	31	1.25	1.14
- Income tax relating to remeasurement of the defined benefit plan	45	-	-
IX Total comprehensive loss for the year (VII-VIII)		(1,992.97)	(1,916.39)
Loss per share [Nominal value of shares ₹10/- each (Previous year ₹10/- each)]			
Basic (in ₹)	38	(5.88)	(10.99)
Diluted (in ₹)	38	(5.88)	(10.99)
See accompanying notes forming part of the Ind AS financial statements	1-47		

In terms of our report attached

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khazat A. Kotwal
Partner



Place : Gurugram
Date:

23 MAY 2019

For and on behalf of the Board of Directors of
Escorts Heart and Super Speciality Hospital Limited

Manu Kapita
Chairman
DIN: 03403696

Avinash Khaitan
Director
DIN: 06987510

Utkarsh Gupta
Company Secretary

Ravi Bhatia
Chief Financial Officer

Place : Gurugram
Date:

23 MAY 2019

23 MAY 2019



Escorts Heart and Super Speciality Hospital Limited (CIN U85110DL2003PLC120016)
Statement of Cash Flow for the year ended March 31, 2019

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
A. Cash flow from operating activities		
Loss before tax	(1,994.22)	(1,917.53)
Adjustments to reconcile loss before tax to net cash flows:		
Depreciation and amortisation expense	705.72	717.96
Property, plant and equipment written off	-	0.51
Advance income tax written off	35.55	-
Net (gain)/loss arising on financial assets measured at FVTPL	(21.59)	(2.47)
Liabilities no longer required written back	(5.69)	(4.34)
Allowance for doubtful debts	6.36	7.68
Allowance for advances	0.22	-
Interest income	(1,633.15)	(1,721.61)
Interest expense	8,383.30	8,581.33
Operating profit before working capital changes	5,476.50	5,661.53
Movements in working capital :		
(Increase)/decrease in trade receivables	573.73	(1,015.18)
(Increase)/decrease in other assets	(25.93)	(11.01)
(Increase)/decrease in other financial assets	57.56	(95.30)
Increase/ (Decrease) in trade payables	108.91	(31.93)
Increase/ (Decrease) in provisions	2.84	(3.17)
Increase/ (Decrease) in other liabilities	(754.28)	369.29
Increase/ (Decrease) in other financial liabilities	(20.51)	(21.53)
Cash generated from operations	5,418.82	4,852.70
Income taxes paid (including tax deducted at source)	(296.37)	(45.54)
Net cash generated from operating activities (A)	5,122.45	4,807.16
B. Cash flows from investing activities		
Payments of property, plant and equipment	(162.00)	(376.38)
Proceeds from sale of property, plant and equipment	-	-
Loans given to related parties	-	(575.00)
Repayment of loans by related parties	-	305.00
Fixed deposits placed with banks	(0.86)	(8.63)
Investment in mutual funds	-	(800.00)
Proceeds from sale of investments in mutual funds	426.06	837.24
Interest received	4.27	108.09
Net cash generated / (used) in investing activities (B)	267.47	(509.68)
C. Cash flows from financing activities*		
Proceeds from current borrowings	-	88.17
Repayment of current borrowings	(989.32)	-
Proceeds from non current borrowings	-	900.00
Repayment of non-current borrowings	-	(899.00)
Payment of Interest on compulsorily convertible bonds, non convertible debentures, inter corporate deposit and bank overdraft	(4,873.96)	(3,954.73)
Net cash used in financing activities (C)	(5,863.28)	(3,865.56)
Net increase in cash and cash equivalents (A + B + C)	(473.36)	431.92
Cash and cash equivalents at the beginning of the year	522.67	90.75
Cash and cash equivalents at the end of the year	49.31	522.67

* Note : Changes in liabilities on account of financing activities

	As at March 31, 2018	Cash flows	Non cash changes (Refer note 1 below)	(Amount in ₹ lakhs) As at March 31, 2019
Borrowings - Non Current	55,886.22	-	(55,886.22)	-
Borrowings - Current	989.32	(989.32)	31,305.00	31,305.00
	56,875.54	(989.32)	(24,581.22)	31,305.00

Note :

- During the year ended March 31, 2019, carrying value of liability component of compulsorily convertible debentures amounting to ₹24,581.22 lakhs has been converted into the equity shares (Refer note no. 35(b)(i)).
- Outstanding principal amount of non convertible debentures amounting to ₹31,304.00 lakhs and the inter corporate loan payable to related party amounting to ₹1.00 lakhs has been reclassified from the non current borrowings to current borrowings for the reason stating in note no. 35(a)(ii) and 35(b)(ii).

See accompanying notes forming part of the Ind AS financial statements

1-47

In terms of our report attached
For Deloitte Haskins & Sells LLP
Chartered Accountants

K. A. Kotwal
Khazat A. Kotwal
Partner



For and on behalf of the Board of Directors of
Escorts Heart and Super Speciality Hospital Limited

Mamukapila
Mamukapila
Chairman
DIN: 03403696

Avinash Khaitan
Avinash Khaitan
Director
DIN: 06987510



Utkarsh Gupta
Utkarsh Gupta
Company Secretary

Ravi Bhatia
Ravi Bhatia
Chief Financial Officer

Place Gurugram
Date:

Place Gurugram
Date:

23 MAY 2019

23 MAY 2019

23 MAY 2019

Escorts Heart and Super Speciality Hospital Limited (CIN U85110DL2003PLC120016)
Statement of changes in equity for the year ended March 31, 2019

(Amount in ₹ lakhs)

Particulars

a. Equity share capital

Balance at April 1, 2017

Changes in equity share capital during the year

Balance at March 31, 2018

Changes in equity share capital during the year (Refer note 35(b)(i))

Balance at March 31, 2019

1,744.52

1,744.52

1,648.00

3,392.52

b. Other equity

(Amount in ₹ lakhs)

Particulars	Equity component of compound financial instrument (Refer note 35(b)(i))	Reserves and surplus			Total other equity
		Capital redemption reserve	Securities premium	Retained earnings	
Balance at April 1, 2017	838.78	50.00	-	(11,988.79)	(11,100.01)
Loss for the year	-	-	-	(1,917.53)	(1,917.53)
Other comprehensive loss for the year, net of tax - Remeasurement benefit of defined benefit plan	-	-	-	1.14	1.14
Total comprehensive loss for the year	-	-	-	(1,916.39)	(1,916.39)
Balance as at March 31, 2018	838.78	50.00	-	(13,905.18)	(13,016.40)
Balance at April 1, 2018	838.78	50.00	-	(13,905.18)	(13,016.40)
Issue of equity shares on premium upon conversion of Compulsorily Convertible Debentures (Refer note below)	-	-	23,772.40	-	23,772.40
Re-classification of equity component of Compound Financial Instrument to securities premium (Refer note below)	(838.78)	-	838.78	-	-
Difference between conversion value and carrying value of liability component of Compound Financial instrument adjusted in securities premium account (Refer note below)	-	-	(3,550.50)	-	(3,550.50)
Loss for the year	-	-	-	(1,994.22)	(1,994.22)
Share issue expenses	-	-	-	(38.03)	(38.03)
Other comprehensive income for the year, net of tax - Remeasurement benefit of defined benefit plan	-	-	-	1.25	1.25
Total comprehensive loss for the year	-	-	-	(1,992.97)	(2,031.00)
Balance as at March 31, 2019	-	50.00	21,060.68	(15,898.15)	5,174.50

Note :

Pursuant to Master Purchase Agreement dated February 12, 2018, 2,542,000 Compulsorily Convertible Debentures (CCD's) of the original value of ₹25,420.00 lakhs issued by the Company to Fortis Global Healthcare Services Pte. Limited have been sold to Fortis Healthcare Limited on January 15, 2019. As per the terms of the original agreement these CCD's were due for conversion on or before 18 years from the date of issuance. On March 29, 2019, the Board of Directors of the Company passed a resolution to convert these CCDs into 16,480,000 equity shares of face value of ₹10 each at a premium of ₹144.25 aggregating ₹25,420.40 lakhs. The carrying value of liability component of compound financial instrument on March 29, 2019 was ₹21,869.90 lakhs.

Thereby, ₹838.78 Lakhs appearing as equity component of the compound financial instrument have been transferred to securities premium reserve and the difference between conversion value and carrying value of liability component of Compound Financial instrument amounting to ₹3,550.50 Lakhs has been adjusted in securities premium account.

See accompanying notes forming part of the Ind AS financial statements

1-47

In terms of our report attached.

For Deloitte Haskins & Sells LLP
Chartered Accountants

Khazat A. Kotwal
Partner



For and on behalf of the Board of Directors of
Escorts Heart and Super Speciality Hospital Limited

Mamukapila
Chairman
DIN: 03403696

Utkarsh Gupta
Company Secretary

Place Gurugram
Date:

@svaita
Avinash Khaitan
Director
DIN: 06987510
Ravi Bhatia
Chief Financial Officer

Place Gurugram
Date:

23 MAY 2019

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Escorts Heart and Super Speciality Hospital Limited
Notes to the Ind AS financial statements as at and for the year ended March 31, 2019

4a. Property, plant and equipment

Particulars	(Amount in ₹ lakhs)									
	Leasehold land	Freehold land (Refer note 1 below)	Buildings	Plant and equipment	Medical equipment	Furniture and fittings	Computers	Office equipment	Total	
Cost										
As at April 1, 2017	961.64	18,068.69	12,310.25	2,093.94	584.17	0.59	2.52	18.51		34,040.31
Additions	-	-	1,015.86	96.31	99.69	-	-	-	-	1,211.86
Disposals	-	-	-	-	(1.55)	-	-	-	-	(1.55)
As at March 31, 2018	961.64	18,068.69	13,326.11	2,190.25	682.31	0.59	2.52	18.51		35,250.62
Additions	-	-	-	38.58	-	-	-	-	-	38.58
Disposals	-	-	-	-	-	-	-	-	-	-
As at March 31, 2019	961.64	18,068.69	13,326.11	2,228.83	682.31	0.59	2.52	18.51		35,289.20
Accumulated Depreciation										
As at April 1, 2017	22.98	-	4,180.65	626.17	143.26	0.08	0.76	11.47		4,985.37
Charge for the year	11.49	-	311.57	312.56	74.82	0.04	0.49	6.99		717.96
Disposals	-	-	-	-	(1.04)	-	-	-		(1.04)
As at March 31, 2018	34.47	-	4,492.22	938.73	217.04	0.12	1.25	18.46		5,702.29
Charge for the year	11.49	-	308.84	310.60	74.21	0.04	0.49	0.05		705.72
Disposals	-	-	-	-	-	-	-	-		-
As at March 31, 2019	45.96	-	4,801.06	1,249.33	291.25	0.16	1.74	18.51		6,408.01
Carrying amount										
As at March 31, 2018	927.17	18,068.69	8,833.89	1,251.52	465.27	0.47	1.27	0.05		29,548.33
As at March 31, 2019	915.68	18,068.69	8,525.05	979.50	391.06	0.43	0.78	-		28,881.19

Note:

1. Moveable assets of the Company and the freehold land located at Mohali have been pledged as security to Axis Trustee Services Limited for the non-convertible debentures issued to RHT Health Trust Services Pte. Limited which have been transferred to Fortis Healthcare Limited. (Refer note 35(a)(ii)).

4b. Capital work-in-progress

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Capital work-in-progress	10.81	-

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Escorts Heart and Super Speciality Hospital Limited
Notes to the Ind AS financial statements as at and for the year ended March 31, 2019

4c. Goodwill

(Amount in ₹ lakhs)

Particulars	Goodwill on acquisition
Cost	
As at April 1, 2017	491.54
Additions	-
Disposals	-
As at March 31, 2018	491.54
Additions	-
Disposals	-
As at March 31, 2019	491.54
Amortisation	
As at April 1, 2017	-
Charge for the year	-
Disposals	-
As at March 31, 2018	-
Charge for the year	-
Disposals	-
As at March 31, 2019	-
Carrying amount :	
As at March 31, 2018	491.54
As at March 31, 2019	491.54

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



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Escorts Heart and Super Speciality Hospital Limited
Notes to the Ind AS financial statements as at and for the year ended March 31, 2019

(Amount in ₹ lakhs)

Particulars	As at March 31, 2019	As at March 31, 2018
5 Other non-current financial assets		
Unsecured, considered good measured at amortised cost		
Security deposits	112.52	112.52
Interest accrued on optionally convertible debentures and inter-corporate deposit		7,857.47
	<u>112.52</u>	<u>7,969.99</u>
6 Non-current tax assets		
Unsecured, considered good		
Advance income tax (net of provision for tax ₹901.99 (₹901.99 as at March 31, 2018))	2,751.98	2,491.16
	<u>2,751.98</u>	<u>2,491.16</u>
7 Other non-current assets		
Technology renewal fund	39.78	14.86
Capital advances	57.89	64.45
	<u>97.67</u>	<u>79.31</u>
Less: Allowance for doubtful capital advances	57.89	57.80
	<u>39.78</u>	<u>21.51</u>
8 Non-current investments		
Investment in Subsidiary		
Unquoted		
Investment in debt instruments measured at amortised cost		
International Hospital Limited (Refer note 41(i))		17,775.00
9% Optionally convertible debentures (OCD's) 1,777,500 (1,777,500 as at March 31, 2018) of ₹1,000/- each fully paid up		
		<u>17,775.00</u>
Total non-current investments (A)		
Investment in Subsidiary		
Current investments		
Unquoted		
Investment in debt instruments measured at amortised cost		
International Hospital Limited (Refer note 41(i))	17,775.00	
9% Optionally convertible debentures (OCD's) 1,777,500 (1,777,500 as at March 31, 2018) of ₹1,000/- each fully paid up		
Other Investments		
Quoted		404.47
Investment in mutual funds measured at FVTPL Nil (as at March 31, 2018: 175,040 units of ₹231.07) each fully paid-up of Birla Sun Life Mutual Fund		
	<u>17,775.00</u>	<u>404.47</u>
Total current investments (B)		<u>404.47</u>
Total quoted investments (A + B)		<u>17,775.00</u>
Total unquoted investments (A + B)		<u>17,775.00</u>
Aggregate carrying value of investments		<u>18,179.47</u>



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Escorts Heart and Super Speciality Hospital Limited
Notes to the Ind AS financial statements as at and for the year ended March 31, 2019

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
9 Trade receivables		
Unsecured, considered good	1,797.17	2,377.26
Unsecured, doubtful	22.08	15.72
	1,819.25	2,392.98
Less: Allowance for doubtful debts (expected credit loss allowance)	22.08	15.72
	1,797.17	2,377.26

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

As per terms of HMSA, the average credit period allowed is 05-11 days. For the outlet vendor, average credit period is upto 30 days. Trade receivables are unsecured and are derived from revenue earned by providing healthcare and other ancillary services. No interest is charged on the overdue balance (except balance pertaining to service fees), regardless of the age of the balance. The management has carried out the assessment of the customer and doesn't foresee any default in the payment. The risk of non-payment from the customer is considered low as 95% of total balance are from related parties for which the default risk is considered low.

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

Expected credit loss - clinical establishment units

Ageing bucket	Percentage
0 - 6 months	0%
More than 6 months	100%

Ageing of receivables

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
0 - 6 months	1,775.09	2,374.97
More than 6 months	22.08	2.29
	1,797.17	2,377.26

Movement in expected credit loss allowance

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Balance at the beginning of the year	15.72	8.04
Add: Creation of the allowance for expected credit loss (Refer note 30)	6.36	7.68
Less: Utilisation of the allowance for expected credit loss	-	-
Balance at the end of the year	22.08	15.72

10a Cash and cash equivalents

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

(a) Cash on hand	0.62	0.42
(b) Balances with banks*		
(i) in current accounts	48.69	522.25
Cash and cash equivalents	49.31	522.67



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Escorts Heart and Super Speciality Hospital Limited
Notes to the Ind AS financial statements as at and for the year ended March 31, 2019

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
10b Other bank balances		
(a) In other deposit accounts		
(i) original maturity more than 3 months but less than 12 months	14.82	13.96
Total - Other bank balances	<u>14.82</u>	<u>13.96</u>
11 Loans		
Non-current		
Unsecured, considered good		
Loans to related party (Refer note 41(i))	-	270.00
	<u>-</u>	<u>270.00</u>
Current		
Unsecured, considered good		
Loans to related party (Refer note 41(i))	270.00	-
	<u>270.00</u>	<u>-</u>
12 Other current financial assets		
(a) Interest accrued on:		
- Optionally convertible debentures and Inter corporate deposits	9,486.35	-
- Fixed deposits	0.30	0.25
(b) Others	79.72	137.33
	<u>9,566.37</u>	<u>137.58</u>
13 Other current assets		
(a) Advance to vendors	0.18	17.37
(b) Prepaid expenses	30.04	12.08
(c) Balances with government authorities	0.35	0.20
	<u>30.57</u>	<u>29.65</u>
Less: Allowance for advance to vendors	0.04	-
	<u>30.53</u>	<u>29.65</u>



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Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
14 Equity share capital		
Authorised		
34,000,000 (As at March 31, 2018: 20,000,000) equity shares of ₹10 each	3,400.00	2,000.00
	3,400.00	2,000.00
Issued, subscribed and fully paid up		
33,925,166 (As at March 31, 2018: 17,445,166) equity shares of ₹10 each	3,392.52	1,744.52
	3,392.52	1,744.52

Notes:

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

Particulars	(Amount in ₹ lakhs)			
	For the year ended March 31, 2019		For the year ended March 31, 2018	
	Number	Amount	Number	Amount
At the beginning of the year				
Add: Shares issued during the year upon conversion of CCD's	17,445,166.00	1,744.52	17,445,166.00	1,744.52
Outstanding at the end of the year	33,925,166.00	3,392.52	17,445,166.00	1,744.52

(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 Holding Company and fellow subsidiary

Name of shareholder	(Amount in ₹ lakhs)			
	As at March 31, 2019		As at March 31, 2018	
Number	Number	Amount	Number	Amount
Fortis Healthcare Limited, the Holding Company#	16,480,000	164.80	-	-
International Hospital Limited, fellow subsidiary*	12,990,000	1,299.00	12,990,000	1,299.00
Fortis Health Management Limited, fellow subsidiary	4,455,166	445.52	4,455,166	445.52

* including 6 equity shares held by its nominees.

Compulsorily Convertible Debentures (CCD's) issued by the Company to Fortis Global Healthcare Services Pte. Limited have been sold to Fortis Healthcare Limited on January 15, 2019. Pursuant to board resolution dated March 29, 2019; these CCD's were converted into 16,480,000 equity shares of face value of ₹10/- each at a premium of ₹144.25 each which were due for conversion on or before September 16, 2030 as per the terms of the agreement.

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

Name of shareholder	(Amount in ₹ lakhs)			
	As at March 31, 2019		As at March 31, 2018	
No. of shares held	No. of shares held	% of Holding	No. of shares held	% of Holding
Fortis Healthcare Limited, the Holding Company#	16,480,000	48.58%	-	-
International Hospital Limited, fellow subsidiary*	12,990,000	38.29%	12,990,000.00	74.46%
Fortis Health Management Limited, fellow subsidiary	4,455,166	13.13%	4,455,166.00	25.54%

* including 6 equity shares held by its nominees.

Compulsorily Convertible Debentures (CCD's) issued by the Company to Fortis Global Healthcare Services Pte. Limited have been sold to Fortis Healthcare Limited on January 15, 2019. Pursuant to board resolution dated March 29, 2019; these CCD's were converted into 16,480,000 equity shares of face value of ₹10/- each at a premium of ₹144.25 each which were due for conversion on or before September 16, 2030 as per the terms of the agreement.

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
15 Other equity		
A. Equity component of compound financial instrument		
Opening balance (Refer note 35 (b) (i))		
Re-classification of equity component of Compound Financial Instrument to securities premium	838.78 (838.78)	838.78
Closing balance	-	838.78
B. Capital redemption reserve		
Opening balance		
Closing balance	50.00	50.00
	50.00	50.00
C. Securities premium		
Opening balance		
Issue of equity shares on premium upon conversion of Compulsorily Convertible Debentures	23,772.40	-
Re-classification of equity component of Compound Financial Instrument to securities premium	838.78	-
Difference between conversion value and carrying value of liability component of Compound Financial instrument adjusted in securities premium account	(3,550.50)	-
Closing balance	21,060.68	-
D. Retained earnings		
Opening balance	(13,905.18)	(11,988.79)
Loss for the year	(1,994.22)	(1,917.53)
Share issue expenses	(38.03)	-
Other comprehensive Income / (loss) arising from remeasurement of defined benefit obligation, net of income tax	1.25	1.14
Closing balance	(15,936.18)	(13,905.18)
Total (A+B+C+D)	5,174.50	(13,016.40)

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Escorts Heart and Super Speciality Hospital Limited

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

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
16 Non-current borrowings		
Secured- at amortised cost		
Non-convertible debentures		
3,130,400 (3,130,400 as at March 31, 2018), 14 80% Non-convertible debentures (NCDs) of ₹1,000/- each (Refer note 35(a)(ii))	-	31,304.00
		<u>31,304.00</u>
Unsecured - at amortised cost		
Compulsorily convertible debentures	-	24,581.22
Liability component of compound financial instrument (Refer note 35 (b)(i))	-	1.00
Loan from related party (Refer note 35(b)(ii))	-	24,582.22
		<u>55,886.22</u>
17 Other non-current financial liabilities		
Interest accrued but not due on borrowings (Refer note 35(a)(ii)(A), 35(b)(i) and 35(b)(ii))	-	14,308.46
		<u>14,308.46</u>
18 Provisions		
Provision for employee benefits		
- Gratuity (Refer note 36)	22.18	20.17
- Compensated absences	10.78	11.01
	<u>32.96</u>	<u>31.18</u>
19 Other non-current liabilities		
Advances from customers	368.87	413.79
	<u>368.87</u>	<u>413.79</u>
20 Trade payables		
- Total outstanding dues of micro enterprises and small enterprises (Refer note 39)	13.18	18.92
- Total outstanding dues of creditors other than micro enterprises and small enterprises	629.42	482.42
	<u>642.60</u>	<u>501.34</u>
21 Current borrowings		
Secured measured at amortised cost		
Bank overdraft (including interest thereon) (Refer note 35(a)(i))	-	989.32
Non-convertible debentures		
3,130,400 (3,130,400 as at March 31, 2018), 14 80% Non-convertible bonds (NCBs) of ₹1,000/- each (Refer note 35(a)(ii))	31,304.00	-
Unsecured measured at amortised cost		
Loan from related party - repayable on demand (Refer note 35(b)(ii))	1.00	-
	<u>31,305.00</u>	<u>989.32</u>
22 Other current financial liabilities		
Interest accrued but not due on borrowings (Refer note 35(a)(ii)(A), 35(b)(i) and 35(b)(ii))	20,529.12	-
Security deposits received	41.26	48.24
Capital creditors	16.41	135.59
Technology renewal fund	-	13.53
	<u>20,586.79</u>	<u>197.36</u>
23 Provisions		
Provision for employee benefits		
- Gratuity (Refer note 36)	1.02	1.09
- Compensated absences	0.92	1.04
	<u>1.94</u>	<u>2.13</u>
24 Other current liabilities		
Statutory dues payable	245.34	952.80
Advances from customers	40.50	40.50
Deferred interest income	-	1.90
	<u>285.84</u>	<u>995.20</u>




Escorts Heart and Super Speciality Hospital Limited

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

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
25 Revenue from operations		
Sale of services*		
Income from hospital and medical services	9,693.54	9,737.19
	<u>9,693.54</u>	<u>9,737.19</u>
Other operating income		
Income from outlets	523.10	605.19
	<u>523.10</u>	<u>605.19</u>
	<u>10,216.64</u>	<u>10,342.38</u>
<p>* The Company has applied Ind AS 115 'Revenue from contracts with customers' with effect from April 01, 2018, using the modified retrospective method of adoption. Under this method, the Company is required to adjust the cumulative effect of initially applying Ind AS 115 in the opening balance of retained earnings as at April 01, 2018.</p> <p>The Company provides services in relation to clinical establishments. In terms of requirements of Ind AS 115, there is single performance obligation which is satisfied on a point in time when services are delivered to the customers. The management has assessed that there is no impact in the revenue recognition on adoption of Ind AS 115.</p>		
26 Other income		
Interest income on		
- Optionally convertible debentures (at amortised cost)	1,599.75	1,599.75
- Loan recoverable on demand to related party (at amortised cost)	32.40	19.45
- Bank deposits (at amortised cost)	1.00	0.52
Other interest income on		
- Late receipt of service fees	19.91	95.85
- Others	4.16	6.04
Other gains and losses		
Net gain arising on sale of financial assets measured at FVTPL	21.59	2.47
Other non-operating income		
Miscellaneous income	0.02	0.16
Liabilities no longer required written back	5.69	4.34
Total other income	<u>1,684.52</u>	<u>1,728.58</u>
27 Employee benefits expense		
Salaries, wages and bonus	188.03	187.45
Gratuity expenses (Refer note 36)	4.29	4.78
Contribution to provident fund and other funds (Refer note 36)	10.66	10.93
Staff welfare expenses	7.72	0.52
	<u>210.70</u>	<u>203.68</u>
28 Finance cost		
Interest expense on		
- Compulsorily convertible debentures measured at amortised cost	3,672.26	3,794.14
- Non-convertible debentures measured at amortised cost	4,632.99	4,632.99
- Inter-corporate deposits measured at amortised cost	0.12	9.13
- Bank overdrafts	59.67	115.03
- Other borrowing cost	17.70	27.66
- Others	0.56	2.38
	<u>8,383.30</u>	<u>8,581.33</u>
29 Depreciation expense		
Depreciation of property, plant and equipment (Refer note 4a)	705.72	717.96
	<u>705.72</u>	<u>717.96</u>




Escorts Heart and Super Speciality Hospital Limited

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

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
30 Other expenses		
Contractual manpower	6.02	5.99
Power, fuel and water	124.89	125.14
Housekeeping expenses including consumables	490.81	498.73
Pantry expenses	9.29	11.18
Radiology expenses	2,779.73	2,655.95
Consultation fees to doctors	535.91	575.20
Professional charges to doctors	188.11	208.24
Repairs and maintenance		
- Plant and equipment	104.44	99.09
- Others	3.04	2.52
Legal and professional fee	26.01	32.67
Rates and taxes	58.16	60.37
Insurance	8.79	13.73
Property, plant and equipment written off	-	0.51
Payment to auditors (including goods and service tax)		
- For statutory audit	15.98	9.10
- For tax audit	1.33	1.27
- Other services	17.06	2.07
- Out of pocket expenses	1.93	0.75
Allowances for the advances	0.22	-
Allowance for trade receivables (Refer note 9)	6.36	7.68
Advances income tax written off	35.55	-
Security expenses	166.13	160.25
Bank charges	1.49	0.75
Miscellaneous expenses	1.93	4.38
	4,583.18	4,475.57
31 Other Comprehensive Income/ (loss)		
Remeasurements of the defined benefit plans (Refer note 36)	1.25	1.14
	1.25	1.14



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1. Corporate information

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

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

- b) During the current year w.e.f. January 15, 2019, Fortis Healthcare Limited (FHL) became the Holding Company of the Company pursuant to the Master Purchase Agreement (MPA) dated February 12, 2018, wherein the shares held by FGHIPL in the Company have been sold to Fortis Healthcare Limited and Compulsory Convertible Debentures (CCDs) issued to FGHIPL by the Company have been sold to FHL which gets converted on equity on March 30, 2019.

Further, the NCD’s held by RHSPL have also been sold to Fortis Healthcare Limited on January 15, 2019 pursuant to the MPA.

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 lacs except when otherwise indicated.

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

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

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;



- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

2.2 New and amended standards and interpretations

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

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

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

The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This new standard requires revenue to be recognised when promised goods or services are transferred to customers in amounts that reflect the consideration to which the Company expects to be entitled in exchange for those goods or services. The adoption of above Ind AS does not have material effect on the Company's Ind AS financial statements.

ii. Amendments to Ind AS effective during the year

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

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

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

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

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

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

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

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

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



Amendments to Ind AS 40 - Transfers of investment property

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

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

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

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

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

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

The amendments clarify that:

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

These amendments are not applicable to the Company.

2.3 Recent accounting pronouncements

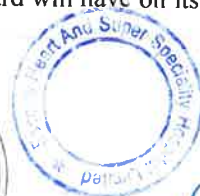
(i) New Indian Accounting Standard (Ind AS) issued but not yet effective

Ind AS 116 Leases

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

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

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



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

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

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

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

Ind AS 109 Prepayment Features with Negative Compensation

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

Ind AS 19 Plan Amendment, Curtailment or Settlement

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

Ind AS 23 Borrowing Costs

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

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

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

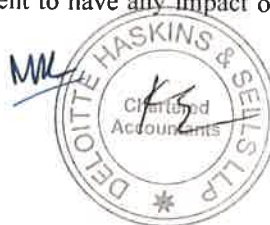
Ind AS 103 Business Combinations and Ind AS 111 Joint Arrangements

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

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2.4 Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Service fee

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

(b) Rental income

Revenue is recognised in accordance with terms of agreements entered into with the respective lessees.

(c) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

2.5 Leasing

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

The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in statement of profit and loss.

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

Leasehold land is considered as finance lease where (i) change in economic value of the land is transferred to the Company, (ii) the Company has right to transfer the title of such lands and/ or (iii) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Such leasehold lands are presented under property, plant and equipment and depreciated over the primary lease period.

The Company as lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of an asset are classified as operating lease.

2.6 Borrowing cost

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.



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

2.7 Foreign currencies

Functional currency: The functional currency of the Company is the Indian Rupee.

Transactions and translations: In preparing the Ind AS Ind AS financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each financial year:

- (a) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- (b) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- (c) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the statement of profit and loss in the year in which they arise.

2.8 Employee benefits

Employee benefits include provident fund, gratuity fund, employee state insurance and compensated absence.

(a) Defined benefit plan

Defined retirement benefit plans comprise 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 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.

(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 recognised 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 leaves expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term 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 twelve months after the end of financial year. Where the Company has the unconditional legal and contractual right to defer the settlement for a period beyond twelve months, the same is presented as non-current liability.

(d) Defined contribution plan

Employee benefit under defined contribution plans comprising of provident fund and employee state insurance plan are recognised based on the amount of obligation of the Company to contribute to the plan. The same is paid to the provident fund authorities and to Employee State Insurance Corporation of India respectively, which are expensed off during the year.

2.9 Taxation

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

(a) 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.

(b) 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 parts of the asset to be recovered.

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

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

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

(c) 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.



2.10 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 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Land and building held for use in the supply of services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Freehold land is not depreciated and Leasehold land is depreciated over the lease period.

Other tangible assets are stated at cost less accumulated depreciation and accumulated impairment losses.

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.

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to statement of profit and loss during the year in which they are incurred.

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.

Building constructed over the land under lease are depreciated over the shorter of estimated life or lease period i.e. 99 years.

The useful life of property, plant and equipment are reviewed at the end of each financial year if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

Depreciation is provided at the following rates based on the management's estimates of the useful life of the property, plant and equipment, which are lower than/equal to the useful life prescribed under schedule II to the Companies Act, 2013. For these class of assets, useful life has been assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, anticipated technological changes, etc.

S No.	Assets	Current useful life (years)
1.	Buildings	10-60
2.	Plant and equipment	20
3.	Medical equipment	8-16
4.	Computers	6
5.	Furniture and fittings	16
6.	Office equipment	4

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2.11 Goodwill

Goodwill arising on acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to Company's cash generating units that is expected to benefit from the synergies of the combination.

A cash generating unit to which goodwill has been allocated is tested for impairment annually. If the recoverable amount of the cash - generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in statement of profit and loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash - generating unit, the attributable amount of goodwill is included in the determination of the statement of profit and loss.

2.12 Impairment of tangible assets

The Company reviews the carrying amounts of its property, plant and equipment 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 charge is adjusted in future periods to allocate the asset's revised carrying amount, less any 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.

2.13 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.



2.14 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.

2.15 Segment Reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker (CODM) i.e. Board of Directors. The Company operates only in one segment namely clinical establishment services and there are no reportable segments in accordance with IND-AS 108 on 'Operating Segments'.

The Company's business activity primarily falls within a single geographical segment.

2.16 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 period, 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.

2.17 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.

2.18 Financial instrument

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

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

Financial assets

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



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

Classification of financial assets

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

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- 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 financial asset 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 recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured 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.

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 of 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 the 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.

Financial liabilities

All financial liabilities of the 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.

Cash and cash equivalents (for the purpose of Statement of Cash Flow)

Cash and cash equivalents in statement of cash flow comprise cash at bank and cash 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) Useful life of property, plant and equipment

Useful life of depreciable assets - Management reviews its estimate of the useful life of depreciable assets at each year, based on the expected utility of the assets.

(b) 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.

(c) Defined benefit plans

The cost of the defined benefit plan and other post-employment 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) Accounting for Hospital and Medical Service agreement (“HMSA”)

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

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

The Company has entered into Hospital and Medical Services Agreements (“HMSA”) with hospital operating companies wherein the Company is required to provide and maintain the Company’s clinical establishment along with other services like outpatient diagnostic and radio diagnostic. The Company needs to exercise judgement to analyse whether the arrangement involves providing the right to use the Company’s clinical establishment and whether the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the overall arrangement.

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

(b) Straight lining of service fees as per HMSA

The Company has entered into HMSA with Fortis Hospitals Limited and Fortis Healthcare Limited for Jaipur and Mohali units respectively, where the Company will provide and maintain the clinical establishment along with providing other services towards out-patient diagnostics and radio diagnostic.

The clinical establishment owned by the Company are specifically customised and duly fitted with all fixture, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

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

The term of the individual HMSA is 15 years and the Company receives a composite service fees i.e. base and variable fee. The base fee is fixed and increases 3% year on year. The variable fee is based on a percentage of the operating company’s net operating income in accordance with the HMSA.

The Company has analysed increase in base fee payments and has determined that such increase is to compensate the companies expected cost inflation, being in line with general cost inflation.

Accordingly, the escalation increase of 3% year on year is not factored for straight-lining over the period of HMSA.

(c) Going concern

The Company has prepared its Ind AS financial statements using the going concern assumption. Refer note 46 of Ind AS financial statements.



Escorts Heart and Super Speciality Hospital Limited
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

32. (i) Related party disclosures

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)
	Fortis Global Healthcare Infrastructure Pte. Limited (up to January 14, 2019)
	Parkway Pantai Limited (w.e.f. January 15, 2019)
	Northern TK Venture Pte Ltd (w.e.f. January 15, 2019)
Holding company	Fortis Healthcare Limited (w.e.f. January 15, 2019)
	International Hospital Limited (up to January 14, 2019)
Fellow subsidiaries (parties with whom transactions have taken place)	RHT Health Trust Services Pte. Limited (up to January 14, 2019)
	Fortis Hospitals Limited (w.e.f. January 15, 2019)
	SRL Limited (w.e.f. January 15, 2019)
	Fortis Malar Hospitals Limited (w.e.f. January 15, 2019)
	Fortis Hospotel Limited (w.e.f. January 15, 2019)
	Fortis Health Management Limited (w.e.f. January 15, 2019)
	Hospitalia Eastern Private Limited
Enterprise having significant influence	International Hospital Limited (w.e.f. January 15, 2019)
	Fortis Healthcare Limited (up to January 14, 2019)
Group entities of enterprise having significant influence (parties with whom transactions have taken place)	RWL Healthworld Limited (up to February 16, 2018)
	Fortis Hospitals Limited (up to January 14, 2019)
	Fortis Nursing School (up to January 14, 2019)
	Fortis Hospotel Limited (up to January 14, 2019)
Key management personnel	Dr. Virender Sobti, Director (up to January 14, 2019)
	Mr. Munish Garg (w.e.f. February 18, 2018) (up to January 14, 2019)
	Mr. Naveen Bhatia, Director (till December 14, 2017)
	Mr. Varun Rustagi, Director (from December 14, 2017 to February 18, 2018)
	Mr. Manish Agarwal, Chief Financial Officer (till August 31, 2017)
	Mr. Md. Faizal Imtiaz, Whole Time Director (up to January 14, 2019)
	Ms. Priyanka Bhutani, Company Secretary (up to January 14, 2019)
	Ms. Komal Malik, Chief Finance Officer (up to January 14, 2019)
	Ms. Aarti Singh, Independent Director (up to January 14, 2019)
	Mr. Arun Kumar Tripathy, Independent Director (up to December 02, 2017)
	Ms. Sangeet Kumar Singla, Independent Director (up to January 14, 2019)
	Mr. Gaurav Chugh, Director (w.e.f. January 15, 2019)
	Mr. Avinash Khaitan, Director (w.e.f. January 15, 2019)
	Ms. Manu Kapila, Director (w.e.f. January 15, 2019)
	Mr. Rajeev Kumar Dua, Director (w.e.f. January 15, 2019)
Mr. Utkarsh Gupta, Company Secretary (w.e.f. March 29, 2019)	

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Escorts Heart and Super Speciality Hospital Limited
Notes to financial statements for the year ended March 31, 2019

ii. Summary of related party transactions

Particulars	For the year ended March 31, 2019				For the year ended March 31, 2018				(Amount in ₹ lakhs)	
	Holding company including intermediate holding company	Fellow subsidiaries	Key Management Personnel (KMP)	Group entities of enterprise having significant influence	Enterprises having significant influence	Holding company including intermediate holding company	Fellow subsidiaries	Key Management Personnel (KMP)		Group entities of enterprise having significant influence
Transactions during the year										
Service fee										
Fortis Hospitals Limited		5,050.12							5,042.82	
Fortis Healthcare Limited	4,643.42									4,694.37
Rental income from outlets										
RAWL Healthworld Limited				3.15						
Fortis Nursing School										
Interest income on										
Late receipt of service fee										
Fortis Hospitals Limited		16.45								
Fortis Healthcare Limited	3.46									
Inter corporate loans to related parties										
Fortis Hospital Limited										
International Hospital Limited		32.40								
Optionally convertible debentures										
International Hospital Limited		1,599.75								
Finance Cost										
-On compulsorily convertible debentures										
Fortis Global Healthcare Infrastructure Pte Limited	2,907.62									
Fortis Healthcare Limited	764.63									
-On non-convertible debentures										
RHT Health Trust Services Pte Limited		3,668.31							4,632.99	
Fortis Healthcare Limited	904.08									
Inter corporate loans from related party										
Fortis Hospital Limited		0.12								9.13
Compensation of key management personnel										
Short term benefits										
-Ms. Komal Malik			25.81							9.46
-Mr. Manish Agarwal										15.43
-Ms. Priyanka Bhutani			1.03							1.32
Termination benefits										
-Ms. Komal Malik			1.31							0.12
-Mr. Manish Agarwal										2.46
Other long term benefits										
-Ms. Komal Malik										0.09
-Mr. Manish Agarwal										3.09
Director sitting fee										
-Mr. Arun Kumar Tripathy			0.30							0.10
-Ms. Aarti Singh			0.30							0.20
-Mr. Saugest Kumar Singla										



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Escorts Heart and Super Speciality Hospital Limited
Notes to financial statements for the year ended March 31, 2019

ii. Summary of related party transactions

Particulars	For the year ended March 31, 2019				For the year ended March 31, 2018				(Amount in ₹ lakhs)	
	Holding company including intermediate holding company	Fellow subsidiaries	Key Management Personnel (KMP)	Group entities of enterprise having significant influence	Enterprises having significant influence	Holding company including intermediate holding company	Fellow subsidiaries	Key Management Personnel (KMP)		Group entities of enterprise having significant influence
Inter corporate loans to related parties										
International Hospital Limited										
Inter corporate loans to related parties received back										
International Hospital Limited										
Inter corporate loan from related party										
Fortis Hospital Limited									900.00	
Inter corporate loan from related party paid back										
Fortis Hospital Limited									899.00	
Transactions during the year										
Expenses incurred by the Company on behalf of										
Fortis Healthcare Limited	466.49									
Fortis Hospitals Limited		481.37							481.37	585.29
Fortis Nursing School				4.12					5.52	
Payments made by the company on behalf of										
Fortis Healthcare Limited	17.24									9.43
Payments made on behalf of the Company by										
Fortis Healthcare Limited	488.39									
Financial guarantees disposal										
International Hospital Limited		2,000.00								
Fortis Hospital Limited		700.00								
Fortis Health Management Limited							502.48		951.50	
Financial guarantees issued on the behalf of										
International Hospital Limited										
Hospitalia Eastern Private Limited							2,000.00			
Fortis Hospital Limited										
Fortis Health Management Limited							1,637.37			

Note:-

- During the year 2018-19, the bank overdraft facility from IndusInd bank limited have been repaid which was secured by (a) exclusive charge by way of hypothecation on movable fixed assets of the Fortis Malar hospital and (b) exclusive mortgage on immovable fixed assets of Fortis Malar Hospital, Chennai (c) financial guarantee given by Fortis Health Management Limited, International Hospital Limited and Fortis Global Healthcare Infrastructure Pte Limited (Refer note 35(a))
- During the previous year 2017-18 the Non convertible debentures issued to RHT Health Trust Services Pte Limited was secured by way of financial guarantee given by International Hospital Limited and Fortis Health Management Limited which have been sold to Fortis Healthcare Limited during the year
- Fortis Hospitals Limited was Group entity of enterprise having significant influence of the Company up to January 14, 2019 and has become the Fellow Subsidiary w.e.f. January 15, 2019 (Refer note 1(b)). The transaction entered by the Company with the entity has been reported for the year as a whole and not been bifurcated in the transaction up to January 14, 2019 and from January 15, 2019 to March 31, 2019
- International Hospital Limited was Holding company up to January 14, 2019 and has become the Fellow Subsidiary w.e.f. January 15, 2019 (Refer note 1(b)). The transaction entered by the Company with these associate entities has been reported for the year as a whole and not been bifurcated in the transaction up to January 14, 2019 and from January 15, 2019 to March 31, 2019
- Fortis Healthcare Limited was Group entity of enterprise having significant influence of the Company up to January 14, 2019 and has become the 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 15, 2019 to March 31, 2019

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Escorts Heart and Super Speciality Hospital Limited
Notes to financial statements for the year ended March 31, 2019

iii. Details of outstanding balances.

Particulars	As at March 31, 2019				As at March 31, 2018					
	Holding company including intermediate holding company	Fellow Subsidiaries	Key Management Personnel (KMP)	Group entities of enterprise having significant influence	Enterprises having significant influence	Holding company including intermediate holding company	Fellow Subsidiaries	Key Management Personnel (KMP)	Group entities of enterprise having significant influence	Enterprises having significant influence
Non-current and Current borrowings										
Compulsorily convertible debentures										
Fortis Global Healthcare Infrastructure Pte Limited										
Non-convertible debentures										
RHT Health Trust Services Pte Limited										
Fortis Healthcare Limited	31,304.00					31,304.00				
Inter corporate loan from related party										
Fortis Hospital Limited		1.00							1.00	
Other non-current financial liabilities										
Interest accrued but not due on										
-Compulsorily convertible debentures										
Fortis Global Healthcare Infrastructure Pte Limited										
RHT Health Trust Services Pte Limited										
-Inter corporate loan from related party										
Fortis Hospital Limited										
-Other non-current liabilities										
Advances from customers										
Fortis Healthcare Limited	368.87								8.22	413.79
Other current financial liabilities										
Interest accrued but not due on										
-Compulsorily convertible debentures										
Fortis Healthcare Limited	4,222.59									
-Non-convertible debentures										
Fortis Healthcare Limited	16,298.20									
-Inter corporate loan from related party										
Fortis Hospital Limited		8.32								
Other current liabilities										
Deferred interest										
Fortis Healthcare Limited										

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Escorts Heart and Super Speciality Hospital Limited
Notes to financial statements for the year ended March 31, 2019

iii. Details of outstanding balances

Particulars	As at March 31, 2019				As at March 31, 2018				(Amount in ₹ lakhs)	
	Holding company including intermediate holding company	Fellow Subsidiaries	Key Management Personnel (KMP)	Enterprises having significant influence	Holding company including intermediate holding company	Fellow Subsidiaries	Key Management Personnel (KMP)	Group entities of enterprise having significant influence	Enterprises having significant influence	Group entities of enterprise having significant influence
Advances from customers Fortis Healthcare Limited	40.50	-	-	-	-	-	-	-	40.50	-
Other non current assets Technology renewal fund Fortis Healthcare Limited Fortis Hospitals Limited	7.91	31.86	-	-	-	-	-	14.86	-	-
Non-current investments Optionally convertible debentures International Hospital Limited	-	-	-	-	17,775.00	-	-	-	-	-
Inter corporate loan to related party International Hospital Limited	-	-	-	-	270.00	-	-	-	-	-
Current investments Optionally convertible debentures International Hospital Limited	-	17,775.00	-	-	-	-	-	-	-	-
Inter corporate loan to related party International Hospital Limited	-	270.00	-	-	-	-	-	-	-	-
Trade and other receivables Fortis Hospitals Limited Fortis Healthcare Limited RWL Healthworld Limited Fortis Nursing School	495.29	1,238.49	-	2.94	-	-	-	1,489.05	-	790.19
Inter corporate loan to related party International Hospital Limited	-	270.00	-	-	270.00	-	-	-	-	-



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33. Leases

(a) Assets given on Operating Lease

The Company has leased out some portion of hospital premises on operating lease. The agreements are further renewable at the option of the Company. There are no restrictions imposed by leased agreement and the rent is not determined based on any contingency. The total lease payment received/receivable in respect of the above leases recognised in statement of profit and loss for the year are ₹ 523.10 lakhs (March 31, 2018: ₹ 605.19 lakhs).

(b) Revenue from HMSA

The Company has entered into a Hospital and Medical Services Agreement (HMSA) with hospital operating companies wherein the Company is required to provide and maintain the Company's Clinical Establishments along with other services like out-patient diagnostics and radio diagnostic. The term of the individual HMSA is 15 years and the Company is entitled to receive composite service fee i.e. base and variable fee. The base fee is fixed and it is increased by 3% year on year. The variable fee is based on a percentage of hospital operating companies' net operating income in accordance with the HMSA. Future minimum base fee receivable at the end of the reporting period is as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Minimum service fee :		
Not later than one year	5,879.05	5,707.81
Later than one year but not later than five years	25,333.62	24,595.74
Later than five years	25,699.18	32,316.10
Total	56,911.85	62,619.65

34. Commitments:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Estimated amount of contracts remaining to be executed on capital account and not provided for: - Tangible assets (Net of capital advance of ₹Nil) (₹6.65 lakhs as at March 31, 2018)	75.96	12.00

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

35. Borrowing

(a) Secured borrowing

i) Bank overdraft facility from IndusInd bank limited

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Principal Amount (₹ in lakhs)	-	989.32
Rate of Interest (p.a.)	-	9.25%

During the current year, the Company had withdrawn overdraft facility taken from IndusInd bank Limited.



The above mentioned bank overdraft facility was secured till January 11, 2019 by:

1. exclusive charge by way of hypothecation on movable fixed assets of the Fortis Malar Hospital. The said assets was also been pledged against the bank overdraft facilities availed by its related parties i.e. Fortis Health Management Limited and International Hospital Limited;
2. exclusive mortgage on immovable fixed assets of Fortis Malar Hospital, Chennai. The said property was also been pledged against the bank overdraft facilities availed by its related parties i.e. Fortis Health Management Limited and International Hospital Limited;
3. financial guarantee by Fortis Health Management Limited and International Hospital Limited; and
4. financial guarantee by Fortis Global Healthcare Infrastructure Pte. Limited.

ii) Non-convertible debentures (NCDs)

- A. The Company had issued the NCDs to RHT Health Trust Services Pte. Limited on April 28, 2014 which were sold to Fortis Healthcare Limited on January 15, 2019 pursuant to the Master Purchase Agreement dated February 12, 2018 (Refer note 1(b)). The details are as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Number of debentures	3,130,400	3,130,400
Principal Amount (₹lakhs)	31,304.00	31,304.00
Accrued interest (₹lakhs)	16,298.20	11,961.96
Rate of Interest (p.a.)	14.80%	14.80%
Terms of redemption	The maturity date of NCDs is May 01, 2032.	

As per the terms of the original agreement dated April 28, 2014, the debentures were not secured with any of the assets of the Company. On July 12, 2017, the debenture agreement has been amended wherein a charge has been created against the debentures issued. As per the terms of the revised agreement, NCDs has been secured through Axis Trustee Services Limited by way of the hypothecation on moveable and current assets and mortgage on the land at Mohali and charge on the bank accounts of Jaipur, Mohali and Corporate locations w.e.f. January 15, 2019.

- B. The principal amount of NCDs are repayable on May 01, 2032 and the interest is payable on a half yearly basis i.e. January 31 and July 31 of every year.
- C. During the previous year ended March 31, 2018, the Company had defaulted in payment of interest as per the terms of the agreement. As per the amended agreement, consequent to the default in payment of interest, the outstanding principal and interest was repayable on demand. However, subsequent to the year ended March 31, 2018, the Board of Directors of RHT Health Trust Services Pte. Limited (RHSPL), the erstwhile lender of NCDs had confirmed through an extension letter dated September 24, 2018 that they will not call for the outstanding interest or/and principal till the time, the Company is not in a position to make these payments. The Company did not expect to repay the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding liabilities as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

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

(b) Unsecured loans

i) Compulsorily Convertible Debentures ('CCDs'):

The Company originally issued 2,542,000 Compulsorily Convertible Debentures ('CCDs') for an aggregate consideration of ₹ 25,420 lakhs to Fortis Global Healthcare Services Pte. Limited (FGHIPL) which were transferred to Fortis Healthcare Limited (FHL) on January 15, 2019 (refer note 1(b) for details). These CCDs were convertible into



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Escorts Heart and Super Speciality Hospital Limited
Notes to Ind AS financial statements as at and for the year ended March 31, 2019

16,480,000 equity shares of the Company at a price of ₹154.25 per share. The investor of CCDs had a right to convert each CCD into share at any time on or prior to the maturity date which is 18 (eighteen) years from the date of issuance of CCDs. These CCDs carried interest @ 17% p.a. which is payable on quarterly basis or such other period mutually agreed between the parties.

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

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

These CCDs contained two components:

1. Financial liability i.e., repayment of accrued interest as per contractual arrangement. Interest has been charged using effective interest rate of 16.58% per annum and included under finance cost. Interest accrued has been calculated after deducting interest paid as per contract from interest charged using effective interest rate and included in other financial liabilities – current amounting to ₹4,222.59 lakhs as at March 31, 2019. (As at March 31, 2018: ₹2,338.28 lakhs included in other financial liabilities – non – current).
2. Equity i.e. contractual right of conversion into a fixed number of equity shares of the Company.

Proceeds of issue	: ₹25,420.00 lakhs
Less: Liability component	: ₹24,581.22 lakhs
Equity component	: ₹838.78 lakhs

On March 29, 2019, the Board of Directors of the Company passed a resolution to convert these CCDs into 16,480,000 equity shares of face value of ₹10 each at a premium of ₹154.25 each aggregating ₹25,420.00 lakhs. The carrying value of liability component of compound financial instrument on the date of conversion was ₹21,869.90.

Thereby, ₹838.78 lakhs appearing as equity component of the compound financial instrument have been transferred to securities premium reserve and the difference between conversion value and carrying value of liability component of Compound Financial instrument amounting to ₹3,550.50 lakhs has been adjusted in securities premium account.

ii) Loan from related party

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

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Principal Amount (₹ lakhs)	1.00	1.00
Rate of interest (p.a.)	12%	12%
Accrued interest (₹ in lakhs)	8.32	8.22

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

Subsequent to the year ended March 31, 2018, the Board of Directors of the Fortis Hospotel Limited had




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

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

36. Employee benefits plan

Defined contribution plan

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

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Contribution to provident fund	7.93	8.03
Contribution to employees state insurance	2.00	2.07

Defined benefit plan

The Company has a defined benefit gratuity plan, under which 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 plan is unfunded.

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

i. Movement in net liability

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Present value of obligation at the beginning of the year	21.26	22.47
Current service cost	2.72	3.36
Interest cost	1.57	1.42
Actuarial (gain) / loss recognised in the statement of other comprehensive income	(1.25)	(1.14)
Benefits paid	(1.10)	(4.85)
Present value of obligations at the end of the year	23.20	21.26
Present value of obligations at the end of the year-Current	1.02	1.09
Present value of obligations at the end of the year-Non Current	22.18	20.17

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ii. Expense recognised in statement of profit and loss is as follows:

(Amount in ₹ lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Service cost	2.72	3.35
Past service cost	-	0.01
Interest cost	1.57	1.42
Amount charged to Statement to Profit and Loss	4.29	4.78

iii. Expense recognised in other comprehensive income is as follows:

(Amount in ₹ lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Net actuarial (gain) / loss due to experience adjustment recognised during the year	(1.50)	0.11
Net actuarial loss / (gain) due to assumptions changes recognised during the year	0.25	(1.25)
Amount credited to other comprehensive loss	(1.25)	(1.14)

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

Particulars	As at March 31, 2019	As at March 31, 2018
Discount rate	7.50%	7.60%
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian assured lives mortality (2006-08) (modified) Ult.	Indian assured lives mortality (2006-08) (modified) Ult.
Retirement age	60 Years	60 Years
Age Up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%

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:

- Interest rate risk** - The defined benefit obligation is calculated using the discount rates based on the government bonds. If bond yield falls the defined benefit obligation will tend to increase.
- Salary inflation risk** - Higher than expected increases in salary will increase the defined obligation.
- 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:

- 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.

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- b. Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary increase and mortality. The sensitivity analyses below have been determined based on reasonably possible changes of the respective assumptions at the end of the reporting period, while holding all other assumptions constant.
- If the discount rate is 0.5% higher (lower), the defined benefit obligation would decrease by ₹1.32 lakhs (increase by ₹1.21 lakhs) (as at March 31, 2018: decrease by ₹1.16 lakhs (increase by ₹1.24 lakhs)).
 - If the expected salary growth increases (decreases) by 1% (previous year 0.5%) the defined benefit obligation would increase by `2.72 lakhs (decrease by `2.37 lakhs) (as at March 31, 2018: increase by `1.24 lakhs (decrease by `1.16 lakhs)).
 - If the withdrawal rate increases (decreases) by 5% the defined benefit obligation would decrease by `0.10 lakh (increase by `0.08 lakh) (as at March 31, 2018: decrease by `0.18 lakh (increase by `0.10 lakh)).

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 reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in the balance sheet.

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

37. Financial instruments

1. Capital management

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

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

2. Categories of financial instrument

2.1 Financial assets

- i) Details of financial asset measured at fair value through profit or loss.

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Investments in mutual funds	-	404.47
Total	-	404.47



ii) Details of financial asset measured at amortised cost.

(Amount in ₹ lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amortised cost	Fair value	Amortised cost	Fair value
Investment in optionally convertible debentures (OCDs): non-current (including accrued interest)	-	-	25,614.97	25,614.97
Investment in optionally convertible debentures (OCDs): current* (including accrued interest)	27,211.52	27,211.52	-	-
Trade receivables	1,797.17	1,797.17	2,377.26	2,377.26
Cash and cash equivalents	49.31	49.31	522.67	522.67
Bank balances other than cash and cash equivalent	14.82	14.82	13.96	13.96
Loan to related party-including accrued interest**	319.84	319.84	287.50	287.50
Other current financial assets	80.01	80.01	137.58	137.58
Other non-current financial assets	112.52	112.52	112.52	112.52
Total	29,585.19	29,585.19	29,066.46	29,066.46

* During the year ended March 31, 2019, Optionally Convertible Debentures subscribed of International Hospital Limited and accrued interest thereon has been re-classified from non-current to current on account of the reasons stated in note no. 41 of this Ind AS financial statements. The carrying value of financial assets 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.

** During the year ended March 31, 2019, Inter corporate Loans given to International Hospital Limited and accrued interest thereon has been re-classified from non-current to current on account of the reasons stated in note no. 41 of this Ind AS financial statements. The carrying value of financial assets 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.



2.2 Financial liabilities

i) Details of financial liabilities measured at amortised cost

(Amount in ₹ lakhs)

Particulars	As at March 31, 2019		As at March 31, 2018	
	Amortised cost	Fair value	Amortised cost	Fair value
* Liability component of compound financial instrument: non-current (including accrued interest)	-	-	26,919.50	26,919.50
Interest accrued on Liability component of compound financial instrument : current*	4,222.59	4,222.59	-	-
Non-convertible debentures: non-current(including accrued interest)	-	-	43,265.96	43,265.96
Non-convertible debentures: current(including accrued interest)**	47,602.21	47,602.21	-	-
Bank overdraft	-	-	989.32	989.32
Trade payables	642.60	642.60	501.34	501.34
Loans from related party: non-current (including accrued interest)	-	-	9.22	9.22
Loans from related party: current (including accrued interest)***	9.32	9.32	-	-
Other current financial liabilities	57.67	57.67	197.36	197.36
Other non-current financial liabilities	-	-	-	-
Total	52,534.39	52,534.39	71,882.70	71,882.70

During the year ended March 31, 2019, accrued interest on liability component of CCDs has been re-classified from non-current to current on account of the reasons stated in note no. 35(b)(i) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

** During the year ended March 31, 2019, Non-convertible debentures held by Fortis Healthcare Limited and accrued interest thereon has been re-classified from non-current to current on account of the reasons stated in note no. 35(a)(ii) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

*** During the year ended March 31, 2019, Intercompany loan received from Fortis Hospital Limited and accrued interest thereon has been classified from non-current to current on account of the reasons stated in note no. 35(b)(ii) of this Ind AS financial statements. The carrying value of financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be settled.

3. Financial risk management objectives

The Company's financial liabilities comprise mainly of borrowings, trade payables, loan from the related party and other payables. The Company's financial assets comprises mainly of investment in debt instrument of related party, cash and cash equivalents, bank balance, loan to related party, trade receivables and other financial assets. The Company is exposed to market risk, credit risk and liquidity risk. The Company's management provides services to the business, co-ordinates access to domestic market, monitor and manages the financial risk which includes interest rate risk, credit risk and liquidity risk. Since the entire operations of the Company are in India, the currency risk is not applicable to the Company.

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.

4. 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.

5. 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.

6. Interest rate risk management

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

Interest rate sensitivity analysis

The sensitivity analysis below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the year was outstanding for the whole year.

The company obtained a floating rate bank overdraft facility from its bankers which was repaid fully on January 11, 2019. As at March 31, 2019, there are no outstanding liabilities which are exposed to interest rate changes.

(Amount in ₹ lakhs)		
If increase by 50 basis point		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Decrease in profit or increase in loss for the year	-	(4.95)
Decrease in total equity as at the end of the financial year	-	(4.95)

(Amount in ₹ lakhs)		
If decrease by 50 basis point		
Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Increase in profit or decrease in loss for the year	-	4.95
Increase in total equity as at the end of the financial year	-	4.95

7. 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.

Trade receivable

Credit risk on service fee receivable is concentrated with hospital operating companies. As at March 31, 2019: 95% (As at March 31, 2018: 89%) of the total trade receivables was due from hospital operating companies. There is no significant credit risk as hospital operating companies are related parties.

Other financial assets

For other financial assets including cash and cash equivalents, other balances with banks, other financial assets and investment in mutual funds, the Company minimises credit risk by dealing with creditworthy counterparties.



8. Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors for the Company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities. Note given below sets out details of additional undrawn facilities that the Company has at its disposal to further reduce liquidity risk.

Financing facilities

The Company has withdrawn its overdraft facilities for working capital requirements from banks dated January 11, 2019.

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Secured bank overdraft facility:		
- amount used	-	989.32
- amount unused	-	510.68
Total	-	1,500.00

The following tables detail the Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities and the earliest date on which the Company can be required to pay. (Refer note 46)

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate applicable as at the end of the year. The contractual maturity is based on the earliest date on which the Company may be required to pay.

As at March 31, 2019

Particulars	(Amount in ₹ lakhs)				
	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
Fixed interest rate instruments					
Interest accrued for Compulsorily convertible debentures	4,222.59	-	-	4,222.59	4,222.59
Non-convertible debentures (including accrued interest)	16,298.21	-	31,304.00	47,602.21	47,602.21
Loan from related party	9.32	-	-	9.32	9.32
Other financial liabilities					
Trade payables	642.60	-	-	642.60	642.60
Other current financial liabilities	57.67	-	-	57.67	57.67
Total	21,230.39	-	31,304.00	52,534.39	52,534.39



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As at March 31, 2018

(Amount in ₹ lakhs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
Variable interest rate instrument					
Bank overdraft	989.32	-	-	989.32	989.32
Fixed interest rate instruments					
Compulsorily convertible debentures	-	8,642.80	45,203.03	53,845.83	26,919.50
Non-convertible debentures (including accrued interest)	-	11,961.96	31,304.00	43,265.96	4 3,265.96
Loan from related party	-	8.22	1.00	9.22	9.22
Other financial liabilities					
Trade payables	501.34	-	-	501.34	501.34
Other current financial liabilities	197.92	-	-	197.92	197.92
Total	1,688.58	20,612.98	76,508.03	98,809.59	71,883.26

9. 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)

Particulars	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at March 31, 2019	As at March 31, 2018		
Financial assets				
Investment in mutual fund	-	404.47	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.

38. Loss per share

(Amount in ₹ lakhs)

Particulars	Denomination	For the year ended March 31, 2019	For the year ended March 31, 2018
Loss as per statement of profit and loss	₹ in lakhs	(1,994.22)	(1,917.53)
Weighted average number of equity shares in calculating basic loss per share	Numbers in lakhs	339.25	174.45
Weighted average number of equity shares in calculating diluted loss per share	Numbers in lakhs	339.25	174.45
Basic and diluted EPS	₹	(5.88)	(10.99)

The following potential equity shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of diluted earnings per share.

(Number in lakhs)

Particulars	For the year ended March 31, 2019	For the year ended March 31, 2018
Shares to be issued on conversion of compulsory convertible debentures	-	164.80

39. 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



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period irrespective of the terms agreed with the supplier. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 ('MSMED Act'). The disclosures pursuant to the said MSMED Act are as follows:

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year*	18.78	18.92
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year.	1.09	0.07
(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.	-	-

* this includes amount due to capital creditors amounting to ₹ 5.60 lakhs.

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.

40. Segment reporting

The board of directors of the Company have been identified as the chief operating decision maker (CODM), evaluate 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".

41. Disclosure as per section 186(4) of the Companies Act, 2013

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

Nature of the Instrument	Issuer's name	Rate of Interest	Redemption date as per the terms of the agreement	Secured/ unsecured	(Amount in ₹ lakhs)	
					Principal outstanding amount as at March 31, 2019	Principal outstanding amount as at March 31, 2018
Optionally convertible debentures [Refer Note 1 below]	International Hospital Limited	9% per annum	September 16, 2030 or before by giving prior notice of 6 months	Unsecured	17,775.00	17,775.00
Inter Corporate Deposits [Refer Note 2 below]	International Hospital Limited	12% per annum	March 31, 2019	Unsecured	270.00	270.00

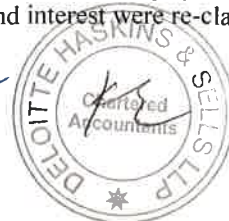
Note 1: The redemption date specified above are the dates as per the terms of the agreement. The interest on the optionally convertible debentures is receivable on monthly basis or can be deferred up to a period of 5 years on a mutually agreement basis. During the previous year ended March 31, 2018, the Board of Directors of the Company had agreed to extend the amount of principal and interest receivable as long as International Hospital Limited is not in a position to make these payments. The Company did not expect to receive the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding receivables as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.



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During the current year ended March 31, 2019, the letter provided by the Company has been revoked and hence, the outstanding receivable on account of principal and interest as at March 31, 2019 has been re-classified from non-current to current.

The above loans and investments have been made for the purpose of business expansion.

Note 2: As per the terms of the loan agreement dated March 31, 2017, principal amount is receivable on 31 March 2019 and the interest is receivable on demand or as mutually agreed between the parties.

During the previous year March 31, 2018; the Board of Directors of the Company had agreed to extend the amount of principal and interest receivable as long as International Hospital Limited is not in a position to make these payments. The Company did not expect to receive the principal and interest amount in its normal operating cycle i.e. 12 months and hence, the outstanding receivables as at March 31, 2018 on account of principal and interest were re-classified from current to non-current.

During the current year ended March 31, 2019, the letter provided by the Company has been revoked and hence, the outstanding receivable on account of principal and interest as at March 31, 2019 has been re-classified from non-current to current.

The above loans and investments have been made for the purpose of business expansion.

- (ii) During the previous year, the Company had issued financial guarantee in respect of overdraft facilities availed for working capital requirements from IndusInd bank limited for the related parties in the table below. During the current year, the overdraft facility was withdrawn on January 11, 2019. 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)

Entity name	As at March 31, 2019	As at March 31, 2018
International Hospital Limited	-	2,600.00
Fortis Hospotel Limited	-	-
Fortis Health Management Limited	-	700.00
Total	-	3,300.00

- (iii) The Company has issued financial guarantee to debenture trustee (Axis Trustee Services Limited) for Non Convertibles 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 Ind AS Financial Statement under these contracts.

(Amount in ₹ lakhs)

Entity name	Date of guarantee given	As at March 31, 2019	As at March 31, 2018
International Hospital Limited	July 12, 2017	25,760.00	25,760.00
International Hospital Limited	Oct 24, 2017	17,000.00	17,000.00
Fortis Health Management Limited	July 12, 2017	1,160.00	1,160.00
Hospitalia Eastern Private Limited	Oct 24, 2017	7,000.00	7,000.00
Total		50,920.00	50,920.00

42. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under sections 92-92F of the Income Tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by the due date under the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Ind AS financial statements, particularly on the amount of tax expense and that of provision for taxation.



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43. Contingent liability

As at March 31, 2019, the Company has certain outstanding assessments/litigations for tax pending with different authorities. Based on the management's own assessment, the Company believes that an unfavorable outcome is remote for these outstanding assessments/ litigations. Hence, not disclosed as contingent liabilities.

Further, as per clause 7 of the sponsor agreement dated September 18, 2012 the Company is indemnified by Fortis Healthcare Limited for any losses suffered or to be suffered arising from outstanding assessments/ litigation relating to section 14A and section 36(1)(iii) of the Income Tax Act, 1961. Based on the management's own assessment, the Company believes that an unfavorable outcome is remote for the indemnified outstanding assessments/ litigations. Hence, not disclosed as contingent liabilities.

44. Financial guarantee contracts

The Company had issued financial guarantee to IndusInd Bank Limited in respect of overdraft facilities availed for working capital requirement by International Hospital Limited and Fortis Health Management Limited (erstwhile known as RHT group companies). During the current year, the overdraft facility was withdrawn on January 11, 2019. In accordance with the policy of the Company (refer note 2.18) 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 Ind AS financial statements under these contracts.

- (a) Details of the guarantee issued in respect of overdraft facilities availed for working capital requirements for the following related parties.

(Amount in ₹ lakhs)			
Entity name	Relationship	As at March 31, 2019	As at March 31, 2018
International Hospital Limited	Holding company	-	2,600.00
Fortis Hospotel Limited	Fellow subsidiary company upto October 12, 2016	-	-
Fortis Health Management Limited	Fellow subsidiary company	-	700.00
Total		-	3,300.00

- (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.

(Amount in ₹ lakhs)			
Name of the related party	Date of guarantee given	As at March 31, 2019	As at March 31, 2018
International Hospital Limited	12 July 2017	25,760.00	25,760.00
International Hospital Limited	24 Oct 2017	17,000.00	17,000.00
Fortis Health Management Limited	12 July 2017	1,160.00	1,160.00
Hospitalia Eastern Private Limited	24 Oct 2017	7,000.00	7,000.00
Total		50,920.00	50,920.00




45. Deferred tax assets (DTA)/deferred tax liabilities (DTL)

(a) Unrecognised deferred tax asset

Particulars	(Amount in ₹ lakhs)	
	As at March 31, 2019	As at March 31, 2018
Deferred tax liability		
Unrealised gain on mutual funds	-	1.30
Total	-	1.30
Deferred tax assets		
Difference between book balance and tax balance of property, plant and equipment	58.92	255.53
Expense disallowed under section 43b of Income Tax Act, 1961	10.16	9.70
Allowance for bad and doubtful debt	23.26	21.41
Amortisation of non-recurring base fee	119.21	131.00
Unrealised loss on mutual funds	-	-
Unabsorbed depreciation and carry forward tax losses	1,088.05	1,587.79
Total	1,299.60	2,005.43
Deferred tax asset recognised to the extent of deferred tax liability*	-	1.30
Net unrecognised deferred tax asset	1,299.60	2,004.13

*Deferred tax asset has been recognized to the extent of the deferred tax liability as there is no reasonable certainty that there will be future taxable income against which such deferred tax asset will be adjusted.

(b) The unused tax losses and unabsorbed depreciation expire as detailed below:

Financial Year	(Amount in ₹ lakhs)	
	Unabsorbed depreciation	Unabsorbed depreciation can be carried forward up to financial year
2014-15	382.57	Unlimited
2015-16	1,775.81	Unlimited

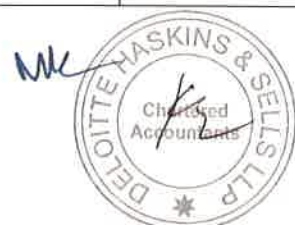
(c) A reconciliation of income tax expense applicable to accounting loss before tax at the statutory income tax rate to recognized income tax expense for the year indicated are as follows:

Particulars	(Amount in ₹ lakhs)	
	For the year ended March 31, 2019	For the year ended March 31, 2018
Accounting loss before tax	(1,994.22)	(1,917.53)
Statutory income tax rate	29.12%	34.608%
Tax at statutory income tax rate	(580.72)	(663.62)
Effect of expenses that are not deductible in determining taxable profit	(1,455.53)	(2,335.30)
Effect of income not considered in determining taxable profit	-	-
Effect of unused tax losses and tax offsets not recognized as deferred tax assets.	705.83	890.47
Charge/ (credit) in respect of previous years	2.41	-
Effect of items on which deferred tax is not reversible	166.57	164.43
Effect of change in rates	-	616.78
Total	(580.72)	(663.62)
Difference	-	-

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