NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Fortis Healthcare Limited (the 'Company' or 'FHL'), a public limited company, was incorporated on February 28, 1996. Its equity shares are listed on BSE Limited and National Stock Exchange of India Limited. Its registered office is located at Fortis Hospital Sector-62 Phase-VIII, Mohali 160062, Punjab and the corporate office of the Company is located at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41, Gurugram 122001, Haryana.

Fortis Healthcare Limited is a leading integrated healthcare delivery service provider. The Company is primarily engaged in the business of healthcare services. The Company holds interests in its subsidiaries, associates and joint ventures which manages and operates a network of multi-specialty hospitals and diagnostics centres.

On November 13, 2018, IHH Healthcare Berhad, Malaysia acquired 31.10% stake in the Company and appointed majority of board of directors, thereby, becoming the controlling shareholder of the Company.

2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements ('financial statements'). The accounting policies adopted are consistent with those of the previous financial year except for changes as described in note 4 due to amendment in applicable accounting guidance (also refer to respective policies).

(a) Basis of preparation

(i) *Statement of compliance*

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

The financial statements have been authorized for issue by the Company's Board of Directors on June 17, 2020.

(ii) *Functional and presentation currency*

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

(iii) *Historical cost convention*

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

(b) Current versus non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification.

An asset is treated as current when:

- It is expected to be realised or intended to be sold or consumed in normal operating cycle;
- It is held primarily for the purpose of trading;

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- It is expected to be realised within twelve months after the reporting period; or
- It is cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

The Company classifies all other assets as non-current.

A liability is current when:

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

The Company classifies all other liabilities as non-current.

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

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

(c) Measurement of fair values

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

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

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

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

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

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

(d) Borrowing Costs

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

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

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

(e) Property, plant and equipment (PPE) and intangible assets

(i) Property, plant and equipment

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

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

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

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 01 April 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of the property, plant and equipment.

(ii) Goodwill and Intangible assets

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

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- Intangible assets that are acquired (including goodwill recognized for business combinations) are measured initially at cost. After initial recognition, an intangible asset is carried at its cost less accumulated amortization (for finite lives intangible assets) and any accumulated impairment loss. Subsequent expenditure is capitalised only when it increases the future economic benefits from the specific asset to which it relates.

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its intangible assets recognised as at 01 April 2015 measured as per the previous GAAP and used that carrying value as the deemed cost of the intangible assets.

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

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

Category of assets	Management estimate of useful life	Useful life as per Schedule II
Plant and machinery	3-15 years	15 years
Medical equipment	2-13 years	13 years
Computers	3 years	3 years
Furniture and fittings	4-10 years	10 years
Office equipment	5 years	5 years
Vehicles	4-8 years	8 years

Freehold land is not depreciated.

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

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

Estimated useful lives of the intangible assets are as follows:

Category of assets	Management estimate of Useful Life
Computer software	3-6 years

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

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

(iv) Derecognition

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

(f) Impairment of non-financial assets

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

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

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

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

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

(g) Financial instrument

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

Financial assets

Initial recognition and measurement

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

Subsequent measurement

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

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

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Debt instruments at amortised cost

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

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

Debt instrument at FVOCI

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

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

Debt instrument at FVTPL

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

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

Equity investments

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

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

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

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

Impairment of financial assets

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

Derecognition of financial assets

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

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

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

Financial liabilities

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

Derecognition of financial liabilities

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

Derivative financial instruments

The Company uses various types of derivative financial instruments to hedge its currency and interest risk etc. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Offsetting

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

Financial guarantee contracts

Financial guarantee contracts are recognised as a financial liability at the time the guarantee is issued. The liability is initially measured at fair value and subsequently at the higher of (i) the amount determined in accordance with the expected credit loss model as per Ind AS 109 and (ii) the amount initially recognised less, where appropriate, cumulative amount of income recognised in accordance with the principles of Ind AS 115.

The fair value of financial guarantees is determined based on the present value of the difference in cash flows between the contractual payments required under the debt instrument and the payments that would be required without the guarantee, or the estimated amount that would be payable to a third party for assuming the obligations.

Where guarantees in relation to loans or other payables of subsidiaries are provided for no compensation by the Holding Company, the fair values are accounted for as a deemed equity contribution (under the head 'Investment in subsidiaries') in the books of Holding Company and as a part of 'Other Equity' in the books of subsidiary.

Where guarantees in relation to loans or other payables of the Holding Company are provided by subsidiary for no compensation, the fair values are accounted for as a distribution and recognised under the head 'Other Equity' in the books of subsidiary and credited to statement of profit and loss in the books of holding company.

(h) Inventories

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

The Company uses weighted average method to determine cost for all categories of inventories except for goods in transit which is valued at specifically identified purchase cost and other direct costs incurred. Cost includes all costs of purchase, and other costs incurred in bringing the inventories to their present location and condition inclusive of non-refundable (adjustable) taxes wherever applicable.

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

(i) Cash and cash equivalents

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

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

(j) Contingent liabilities

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

(k) Provisions

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

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

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

(l) Revenue recognition

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

Contracts with customers could include promises to transfer multiple services/ products to a customer. The Company assesses the product/ services promised in a contract and identifies distinct performance obligation in the contract. Revenue for each distinct performance obligation is measured to at an amount that reflects the consideration which the Company expects to receive in exchange for those products or

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services and is net of tax collected from customers and remitted to government authorities such as sales tax, excise duty, value added tax and applicable discounts and allowances including claims. Further, the Company also determines whether the performance obligation is satisfied at a point in time or over a period of time. These judgments and estimations are based on various factors including contractual terms and historical experience.

Revenue from hospital services is recognized as and when services are performed and from sale of products is recognised upon transfer of control of products to customers at the time of delivery of goods to the customers.

Revenue includes only those sales for which the Company has acted as a principal in the transaction, takes title to the products, and has the risks and rewards of ownership, including the risk of loss for collection, delivery and returns. Any revenue transaction for which the Company has acted as an agent or broker without assuming the risks and rewards of ownership have been reported on a net basis.

Contract assets are recognised when there is excess of revenue earned over billings on contracts. Contract assets are classified as other financial assets when there is unconditional right to receive cash, and only passage of time is required, as per contractual terms. Unearned and deferred revenue ("contract liability") is recognised as other current liability when there is billings in excess of revenues.

Other operating revenue comprises revenue from various ancillary revenue generating activities like operations and maintenance agreements, satellite centers, sponsorship arrangements and academic services. The revenue in respect of such arrangements is recognized as and when services are performed.

Income from 'Service Export from India Scheme' (SEIS), included in other operating revenue, is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received on a net basis to the extent it is certain that economic benefits will flow to the Company.

Interest income on financial assets (including deposits with banks) is recognized using the effective interest rate method on a time proportionate basis.

Dividend income from investments is recognised in statement of profit and loss on the date that the right to receive payment is established.

(m) Employee benefits

Short-term employee benefits

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

Post-employment benefits

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

a) Gratuity

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

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b) Superannuation

Certain employees of the Company are also participants in the superannuation plan ('the Plan'), a defined contribution plan. Contribution made by the Company to the plan during the year is charged to statement of profit and loss.

c) Provident fund

The Company makes contribution to the recognised provident fund - " Fortis Healthcare Limited Provident Fund Trust " for most of its employees in India, which is a defined benefit plan to the extent that the Company has an obligation to make good the shortfall, if any, between the return from the investments of the trust and the notified interest rate. The Company's obligation in this regard is determined by an independent actuary and provided for if the circumstances indicate that the Trust may not be able to generate adequate returns to cover the interest rates notified by the Government.

For other employees in India, provident fund is deposited with Regional Provident Fund Commissioner. This is treated as defined contribution plan.

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

Other long-term employee benefits:

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

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

Actuarial valuation

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

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

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

(n) Share-based payments

The grant date fair value of options granted (net of estimated forfeiture) to employees of the Company is recognized as an employee expense, and those granted to employees of subsidiaries is considered as the Company's equity contribution and is added to the carrying value of investment in the respective subsidiaries, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the options. The expense is recorded for each separately vesting portion of the award as if the award was, in substance, multiple awards. The increase in equity recognized in connection with share-based payment transaction is presented as a separate component in equity under "share option outstanding account". The amount recognized as an expense is adjusted to reflect the actual number of stock options that vest. For the option awards, grant date fair value is determined under the option-pricing model (Black-Scholes-Merton). Forfeitures are estimated at the time of grant and revised, if necessary, in subsequent periods if actual forfeitures materially differ from those estimates.

Corresponding balance of share-based payment reserve is transferred to general reserve upon expiry of grants or upon exercise of stock options by an employee.

(o) Finance costs

Finance costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Finance cost also includes exchange differences to the extent regarded as an adjustment to the finance costs. General and specific borrowing costs that are directly attributable to the construction or production or development of a qualifying asset are capitalized as part of the cost of that asset. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. All other finance costs are expensed in the period in which they occur.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the finance costs eligible for capitalization. Ancillary costs incurred in connection with the arrangement of borrowings are amortised over the period of such borrowings.

(p) Income tax

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

Current taxes

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

Deferred taxes

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

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

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

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

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

(q) Leases

Effective April 1, 2019, the Company has applied Ind AS 116 using modified retrospective approach and therefore the comparative information has not been restated and continues to be reported under Ind AS 17. The details of accounting policies under Ind AS 17 are disclosed separately if they are different from those under Ind AS 116 and the impact of changes is disclosed in note 4 below.

<u>Policy applicable from April 1, 2019</u>

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

- the contract involves the use of an identified asset – this may be specified explicitly or implicitly and should be physically distinct or represent substantially all of the capacity of a physically distinct asset. If the supplier has a substantive substitution right, then the asset is not identified;
- the Company has the right to obtain substantially all of the economic benefits from use of the asset through the period of use; and

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- the Company has the right to direct the use of the asset. The Company has this right when it has the decision-making rights that are most relevant to changing how and for what purpose the asset is used. In rare cases, where the decision about how and for what purpose the asset is used is predetermined, the Company has the right to direct the use of the asset if either:
  - the Company has the right to operate the asset; or
  - the Company designed the asset in a way that predetermines how and for what purpose it will be used

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

This policy is applicable to contracts entered into, or changed, on or after 1 April 2019.

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

Policy applicable before April 1, 2019

For contracts entered into before 1 April 2019, the Company determined whether the arrangement was or contained a lease based on the assessment of whether:

- fulfillment of the arrangement was dependent on the use of a specific asset or assets; and
- the arrangement had conveyed a right to use the asset. An arrangement conveyed the right to use the asset if one of the following was met:
  - the purchaser had the ability or right to operate the asset while obtaining or controlling more than an insignificant amount of the output;
  - the purchaser had the ability or right to control physical access to the asset while obtaining or controlling more than an insignificant amount of the output; or
  - facts and circumstances indicated that it was remote that other parties would take more than an insignificant amount of the output, and the price per unit was neither fixed per unit of output nor equal to the current market price per unit of output.

(i) As a lessee

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

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

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

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

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

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

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

Short-term leases and leases of low-value assets

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

Under Ind AS 17

In the comparative period, a lease arrangement is classified as either a finance lease or an operating lease, based on the substance of the lease arrangement.

Finance leases

Assets leased by the Company in its capacity as lessee where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. A finance lease is recognized as an asset and a liability at the commencement of the lease, at the lower of the fair value of the asset and the present value of the minimum lease payments. Minimum lease payments made under finance leases are apportioned between the finance expense and the reduction of the outstanding liability. The finance expense is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.

Operating leases

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(ii) As a lessor

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

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Assets subject to operating leases

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are included in Property, Plant and Equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

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

The accounting policies applicable to the Company as a lessor in the comparative period were not different from Ind AS 116.

(r) Foreign currency translation

The Company has adopted Appendix B, "Foreign currency transactions and advance consideration" to Ind AS 21, "the effects of changes in foreign exchange rates" effective from 1 April 2018 prospectively to all assets, expenses and income in the scope of the said Appendix. The adoption of the above Standard/ Appendix does not have any significant impact on the financial position or performance of the Company.

Transactions and balances

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

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

(s) Cash flow statement

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

(t) Segment reporting

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

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

(u) Earnings per share

(i) *Basic earnings per share*

Basic earnings per share is calculated by dividing:

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

(ii) *Diluted earnings per share*

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

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

3. CRITICAL ESTIMATES AND JUDGEMENTS

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

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected. 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 recognized in these financial statements is included in the following notes.

- Leasing arrangement (classification and accounting) – Note 7
- Financial instruments - Note 15
- Fair value measurement – Note 16
- Estimated impairment of financial assets and non-financial assets – Note 5(xxix)
- Recognition and measurement of contingency: Key assumption about the likelihood and magnitude of an outflow of resources – Note 11 & 12
- Recognition and estimation of tax expense including deferred tax– Note 5(xxx) and 5(ix)
- Assessment of useful life and residual value of property, plant and equipment and intangible asset – Note 2(e)(iii)
- Estimation of assets and obligations relating to employee benefits (including actuarial assumptions) – Note 14
- Share-based payments – Note 13

4. CHANGES IN SIGNIFICANT ACCOUNTING POLICIES

The Company initially applied Ind AS 116 Leases from 1 April 2019. A number of other new amendments to standards are also effective from 1 April 2019 but they do not have a material effect on the Company's financial statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Company applied Ind AS 116 using the modified retrospective approach. Accordingly, the comparative information presented for March 31, 2019 is not restated - i.e. it is presented, as previously reported, under Ind AS 17. The details of the changes in accounting policies are disclosed below. Additionally, the disclosure requirements in Ind AS 116 have not generally been applied to comparative information.

A. Definition of a lease

Previously, the Company determined at contract inception whether an arrangement was or contained a lease under Ind AS 17. The Company now assesses whether a contract is or contains a lease based on the definition of a lease, as explained in 2(q).

B. As a lessee

As a lessee, the Company leases many assets including property (land and buildings), medical equipment and office equipment. The Company previously classified leases as operating or finance leases based on its assessment of whether the lease transferred significantly all of the risks and rewards incidental to ownership of the underlying asset to the Company. Under Ind AS 116, the Company recognizes right-of-use assets and lease liabilities for most of these leases - i.e. these leases are on-balance sheet, At commencement or on modification of a contract that contains a lease component, the Company allocates the consideration in the contract to each lease component on the basis of its relative stand-alone price.

However, for leases of land and building the Company has elected not to separate non-lease components and account for the lease and associated non-lease components as a single lease component.

i. Leases classified as operating leases under IAS 17

Previously, the Company classified few property leases (land and buildings) as operating leases under IAS 17. On transition, for these leases, lease liabilities were measured at the present value of the remaining lease payments, discounted at the Company's incremental borrowing rate as at 1 April 2019. Right-of-use assets are measured at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments.

The Company has tested its right-of-use assets for impairment on the date of transition and has concluded that there is no indication that the right-of-use assets are impaired.

The Company used a number of practical expedients when applying Ind AS 116 to leases previously classified as operating leases under Ind AS 17. In particular, the Company:

- did not recognise right-of-use assets and liabilities for leases tor which the lease term ends within 12 months of the date of initial application;
- did not recognise right-of-use assets and liabilities for leases of low value assets (e.g. IT equipment);
- excluded initial direct costs from the measurement of the right-of-use asset at the date of initial application; and
- used hindsight when determining the lease term.

ii. Leases classified as finance leases under Ind AS 17

The Company leases a number of lands and buildings. These leases were classified as finance leases under Ind AS 17. For these finance leases, the carrying amount of the right-of-use asset and the lease liability at 1 April 2019 were determined at the carrying amount of the lease asset and lease liability under Ind AS 17 immediately before that date.

Impact on financial statements

On transition to Ind AS 116, the Company recognised right-of-use assets with corresponding lease liabilities.

When measuring lease liabilities for leases that were classified as operating lease, the Company discounted lease payments using its incremental borrowing rate at 1 April 2019. The weighted average rate applied is 11% per annum.

Particulars	1 April 2019 (in ` Lacs)
Operating lease commitments at 31 March 2019 as disclosed under Ind AS 17 in the Company's financial statements	87,742.73
Discounted using incremental borrowing rate at 1 April 2019	58,816.05
Lease liabilities recognised from contracts previously not classified as operating lease in the year ended 31 March, 2019	624.20
Extension options reasonably certain to be exercised	5,280.31
Finance lease liabilities recognised at 31 March 2019	2,803.04
Recognition exemption for leases of low value assets	-
Recognition exemption for leases with less than 12 months of lease term at transition	-
Lease liabilities recognised at 1 April 2019	67,523.60

Right to use recognised as at April 01, 2019

Particulars	Amount (in ` Lacs)
ROU recognised on transition to Ind AS 116 as at 1 April 2019	64,720.56
Amount reclassified from prepaid to right to use assets	358.92
Right to use recognised at 1 April 2019	**65,079.48**

Reconciliation of initial recognition of lease liability and right-of-use assets

Particulars	Amount (in ` Lacs)
ROU recognised on transition to Ind AS 116 as at 1 April 2019	64,720.56
Adjustment of finance lease liabilities as at 31 March 2019	2,803.04
Lease liabilities recognised at 1 April 2019	**67,523.60**

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

(` in Lacs)

Particulars	Land	Building (on Leasehold Land)	Leasehold improvements	Plant & machinery	Medical equipment	Furniture & fittings	Computers	Office equipment	Vehicles	Total
Gross carrying amount										
As at April 01, 2018	**10.09**	**-**	**91.64**	**683.83**	**19,520.64**	**528.75**	**501.85**	**228.81**	**1,426.26**	**22,991.87**
Additions	-	-	-	60.58	494.14	13.34	44.94	2.96	32.81	648.77
Disposals	-	-	-	(30.77)	(372.11)	(27.83)	(42.26)	(14.57)	(863.72)	(1,351.26)
As at March 31, 2019	**10.09**	**-**	**91.64**	**713.64**	**19,642.67**	**514.26**	**504.53**	**217.20**	**595.35**	**22,289.38**
Additions		11,011.31	-	1,285.22	2,984.90	190.22	177.24	115.67	78.24	15,842.80
Disposals		-	-	(64.34)	(1,342.18)	(1.37)	(18.97)	(2.96)	(165.80)	(1,595.62)
As at March 31, 2020	**10.09**	**11,011.31**	**91.64**	**1,934.52**	**21,285.39**	**703.11**	**662.80**	**329.91**	**507.79**	**36,536.56**
Accumulated depreciation										
As at April 01, 2018	**-**	**-**	**52.73**	**252.75**	**4,359.44**	**209.60**	**350.95**	**127.76**	**816.43**	**6,169.66**
Charge for the year	-	-	14.72	78.72	1,865.18	62.11	106.14	36.43	188.60	2,351.90
Disposals	-	-	-	(17.78)	(350.54)	(27.21)	(36.78)	(14.55)	(581.50)	(1,028.36)
As at March 31, 2019	**-**	**-**	**67.45**	**313.69**	**5,874.08**	**244.50**	**420.31**	**149.64**	**423.53**	**7,493.20**
Charge for the year	-	42.11	14.72	89.92	1,844.07	63.61	75.42	32.79	110.46	2,273.10
Disposals	-	-	-	(0.63)	(327.34)	(0.81)	(17.10)	(2.96)	(163.61)	(512.45)
As at March 31, 2020	**-**	**42.11**	**82.17**	**402.98**	**7,390.81**	**307.30**	**478.63**	**179.47**	**370.38**	**9,253.85**
Carrying value (As at March 31, 2019)	**10.09**	**-**	**24.19**	**399.95**	**13,768.59**	**269.76**	**84.22**	**67.56**	**171.82**	**14,796.18**
Carrying value (As at March 31, 2020)	**10.09**	**10,969.20**	**9.47**	**1,531.54**	**13,894.58**	**395.81**	**184.17**	**150.44**	**137.41**	**27,282.71**

Notes:

(a) Certain assets included under Property, plant and equipment are held as pledge against loans taken by the Company [refer note 8(a),(b),(c),(d),(f) and (g)].

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

The Company accounts for all capitalization of property, plant and equipment through capital work in progress and therefore the movement in capital work in progress is the difference between closing and opening balance of capital work in progress as adjusted in additions to property, plant and equipment and impairment of capital work in progress. Capital work in progress as at March 31, 2020 is ` 2,918.02 lacs (net of provision for impairment ` 2,569.90 lacs) [refer note 25] [as at March 31, 2019 is ` 15,778.16 lacs (net of provision for impairment ` 2,569.90 lacs) [refer note 25]. Also refer note 7(a)(i) for details of amount classified as right to use on transidtion to Ind AS 116.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

5(ii) Goodwill

(` in Lacs)

Particulars	Goodwill
Gross carrying amount	
As at April 1, 2018	**3,292.57**
As at March 31,2019	**3,292.57**
As at March 31,2020	**3,292.57**
Impairment	
As at April 1,2018	**(570.80)**
Impairment during the year	-
As at April 1,2019	**(570.80)**
Impairment during the year	-
As at March 31,2020	**(570.80)**
Carrying Value	
As at March 31,2019	**2,721.77**
As at March 31,2020	**2,721.77**

At cash generating unit (CGUs) level, the goodwill is tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired. The entire goodwill balance is allocated to Fortis Hospitals Shalimar Bagh.

The Company made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management. Cash flow projections were developed covering a seven-year period as at March 31, 2020 and March 31, 2019 which reflects a more appropriate indication/trend of future track of business of the Company. Cash flows beyond the seven-year period were extrapolated using estimate rates stated below.

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

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

	As at March 31, 2020	As at March 31, 2019
Compound average net sales growth rate for seven-year period	10% - 21%	10% - 21%
Growth rate used for extrapolation of cash flow projections beyond seven-year/ten-year period (refer note below)	4.00%	4.00%
Discount rate	12.70%	12.70%

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

5(iii)(a) Other intangible assets

(` in Lacs)

Particulars	Computer Software	Total
Gross carrying amount		
As at April 1,2018	**2,209.66**	**2,209.66**
Additions	94.55	**94.55**
As at March 31,2019	**2,304.21**	**2,304.21**
Additions	598.81	**598.81**
As at March 31,2020	**2,903.02**	**2,903.02**
Accumulated amortisation		
As at April 1,2018	**1,458.47**	**1,458.47**
Charge for the year	362.37	**362.37**
As at April 1,2019	**1,820.84**	**1,820.84**
Charge for the year	293.55	**293.55**
As at March 31,2020	**2,114.39**	**2,114.39**
Carrying value		
As at March 31,2019	**483.37**	**483.37**
As at March 31,2020	**788.63**	**788.63**

5(iii)(b) Intangible assets under development

The Company accounts for all capitalization of other intangible assets through intangible assets under development and therefore the movement in intangible assets under development is the difference between closing and opening balance of intangible assets under development as adjusted for additions to intangible assets and amortisation of intangible assets under development. Intangible assets under development as at March 31, 2020 is ` 364.37 lacs (as at March 31, 2019 is ` 707.95 lacs).

	Particulars	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
5(iv)	**Investments in associates**		
	Unquoted investments (fully paid)		
	(a) Investments in equity instruments - at cost		
	i) Sunrise Medicare Private Limited [(3,126 (3,126 as at March 31, 2019) Equity shares of ` 10 each)]	0.31	0.31
	Less: Impairment of investment	(0.31)	(0.31)
	Aggregate unquoted investments in associates	-	-
	Aggregate carrying value of unquoted investments in associates	-	-
	Aggregate amount of impairment in value of investments in associates	**0.31**	**0.31**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

5(v) Investments in subsidiaries

	Particulars	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Non-current			
Unquoted investments (fully paid)			
(a)	**Investments in equity instruments - at cost**		
i)	Escorts Heart Institute and Research Centre Limited*	71,919.75	71,919.75
	(2,000,310 (2,000,310 as at March 31, 2019) Equity Shares of ` 10 each)		
	[Of the above, 50 (50 as at March 31, 2019) equity shares are held with nominee share holders)		
ii)	Fortis La Femme Limited (formerly known as Fortis Health Management (West) Limited)	5.00	5.00
	[(50,000 (50,000 as at March 31, 2019) Equity Shares of ` 10 each)]		
	[(Of the above, 6 shares (6 shares as at March 31, 2019) are held jointly with individual share holders)]		
iii)	Fortis Healthcare International Limited, Mauritius*	15,105.47	15,105.47
	[(98,560,000 (98,560,000 as at March 31, 2019) Equity Shares of US$ 0.32 each]		
iv)	Fortis Hospitals Limited *	40,880.47	40,535.52
	[(40,300,577 (40,300,577 as at March 31, 2019) Equity Shares of ` 10 each)]		
	[Of the above, 6 shares (6 as at March 31, 2019) are held jointly with individual share holders)		
v)	Hiranandani Healthcare Private Limited *	9,171.55	9,171.55
	[(4,000,000 (4,000,000 as at March 31, 2019) Equity Shares of ` 10 each)]		
	[(Of the above, 3 shares (3 as at March 31, 2019) are held jointly with individual share holders)]		
vi)	SRL Limited ('SRL')	90,905.48	90,905.48
	[(45,236,779 (45,236,779 as at March 31, 2019) Equity Shares of ` 10 each)]		
vii)	Fortis Hospotel Limited	243,016.88	243,016.88
	(417,222,782 (417,222,782 as at March 31, 2019) Equity Shares of ` 10 each)		
	[of the above, 6 shares (6 as at March 31, 2019) are held by nominee shareholders)]		
viii)	Fortis CSR Foundation	5.00	5.00
	[(50,000 (50,000 as at March 31, 2019) Equity Shares of ` 10 each)]		
	[(Of the above, 6 shares (6 as at March 31, 2019) are held with nominee share holders)]		
ix)	Fortis Health Management Limited	856.60	856.60
	(1,300,000 (1,300,000 as at March 31, 2019) Equity Shares of ` 10 each)		

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
x)	International Hospital Limited	207,657.21	207,657.21
	(26,627,304 (26,627,304 as at March 31, 2019) Equity Shares of ` 100 each)		
xi)	Escorts Heart and Super Speciality Hospital Limited	40,625.51	40,625.51
	(16,480,000 (16,480,000 as at March 31, 2019) Equity Shares of ` 10 each)		
	Less: Impairment of investment :		
	- Fortis La Femme Limited	(5.00)	(5.00)
	- Escorts Heart Institute and Research Centre Limited	(10,348.67)	-
	- Fortis Healthcare International Limited, Mauritius	(2,507.90)	-
		707,287.35	**719,798.97**
(b)	**Investments in debt instrument - at amortised cost**		
i)	Escorts Heart and Super Speciality Hospital Limited	46,733.99	46,733.99
	3,130,400 (3,130,400 as at March 31, 2019) 14.80% Non-Convertible Bonds of face value of ` 1,000 each.		
ii)	Fortis Health Management Limited	1,191.96	1,670.87
	116,000 (116,000 as at March 31, 2019) 14.30 % Non-Convertible Bonds of face value of ` 1,000 each.		
iii)	Hospitalia Eastern Private Limited	7,172.50	8,051.64
	700,000 (700,000 as at March 31, 2019) 13.15 % Non-Convertible Bonds of face value of ` 1,000 each.		
iv)	International Hospital Limited	-	937.31
	Nil (75,000 as at March 31, 2019) 13.15 % Non-Convertible Bonds of face value of ` 1,000 each.		
v)	International Hospital Limited	16,487.01	17,356.89
	1,205,000 (1,205,000 as at March 31, 2019) 14.30 % Non-Convertible Bonds of face value of ` 1,000 each.		
vi)	International Hospital Limited	16,884.39	16,884.39
	1,296,000 (1,296,000 as at March 31, 2019) 14.20 % Non-Convertible Bonds of face value of ` 1,000 each.		
vii)	International Hospital Limited	19,553.99	19,553.99
	1,700,000 (1,700,000 as at March 31, 2019) 13.15 % Non-Convertible Bonds of face value of ` 1,000 each.		
		108,023.84	**111,189.08**
	Aggregate carrying value of unquoted non-current investments in subsidiaries	**815,311.19**	**830,988.05**
	Aggregate gross value of unquoted investments in subsidiaries	**828,172.76**	**830,993.05**
	Aggregate amount of impairment in value of investments in subsidiaries	**12,861.57**	**5.00**

*The Company has determined the fair value of guarantee given to banks on behalf of the subsidiary companies and debited the cumulative amount to investment. Refer below for the break up of cumulative fair value of financial guarantee attributable to subsidiaries:

	Name of the subsdiary company	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
i)	Escorts Heart Institute and Research Centre Limited	24.96	24.96
ii)	Fortis Healthcare International Limited, Mauritius	360.98	360.98
iii)	Fortis Hospitals Limited	669.89	324.94
iv)	Hiranandani Healthcare Private Limited	31.55	31.55
		1,087.38	**742.43**

5(vi) Trade receivables

		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Current			
(a)	Considered good		
	- From Others	8,133.40	8,364.29
	- From Related Parties	1.46	1.30
(b)	Credit impaired		
	- From Others	1,154.08	6,116.03
	- From Related Parties	10.00	10.00
Less: Loss allowance		(1,164.08)	(6,126.03)
		8,134.86	**8,365.59**
Break-up of security details			
Trade receivables considered good - Secured		-	-
Trade receivables considered good - Unsecured		8,134.86	8,365.59
Credit impaired - Unsecured		1,164.08	6,126.03
Less: Loss allowance		(1,164.08)	(6,126.03)
Total trade receivables		**8,134.86**	**8,365.59**

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection. The company has used a practical expedient by computing the expected credit loss allowance based on a provision matrix. Management makes specific provision in cases where there are known specific risks of customer default in making the repayments. The provision matrix takes into account historical credit loss experience and adjusted for forward- looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected credit allowance %	
0 - 1 year	0% - 35%	0% - 50%
1 - 2 year	1% - 99%	15% - 100%
2 - 3 year	5% - 100%	40% - 100%
More than 3 years	100%	70% - 100%

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Balance at the beginning of the year	6,126.03	4,463.11
Creation of the allowance for expected credit loss	101.39	904.83
Utilisation of the allowance for expected credit loss (written off)	(5,063.34)	758.09
Balance at the end of the year	**1,164.08**	**6,126.03**

Note: Current assets are held as pledge against loans taken by the Company [refer note 8(b),(c),(f) and (g)].

5(vii) Loans

		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Non-current - at amortised cost			
Considered good			
(a)	Loans to subsidiaries (refer note 22)	99,014.20	98,260.91
(b)	Security deposits	118.27	86.29
Credit impaired			
(a)	Security deposits [refer note 25]	378.00	378.00
Less: Loss allowance		(378.00)	(378.00)
	Total	**99,132.47**	**98,347.20**
Current - at amortised cost			
Considered good			
(a)	Loan to employees	-	7.64
(b)	Loan to subsidiaries (refer note 22)	-	1,122.22
(c)	Security deposits	23.65	112.87
(d)	Intercompany current account	1,776.73	1,773.25
		1,800.38	**3,015.98**
Credit impaired			
(a)	Loans to others	362.34	362.34
(b)	Loans to subsidiaries [refer note 22 and 18(a)]	63.73	57.73
		426.07	**420.07**
Less: Loss allowance		(426.07)	(420.07)
		(426.07)	**(420.07)**
		1,800.38	**3,015.98**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
	Break-up of security details			
	Loans considered good - Secured		-	-
	Loans considered good - Unsecured		100,932.85	101,363.18
	Loans considered doubtful - Unsecured		-	-
	Credit impaired - Unsecured		804.07	798.07
	Less: Loss allowance		(804.07)	(798.07)
	Total Loans		**100,932.85**	**101,363.18**
5(viii)	**Other financial assets (unsecured)**			
	Non current			
	Considered good			
	(a)	Deposit accounts with bank	109.51	510.04
	(b)	Interest accrued on loan	5.66	2.79
			115.17	**512.83**
	Current			
	Considered good			
	(a)	Interest accrued and due on loans and deposits	22,973.65	19,270.98
	(b)	Contract asset - unbilled revenue	451.79	743.68
	(c)	Others	146.08	176.06
			23,571.52	**20,190.72**
	Credit impaired			
	(a)	Advances recoverable in cash [refer note 25]	1,795.57	1,795.57
	(b)	Amount recoverable for salary and reimbursement of expenses [refer note 32]	2,002.39	2,002.39
	(c)	Others	425.36	401.45
			4,223.32	**4,199.41**
	Less: Loss allowance		(4,223.32)	(4,199.41)
			(4,223.32)	**(4,199.41)**
			23,571.52	**20,190.72**
5(ix)	**Deferred tax balances**			
	Deferred tax assets		28,890.72	6,585.76
	Deferred tax liabilities		(21,437.58)	(1,122.71)
			7,453.14	**5,463.05**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

2019-20 (` in Lacs)

		As at April 1, 2019	(Charge)/ Credit to Profit or loss	Creation (adjustment) of MAT from advance tax	(Charge)/ Credit to Other Comprehensive Income	As at March 31, 2020
Deferred tax liabilities						
(a)	Property, plant and equipment	(600.07)	(98.11)	-	-	(698.18)
(b)	Intangible assets	(522.64)	(78.71)	-	-	(601.35)
(c)	Right-of-use assets	-	(20,138.05)	-	-	(20,138.05)
		(1,122.71)	**(20,314.87)**	**-**	**-**	**(21,437.58)**
Deferred tax assets						
(a)	Provision for contingency	92.14	7.02	-	-	99.16
(b)	Allowance for doubtful advances	105.79	(6.58)	-	-	99.21
(c)	Allowance for expected credit loss	1,880.59	(1,473.81)	-	-	406.78
(d)	Defined benefit obligation	768.61	117.73	-	9.78	896.12
(e)	Unabsorbed Losses	2,236.22	(2,236.22)	-	-	-
(f)	MAT credit entitlement**	1,502.41	4,475.82	-	-	5,978.23
(g)	Lease liability	-	21,411.22	-	-	21,411.22
		6,585.76	**22,295.18**	**-**	**9.78**	**28,890.72**
Deferred tax asset (net)		**5,463.05**	**1,980.31**	**-**	**9.78**	**7,453.14**

2018-19 (` in Lacs)

		As at April 01, 2018	(Charge)/ credit to profit or loss	Creation (adjustment) of MAT from advance tax	Charge/ (credit) to other comprehensive income	As at March 31, 2019
Deferred tax liabilities						
(a)	Property, plant and equipment	(633.80)	33.73	-	-	(600.07)
(b)	Intangible assets	(482.14)	(40.50)	-	-	(522.64)
		(1,115.94)	**(6.77)**	**-**	**-**	**(1,122.71)**
Deferred tax assets						
(a)	Provision for contingency	89.31	2.83	-	-	92.14
(b)	Allowance for doubtful advances	951.56	(845.77)	-	-	105.79
(c)	Allowance for expected credit loss	1,562.74	317.85	-	-	1,880.59
(d)	Defined benefit obligation	771.42	9.24	-	(12.05)	768.61
(e)	Unabsorbed losses	3,129.19	(892.97)	-	-	2,236.22
(f)	MAT credit entitlement	952.51	-	549.90	-	1,502.41
		7,456.73	**(1,408.82)**	**549.90**	**(12.05)**	**6,585.76**
Deferred tax asset (net)		**6,340.79**	**(1,415.59)**	**549.90**	**(12.05)**	**5,463.05**

In addition to above, no deferrred tax asset has been recognised on*

	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Advances to vendors	4,743.47	4,743.47
Capital losses	14,122.28	14,122.28
	18,865.75	**18,865.75**

* Deferred tax has not been recognised on temporary differences in relation to indexation benefits on freehold land as the Company is able to control the timing of reversal of temporary differences and it is probable that the temporary differences will not reverse in foreseeable future.

** During the current year, the Company has recognised deferred tax assets (DTA) of ` 3,579 lacs based on the projected future taxable profits of the entity.

5(x) Non-current tax assets (net)

	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Advance income tax (net of provision for taxation)	6,192.13	5,509.96
	6,192.13	**5,509.96**
Provision for taxation	12,714.96	4,240.57

5(xi) Other assets (unsecured)

		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Non-current			
Considered good			
(a)	Capital advances	67.23	20.98
(b)	Prepaid expenses	40.09	345.89
		107.32	**366.87**
Current			
Considered good			
(a)	Balances with government authorities - Goods and service tax recoverable	115.00	201.28
(b)	Advance to vendors	415.75	315.53
(c)	Prepaid expenses	422.01	392.72
		952.76	**909.53**
Credit impaired			
(a)	Advance to vendors	2.79	12.68
		2.79	**12.68**
Less: Loss allowance		(2.79)	(12.68)
		(2.79)	**(12.68)**
		952.76	**909.53**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

5(xii) Inventories

	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Valued at lower of cost and net realisable value		
Medical consumables, drugs and others	1,017.71	598.47
	1,017.71	**598.47**

5(xiii)(a) Cash and cash equivalents

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
(a)	Balances with banks		
	- on current accounts	323.53	1,170.68
(b)	Cash on hand	10.20	42.87
Cash and cash equivalents as per balance sheet		**333.73**	**1,213.55**
Bank overdrafts (refer note 5(xix))		(8,375.57)	(3,098.45)
Cash and cash equivalents as per statement of cash flows		**(8,041.84)**	**(1,884.90)**

5(xiii) (b) Bank balances other than above

Balances with banks		
- Deposits with original maturity of more than 3 months but less than 12 months	60.99	2,059.48
	60.99	**2,059.48**

	Particulars	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
5(xiv)	**Share capital**		
	Authorised share capital:		
	928,000,000 (928,000,000 as at March 31, 2019) Equity shares of ` 10 each	92,800.00	92,800.00
	200 Class 'A' (200 as at March 31, 2019) Non- cumulative redeemable preference shares of ` 100,000 each	200.00	200.00
	11,498,846 Class 'B' (11,498,846 as at March 31, 2019) Non-cumulative redeemable preference shares of ` 10 each	1,149.88	1,149.88
	64,501,154 Class 'C' (64,501,154 as at March 31, 2019) Cumulative redeemable preference shares of ` 10 each	6,450.12	6,450.12
	Total authorised share capital	**100,600.00**	**100,600.00**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Issued, subscribed and fully paid up shares		
754,958,148 (754,954,948 as at March 31, 2019) Equity shares of ` 10 each	75,495.81	75,495.49
Total issued, subscribed and fully paid up share capital	**75,495.81**	**75,495.49**

Notes :

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

Equity Shares

Particulars	March 31, 2020		March 31, 2019	
	Number	` in Lacs	Number	` in Lacs
At the beginning of the year	754,954,948	75,495.49	518,657,231	51,865.72
Issued under preferential allotment during the year (refer note 28)	-	-	235,294,117	23,529.41
Issued during the year: Execise of employee stock options plan (ESOP) (refer note 13)	3,200	0.32	1,003,600	100.36
Outstanding at the end of the year	**754,958,148**	**75,495.81**	**754,954,948**	**75,495.49**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ` 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity shares

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Northern TK Venture Pte Ltd (refer note 28) (Holding Company)	235,294,117	31.17%	235,294,117	31.17%

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

Equity Shares

Name of Shareholder	As at March 31, 2020		As at March 31, 2019	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Northern TK Venture Pte Ltd (refer note 28) (Holding Company)	235,294,117	31.17%	235,294,117	31.17%
Yes Bank Limited	-	-	63,509,265	8.41%

(e) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 13.

5(xv) Changes in liabilities arising from financing activities

(` in Lacs)

Particulars	Equity shares (including premium)	Long term borrowings	Short term borrowings (net)	Interest accrued	Lease liability
As at 01 April 2018	399,611.09	36,015.51	19,447.52	193.77	-
Proceeds from issue of equity shares	400,974.34	-	-	-	-
Proceeds from borrowings	-	30,431.00	95,400.00	-	-
Repayment of borrowings	-	(28,757.68)	-	-	-
Reclassification of bank overdraft*	-	-	-	-	-
Finance cost	-	-	(4,749.07)	19,227.27	-
Finance cost paid	-	-	-	(18,816.81)	-
As at 31 March 2019	**800,585.43**	**37,688.83**	**110,098.45**	**604.23**	**-**
As at 01 April 2019	**800,585.43**	**37,688.83**	**110,098.45**	**604.23**	**64,720.56**
Finance lease liabilities recognised at 31 March 2019					2,803.04
Lease liability paid					(3,387.95)
Proceeds from issue of equity shares	2.46	-	-	-	-
Proceeds from borrowings	-	64,551.29	(107,000.00)	-	-
Repayment of borrowings	-	(34,934.09)	-	-	-
Reclassification of bank overdraft*	-	-	5,277.12	-	-
Finance cost	-	-	-	8,672.62	7,344.18
Finance cost paid	-	-	-	(9,040.24)	(7,344.18)
Adjustment for financial guarantee	-	(890.26)	-	-	-
Reclassification of finance lease liability	-	(2,803.04)	-	-	-
As at 31 March 2020	**800,587.89**	**63,612.73**	**8,375.57**	**236.61**	**64,135.65**

* Bank overdraft have been reclassified from current borrowing to cash and cash equivalent for the purpose of preparation of cash flow statement.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
5(xvi)	**Non-current borrowings**			
	Secured			
	(a)	Term loans		
		- from banks [refer note 8(i),(a),(b) and (g)]	62,088.20	31,323.94
		- from body corporates [(refer note 8(i) and (f)]	-	648.10
	(b)	Vehicle loans	46.57	-
			62,134.77	**31,972.04**

5(xvii) Other financial liabilities

Particulars		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Non Current			
Unsecured			
(a)	Financial guarantee liability	289.22	-
		289.22	**-**
Current			
Secured			
(a)	Current maturities of term loans [refer note 8(i)(a),(b),(d) and (g)]	1,477.96	2,913.74
		1,477.96	**2,913.74**
Unsecured			
(a)	Security deposits	2.76	10.09
(b)	Interest accrued and due on borrowings	236.61	604.23
(c)	Capital creditors	2,931.21	225.33
(d)	Technology renewal fund payable to related party	77.91	49.91
(e)	Other payable to related parties	3,801.36	2,259.93
(f)	Employee payable	880.20	693.53
(g)	Financial guarantee liability	55.73	115.79
(h)	Other liabilities	171.80	166.63
		8,157.58	**4,125.44**
		9,635.54	**7,039.18**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

5(xviii) Provisions

Particulars		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Non current			
Provision for employee benefits			
(a)	Provision for gratuity (refer note 14)	1,395.14	1,150.47
		1,395.14	**1,150.47**
Current			
Provision for employee benefits			
(a)	Provision for gratuity (refer note 14)	247.07	246.27
(b)	Provision for compensated absences	922.25	802.81
Others			
(a)	Provision for contingencies *	283.76	263.68
		1,453.08	**1,312.76**

* **Provision for contingencies :**

Particulars			As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
(i)	Provision for indemnification (refer note 9(b))	**A**	205.03	205.03
(ii)	Others	**B**		
	Opening balance		58.65	50.57
	Add: Provision during the year		47.65	8.08
	Less: Reversed during the year		(27.57)	-
			78.73	**58.65**
	Provision for contingencies - Total (A+B)		**283.76**	**263.68**

Particulars		As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
5(xix) Current borrowings			
Secured - repayable on demand			
(a)	Bank overdraft [refer note 8 (i)(c)]	8,375.57	3,098.45
(b)	Working capital demand loan [refer note 8(c)]	-	2,000.00
(c)	Term loan from bank [refer note 8(e)(f)]	-	105,000.00
		8,375.57	**110,098.45**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
5(xx)	**Trade payables**			
	(a)	Total outstanding dues of micro enterprises and small enterprises (refer note 21)	1,372.91	484.83
	(b)	Total outstanding dues of creditors other than micro enterprises and small enterprises	19,835.71	19,065.33
			21,208.62	**19,550.16**
5(xxi)	**Other current liabilities**			
	(a)	Contract liability - advance from patients	670.81	755.31
	(b)	Statutory dues payable	1,140.55	1,023.34
			1,811.36	**1,778.65**

	Particulars			Year ended March 31, 2020 (` in Lacs)	Year ended March 31, 2019 (` in Lacs)
5(xxii)	**Revenue from operations**				
	(a)	**Sale of services**			
		i)	**Healthcare services**		
			- Operating income - in patient department	56,555.11	52,792.31
			- Operating income - out patient department	13,308.65	11,751.39
			- Income from clinical/laboratories services	182.18	411.84
			- Income from medical services	40.42	52.02
			- Management fees from hospitals	311.48	376.37
			- Income from clinical research	25.74	15.21
	Less: Trade discounts			(1,535.96)	(1,103.37)
				68,887.62	**64,295.77**
	(b)	**Other operating revenues**			
		i)	Income from academic services	39.21	54.27
		ii)	Income from rent [refer note 7(b)(i)]	19.14	66.58
		iii)	Equipment lease rental [refer note 7(b)(i)]	631.78	637.52
		iv)	Export benefits	51.85	-
		v)	Balances written back	376.02	312.31
		vi)	Miscellaneous income	178.94	282.79
				1,296.94	**1,353.47**
	Total revenue from operations (a+b)			**70,184.56**	**65,649.24**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars			Year ended March 31, 2020 (` in Lacs)	Year ended March 31, 2019 (` in Lacs)
5(xxiii)	**Other income**				
	(a)	**Interest income**			
		i)	Interest on bank deposits	26.75	3,531.38
		ii)	Interest on loan others	22,385.72	23,941.84
				22,412.47	**27,473.22**
	(b)	**Other non-operating income**			
		i)	Financial guarantee income	890.26	285.59
		ii)	Dividend income (refer note 31)	70,455.88	24,270.68
		iii)	Gain on foreign currency transactions (net)	13.17	325.05
		iv)	Miscellaneous income	62.46	94.63
				71,421.77	**24,975.95**
		Total other income (a+b)		**93,834.24**	**52,449.17**
5(xxiv)	**Changes in inventories of medical consumable and drugs**				
	(a)	Inventory at the beginning of the year		598.47	695.34
	(b)	Inventory at the end of the year		1,017.71	598.47
		Changes in inventories [(a)-(b)]		**(419.24)**	**96.87**
5(xxv)	**Employee benefits expense**				
	(a)	Salaries, wages and bonus		14,145.74	13,371.64
	(b)	Gratuity expense (refer note 14)		193.84	200.24
	(c)	Compensated absences		204.35	117.99
	(d)	Contribution to provident and other funds		833.60	742.40
	(e)	Staff welfare expenses		166.57	184.06
	(f)	Share based payment to employees (refer note 13)		-	336.66
				15,544.10	**14,952.99**
5(xxvi)	**Finance costs**				
	(a)	Interest expense			
		-on term loans		7,585.38	8,244.16
		-on cash credit		407.13	730.47
		-on defined benefit plan		154.02	149.40
		-on others		36.20	7,435.00
		-on lease liabilities [refer note 7(a)(i)]		7,344.18	-
	(b)	Other borrowing cost (including prepayment charges)		489.89	2,668.24
				16,016.80	**19,227.27**

	Particulars	Year ended March 31, 2020 (` in Lacs)	Year ended March 31, 2019 (` in Lacs)
5(xxvii)	**Depreciation and amortisation expense**		
(a)	Depreciation of property, plant and equipment [refer note 5(i)(a)]	2,273.10	2,351.90
(b)	Depreciation of right-of-use assets [refer note 7(a)(i)]	7,114.64	-
(c)	Amortisation of intangible assets [refer note 5(iii)(a)]	293.55	362.37
		9,681.29	**2,714.27**
5(xxviii)	**Other expenses**		
(a)	Contractual manpower	1,409.08	1,386.71
(b)	Power and fuel	1,138.54	1,213.09
(c)	Housekeeping expenses including consumables	352.86	343.92
(d)	Patient food and beverages	784.02	667.31
(e)	Pathology laboratory expenses	1,536.48	1,552.14
(f)	Radiology expenses	6.38	8.39
(g)	Cost of medical services	432.95	507.16
(h)	Professional and consultation fees to doctors	12,640.93	11,137.17
(i)	Hospital service fee expense (refer note 10)	4,979.67	14,154.19
(j)	Repairs and maintenance		
	- Building	89.50	69.55
	- Plant and machinery	1,328.31	1,156.63
	- Others	139.90	143.13
(k)	Rent	395.39	1,026.34
(l)	Legal and professional fee	3,793.66	8,080.19
(m)	Travel and conveyance	669.67	749.40
(n)	Rates and taxes	651.80	464.64
(o)	Recruitment and trainings	257.08	400.47
(p)	Printing and stationary	310.79	312.47
(q)	Communication expenses	146.25	206.46
(r)	Directors' sitting fees	164.02	237.18
(s)	Insurance	471.06	544.81
(t)	Marketing and business promotion	1,083.81	1,076.65
(u)	Loss on sale of assets (net)	79.92	241.12
(v)	Allowance for doubtful receivables	101.39	904.83
(w)	Allowance for doubtful advances	23.91	62.27
(x)	Receivables written off	-	3.00
(y)	Provision for contingencies [refer note 5(xviii)]	47.65	8.08
(z)	Corporate social responsibility expenses (refer note 24)	37.53	-
(aa)	Donations	-	34.11

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars		Year ended March 31, 2020 (` in Lacs)	Year ended March 31, 2019 (` in Lacs)
(ab)	Expenses relating to business combination (refer note 26)	-	3,328.74
(ac)	Miscellaneous expenses	31.13	50.58
		33,103.68	**50,070.73**
	Less: Expenses capitalised (refer note 23)	4.68	-
		33,099.00	**50,070.73**

Note:

(i) **Auditors' remuneration comprises (inclusive of indirect tax)***

(a)	Fees as auditors	295.03	568.72
(b)	Tax audit fee	3.13	2.95
(c)	Certification and other services	58.71	91.68
(d)	Out of pocket expenses	43.50	22.23
		400.37	**685.58**

*Payments made to auditor for the previous year includes amounts paid to previous auditors of the Company.

5(xxix) Exceptional items

Expenses/(income):

		Year ended March 31, 2020 (` in Lacs)	Year ended March 31, 2019 (` in Lacs)
(a)	Allowance for investment in Subsidiary Companies [refer note 18(b)]	12,856.57	-
(b)	Allowance for doubtful loan recoverable from Subsidiary Company [refer note 18(a)]	6.00	-
		12,862.57	**-**

5(xxx) Income-tax

Current tax		
Current income tax charge for the year	12,714.96	4,240.57
Deferred tax		
Deferred tax on profits for the year	(2,422.36)	(31.26)
Adjustments in respect of deferred tax of previous year	442.05	1,446.85
	(1,980.31)	**1,415.59**
	10,734.65	**5,656.16**
Recognised in Other Comprehensive Income		
Deferred tax Charge/ (Credit)		
Tax related to items that will not be reclassified to Profit and Loss	9.78	12.05
Income tax charged to Other Comprehensive income	**9.78**	**12.05**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The income tax expense for the year can be reconciled to the accounting profit as follows:

	Year ended March 31, 2020 (` in Lacs)	Year ended March 31, 2019 (` in Lacs)
Profit/(Loss) before tax from continuing operations	62,067.55	17,964.54
Enacted income tax rate in India	34.944%	34.944%
Income tax credit calculated	21,688.88	6,277.53
Effect of expenses not deductible in determining taxable profit	-	2,172.35
Effect of provision for dimunition in value of Investment	4,492.60	-
Effect of tax in relation to previous years	442.05	1,446.85
Effect of tax in relation to DTA recognised on previously unrecognised MAT	(3,578.83)	-
Effect of tax on income charged at lower rate	(12,310.05)	(4,240.57)
Income tax expense recognised in statement of profit and loss	**10,734.65**	**5,656.16**

Expiry in year

	As on 31 March 2020		As on 31 March 2019	
	Gross Amount	Tax effect	Gross Amount	Tax effect
No deferred tax asset has been recognised on below Long Term Capital Loss :				
2020-21	13,168.00	3,068.14	13,168.00	3,068.14
2024-25	951.00	221.58	951.00	221.58
2026-27	-	-	3.00	0.70
Total	**14,119.00**	**3,289.72**	**14,122.00**	**3,290.42**

No deferrred tax asset has been recognised on below Minimum alternative tax (MAT) :

	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
2026-27	-	2,907.28
2032-33	-	671.72
Total	**-**	**3,579.00**

5(xxxi) Earnings per share (EPS)

Profit/ (loss) as per statement of profit and loss (` in lacs)	51,332.90	12,308.38
Weighted average number of equity shares outstanding	754,957,623	608,704,394
Basic EPS (in `)	6.80	2.02
Diluted EPS (in `)*	6.80	2.02

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

***Diluted earnings per share**

The calculation of diluted earnings per share is based on profit attributable to equity shareholders and weighted average number of equity shares outstanding, after adjustment for the effects of all dilutive potential equity shares as follows:

	As at March 31, 2020 (` in Lacs)	As at March 31, 2019 (` in Lacs)
Profit / (Loss) attributable to equity shareholders (diluted)	51,332.90	12,308.38
Weighted average number of equity shares (diluted)		
Weighted average number of equity shares (basic)	754,957,623	608,704,394
Effect of exercise of share options	158,950	2,756,550
Weighted average number of equity shares (diluted) for the year	755,116,573	611,460,944
Diluted earnings per share in `	**6.80**	**2.02**

6. Related party disclosures

Names of related parties and related party relationship

Nature of relationship	Name of related parties
Ultimate Holding Company	IHH Healthcare Berhad (w.e.f. 13-November-2018)
Intermediate Holding Company	Integrated Healthcare Holdings Limited (w.e.f. 13-November-2018)
	Parkway Pantai Limited (w.e.f. 13-November-2018)
Holding Company	Northern TK Venture Pte Ltd (w.e.f. 13-November-2018)
Subsidiary Companies- direct or indirect through investment in subsidiaries	1) Fortis Hospitals Limited ('FHSL') (wholly owned subsidiary of the company
	2) Birdie & Birdie Realtors Private Limited (wholly owned subsidiary of FHsL)
	3) Fortis Cancer Care Limited ('FCCL') (wholly owned subsidiary of FHsL)
	4) Fortis Health Management (East) Limited (wholly owned subsidiary of FHsL)
	5) Fortis Malar Hospitals Limited (subsidiary of FHsL)
	6) Fortis Emergency Services Limited (wholly owned subsidiary of FHsL)
	7) Stellant Capital Advisory Services Private Limited (wholly owned subsidiary of FHsL).
	8) Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHsL)
	9) Escorts Heart Institute and Research Centre Limited ("EHIRCL") (wholly owned subsidiary of the Company)
	10) Fortis Asia Healthcare Pte. Limited ("FAHPL") (wholly owned subsidiary of EHIRCL)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Nature of relationship	Name of related parties
	11) Fortis Healthcare International Pte. Limited ("FHIPL") (wholly owned subsidiary of FAHPL)
	12) SRL Limited ("SRL") (subsidiary of the Company)
	13) SRL Diagnostics Private Limited (wholly owned subsidiary of SRL)
	14) Hiranandani Healthcare Private Limited (wholly owned subsidiary of the company)
	15) Fortis Healthcare International Limited ("FHIL) (wholly owned subsidiary of the Company)
	16) Fortis La Femme Limited (wholly owned subsidiary of the Company)
	17) Fortis Hospotel Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019)
	18) International Hospital Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019)
	19) Fortis Health Management Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019)
	20) Escorts Heart and Super Speciality Hospital Limited (wholly owned subsidiary of the Company w.e.f 15-January-2019)
	22) Malar Stars Medicare Limited (wholly owned subsidiary of Fortis Malar Hospitals Limited).
	23) RHT Health Trust Manager PTE Limited (wholly owned subsidiary of Stellant Capital Advisory Services Private Limited).
	24) Hospitalia Eastern Private Limited (wholly owned subsidiary of Fortis Health Management Limited).
	25) Fortis CSR Foundation (a non-profit company)
Associates- direct or indirect through investment in subsidiaries (parties with whom transactions have been taken place)	(a) Sunrise Medicare Private Limited
	(b) Medical and Surgical Centre Limited, Mauritius (upto 08-July-2019)
	(c) International Hospital Limited ('IHL') (upto 14-January-2019)
	(d) Escorts Heart and Super Speciality Hospital Limited ('EHSSHL') (upto 14-January-2019)
	(e) Fortis Health Management Limited ('FHML') (upto 14-January-2019)
	(f) Hospitalia Eastern Private Limited ('HEPL') (upto 14-January-2019)
	(g) Lanka Hospitals Corporation PLC

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Nature of relationship	Name of related parties
Joint ventures- direct or indirect through investment in subsidiaries (parties with whom transactions have been taken place)	(a) SRL Diagnostics (Nepal) Private Limited (Joint venture of SRL)
	(b) DDRC SRL Diagnostics Services Private Limited (Joint venture of SRL Diagnostics Private Limited)
	(c) Fortis Cauvery, Partnership firm (Joint venture of FCCL)
	(d) Fortis C-Doc Healthcare Limited ('C-Doc') (joint venture of FHsL)
Key Management Personnel ('KMP') / Director (with whom transactions have been taken place)	Additional related parties as per the Companies Act, 2013
	(a) Dr. Ashutosh Raghuvanshi - Managing Director and Chief Executive Officer (w.e.f. 18-March-2019)
	(b) Mr. Vivek Kumar Goyal - Chief Financial Officer (w.e.f 08-April-2019)
	(c) Mr. Girish Gupta - Chief Financial Officer (w.e.f 01-October-2018 to 08-April-2019)
	(d) Mr. Ravi Rajagopal - Independent Director (w.e.f. 27-April-2018)
	(e) Ms. Suvalaxmi Chakraborty – Independent Director (w.e.f. 27-April-2018)
	(f) Mr. Indrajit Banerjee - Independent Director (w.e.f. 27-April-2018)
	(g) Dr. Kelvin Loh Chi-Keon - Non-Executive Non-Independent Director (w.e.f. 28-September-2019)
	(h) Mr. Low Soon Teck - Non-Executive Non-Independent Director (w.e.f. 13-November-2018)
	(i) Mr. Shirish Moreshwar Apte - Non-Executive Non-Independent Director (w.e.f. 31-December-2018)
	(j) Mr. Sim Heng Joo Joe - Non-Executive Non-Independent Director (w.e.f. 26-November-2019)
	(k) Dr. Farid Bin Mohamed Sani - Non-Executive Non-Independent Director (w.e.f. 30-December-2019)
	(l) Mr. Bhagat Chintamani Aniruddha- Non-executive Non Independent Director (from 31-December-2018 to 02-December-2019)
	(m) Dr. Chan Boon Kheng - Non-Executive Non-Independent Director (w.e.f. 13-November-2018 to 31-October-2019)
	(n) Dr. Tan See Leng - Additional Director (w.e.f. 13-November-2018 to 27-September-2019)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Nature of relationship	Name of related parties
	(o) Mr. Bhavdeep Singh –Chief Executive Officer (upto 17-March-2019)
	(p) Mr. Gagandeep Singh Bedi - Chief Financial Officer (upto 30-September-2018)
	(q) Mr. Rahul Ranjan - Company Secretary (upto 30-September-2018)
	(r) Dr. Brian William Tempest - Non-Executive Independent Director (up to 22-May-2018)
	(s) Mr. Harpal Singh - Non-Executive Director (up to 20-May-2018)
	(t) Lt. Gen. Tejinder Singh Shergill (up to 20-May-2018)
	(u) Ms. Sabina Vaiosha (up to 20-May-2018)
	(v) Mr. Rohit Bhasin-Independent Director (upto 26-June-2018)
	(w) Mr. Sumit Goel-Company Secretary (w.e.f. 01-October-2018).

Transactions taken place during the year are as follows :

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
Income (including income from medical services, management fees from hospitals, income from rehabilitation centre, rental, pharmacy income and other income)		
Fortis Hospitals Limited	67.92	1.20
SRL Limited	3.90	-
Escorts Heart Institute and Research Centre Limited	1.02	-
Interest income on loan		
Fortis Hospitals Limited	9,771.14	9,058.15
Fortis Healthcare International Limited	0.32	110.66
Hiranandani Healthcare Private Limited	205.75	59.20
Escorts Heart Institute and Research Centre Limited	785.14	38.52
Fortis Hospotel Limited	-	7,739.04
Escorts Heart and Super Speciality Hospital Limited	4,632.99	1,828.96
International Hospital Limited	5,897.60	3,994.32
Hospitalia Eastern Private Limited	920.50	191.67
Fortis Health Management Limited	165.88	34.54
Fortis La femme Limited	0.75	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
Financial guarantee income		
Fortis Hospitals Limited	887.44	56.54
Escorts Heart Institute and Research Centre Limited	-	4.90
Hiranandani Healthcare Private Limited	2.82	6.15
Fortis Healthcare International Limited	-	218.00
Dividend income		
Fortis Healthcare International Limited	70,455.88	24,270.68
Investment (Financial guarantee)		
Fortis Hospitals Limited	344.95	51.36
Purchase of medical consumables, pharmacy and other services		
Fortis Hospitals Limited	37.62	-
Escorts Heart Institute and Research Centre Limited	1.78	-
Interest expense		
SRL Limited	-	33.27
Interest on delayed payment of hospital service fee		
Escorts Heart and Super Speciality Hospital Limited	-	3.46
Pathology laboratory expenses		
SRL Limited	1,501.54	1,532.87
Hospital service fee expenses		
Fortis Hospotel Limited	9,985.70	9,549.04
Escorts Heart and Super Speciality Hospital Limited	4,843.05	4,605.15
Travel and conveyance		
Fortis Emergency Services Limited	37.26	23.25
Marketing and business promotion		
Fortis Emergency Services Limited	-	20.60

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
Amortisation of investment		
Fortis Hospotel Limited – Debt	-	1,103.99
Provision for doubtful loans and advances		
Fortis La Femme Limited	6.00	-
Managerial remuneration		
Dr. Ashutosh Raghuvanshi	468.91	-
Vivek Kumar Goyal	197.66	-
Bhavdeep Singh	-	678.49
Gagandeep Singh Bedi	-	390.83
Rahul Ranjan	-	86.74
Girish Gupta	0.46	64.43
Sumit Goel	51.12	23.67
Director sitting fee		
Mr. Brian William Tempest	-	4.72
Mr. Harpal Singh	-	4.72
Lt. Gen Tejinder Singh Shergill	-	4.72
Mr. Chintamani Aniruddha Bhagat	7.08	8.26
Mr. Indrajit Banerjee	36.58	57.82
Northern TK Venture Pte. Limited (Dr. Chan Boon Kheng)	14.16	11.80
Northern TK Venture Pte. Limited (Dr. Tan Seel Leng)	3.54	7.08
Northern TK Venture Pte. Limited (Low Soon Teck)	23.60	9.44
Mr. Ravi Rajagopal	29.50	53.10
Mr. Rohit Bhasin	-	9.44
Ms. Shabina Vaisoha	-	3.54
Mr. Shirish Moreshwar Apte	5.90	5.90
Ms. Suvalaxmi Chakrobarty	35.40	56.64
Northern TK Venture Pte. Limited (Dr. Kelvin Loh Chi-Keon)	3.54	-
Mr. Sim Heng Joo Joe	2.36	-
Dr. Farid Bin Mohamed Sani	2.36	-
Director sitting fee received from		
RHT Health Trust Manager PTE Limited	25.50	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
Expense incurred by the Company on behalf of		
Fortis Hospitals Limited	37.85	3.34
Escorts Heart Institute and Research Centre Limited	-	6.38
SRL Limited	19.98	12.32
Hiranandani Healthcare Private Limited	0.19	-
Fortis Hospotel Limited	-	66.72
Fortis Emergency Services Limited	8.75	-
Fortis CSR Foundation	7.54	2.14
Lanka Hospitals Corporation PLC	0.87	-
Stellant Capital Advisory Services Pvt Ltd	0.04	-
Expense incurred on behalf of the Company by		
Fortis Hospitals Limited	45.97	18.62
Escorts Heart Institute & Research Centre Limited	0.79	29.17
SRL Limited	12.24	19.33
Fortis Hospotel Limited	211.75	0.29
Fortis Malar Hospitals Limited	-	1.76
Escorts Heart and Super Speciality Hospital Limited	450.58	601.31
Stellant Capital Advisory Services Pvt Ltd	0.69	-
Reimbursement of expenses to directors		
Mr Ravi Rajagopal	24.44	-
Mr. Indrajit Banerjee	0.20	-
Transfer of employee benefit liability by Company to		
Escorts Heart Institute & Research Centre Limited	1.02	-
Fortis Hospitals Limited	7.62	-
Stellant Capital Advisory Services Pvt Ltd	1.77	-
Transfer of employee benefit liability to Company from		
Escorts Heart Institute & Research Centre Limited	8.31	-
Fortis Health Management (East) Limited	0.46	-
Fortis Hospitals Limited	72.21	-
Stellant Capital Advisory Services Pvt Ltd	18.23	-

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
Transfer of assets		
Escorts Heart Institute & Research Centre Limited	0.14	-
Fortis Hospitals Limited	2.40	-
Sale of property, plant and equipment		
Fortis Hospitals Limited	-	78.56
Investments		
Fortis Hospotel Limited	-	106,301.76
Fortis Health Management Limited - Equity Instrument	-	856.60
Fortis Health Management Limited - Debt Instrument	-	1,670.87
Escorts Heart and Super Speciality Hospital Limited - Equity Instrument	-	40,625.51
Escorts Heart and Super Speciality Hospital Limited - Debt Instrument	-	46,733.99
International Hospital Limited - Equity Instrument	-	207,657.21
International Hospital Limited - Debt Instrument	-	54,732.58
Hospitalia Eastern Private Limited - Debt Instrument	-	8,051.64
Provision for impairment of investment		
Fortis Healthcare International Limited	2,507.90	-
Escorts Heart Institute and Research Centre Limited	10,348.67	-
Loans and advance to subsidiary company		
Fortis Hospitals Limited	6,665.00	59,718.19
Hiranandani Healthcare Private Limited	1,495.00	868.00
Fortis La Femme Limited	6.00	3.00
Escorts Heart Institute and Research Centre Limited	12,490.00	665.00
Interest converted to loan		
Fortis Hospitals Limited	8,152.33	6,070.43
Hiranandani Healthcare Private Limited	53.28	-
Escorts Heart Institute and Research Centre Limited	34.67	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
Loans and advance refund		
Fortis Hospitals Limited	25,105.00	8,517.42
Fortis Healthcare International Limited	254.23	10,128.66
Escorts Heart Institute and Research Centre Limited	3,900.00	-
Loan paid back		
SRL Limited	-	400.00
Corporate guarantees given to banks by company for loans availed by		
Fortis Hospitals Limited	100,640.00	10,310.36
Escorts Heart Institute and Research Centre Limited	7,640.00	-
Fortis Hospotel Limited	3,250.00	-
Hiranandani Healthcare Private Limited	50.00	-
International Hospital Limited	3,800.00	-
Corporate guarantees given to banks by company withdrawn during the year for loans availed by		
Fortis Hospitals Limited	137,200.00	-
Escorts Heart Institute and Research Centre Limited	13,500.00	-
Hiranandani Healthcare Private Limited	5,060.00	-
Corporate guarantees on behalf of company to avail loan given by		
Fortis Hospitals Limited	122,890.00	-
Escorts Heart Institute and Research Centre Limited	122,890.00	-
International Hospital Limited	122,890.00	-
Escorts Heart and Super Speciality Hospital Limited	122,890.00	-
Hospitalia Eastern Private Limited	122,890.00	-
Fortis Hospotel Limited	79,890.00	-
Corporate guarantees on behalf of company to avail loan given by related parties withdrawn during the year		
Fortis Hospitals Limited	43,000.00	-
Escorts Heart Institute and Research Centre Limited	43,000.00	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Transactions details	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
International Hospital Limited	43,000.00	-
Escorts Heart and Super Speciality Hospital Limited	43,000.00	-
Hospitalia Eastern Private Limited	43,000.00	-
Collection on behalf of Company by		
Fortis Hospitals Limited	49.23	-
Escorts Heart Institute and Research Centre Limited	183.17	156.68
Collection by Company on behalf of		
Fortis Hospitals Limited	1,489.44	1,362.50
Escorts Heart Institute and Research Centre Limited	175.15	96.57
Hiranandani Healthcare Private Limited	5.59	-
Fortis Malar Hospitals Limited	19.65	-
Fortis Health Management (East) Limited	0.34	-
International Hospital Limited	1.91	-
Fortis Health Management Limited	3.15	-
Fortis CSR Foundation	-	51.19
Fortis Hospotel Limited	0.26	-

Balance outstanding at the year end	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Investments (gross)		
Fortis Hospitals Limited	40,880.47	40,535.52
Escorts Heart Institute and Research Centre Limited	71,919.75	71,919.75
SRL Limited	90,905.48	90,905.48
Hiranandani Healthcare Private Limited	9,171.55	9,171.55
Fortis Healthcare International Limited	15,105.47	15,105.47
Fortis La Femme Limited	5.00	5.00
Fortis Hospotel Limited (Equity Instrument)	243,016.88	243,016.88
Fortis CSR Foundation	5.00	5.00
Sunrise Medicare Private Limited	0.31	0.31
Fortis Health Management Limited (Equity Instrument)	856.60	856.60
Fortis Health Management Limited (Debt Instrument)	1,191.96	1,670.87
International Hospital Limited (Equity Instrument)	207,657.21	207,657.21
International Hospital Limited (Debt Instrument)	52,925.39	54,732.58

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Balance outstanding at the year end	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Escorts Heart and Super Speciality Hospital Limited (Equity Instrument)	40,625.51	40,625.51
Escorts Heart and Super Speciality Hospital Limited (Debt Instrument)	46,733.99	46,733.99
Hospitalia Eastern Private Limited (Debt Instrument)	7,172.50	8,051.64
Impairment of investment		
Sunrise Medicare Private Limited	0.31	0.31
Fortis Lafemme Limited	5.00	5.00
Fortis Healthcare International Limited	2,507.90	-
Escorts Heart Institute and Research Centre Limited	10,348.67	-
Loans and advance to subsidiary company		
Fortis Hospitals Limited	86,908.25	98,885.53
Fortis Healthcare International Limited	-	254.23
Fortis La Femme Limited	63.73	57.73
Hiranandani Healthcare Private Limited	2,416.28	875.97
Escorts Heart Institute and Research Centre Limited	9,689.67	1,065.00
Provision for doubtful loans and advances		
Fortis La Femme Limited	63.73	57.73
Interest accrued on loans		
Fortis Hospitals Limited	8,794.03	8,152.33
Hiranandani Healthcare Private Limited	185.18	53.28
Fortis Healthcare International Limited	-	15.01
Fortis Hospotel Limited	4,772.16	4,772.16
Escorts Heart Institute and Research Centre Limited	706.62	34.67
Escorts Heart and Super Speciality Hospital Limited	5,815.75	1,646.06
International Hospital Limited	9,691.84	3,935.61
Fortis Hospital Management Limited	45.38	31.09
Hospitalia Eastern Private Limited	828.59	172.50
Other balances recoverable (including Intercompany current account)		
Fortis Hospitals Limited	1,687.14	39.88
Escorts Heart Institute and Research Centre Limited	283.10	98.64

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Balance outstanding at the year end	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Fortis Health Management (East) Limited	46.37	46.25
Fortis C-Doc Healthcare Limited	28.04	-
Hospitalia Eastern Private Limited	31.83	31.83
Hiranandani Healthcare Private Limited	8.16	-
Stellant Capital Advisory Services Private Limited	9.14	-
International Hospital Limited	25.75	25.75
Trade receivable		
Sunrise Medicare Private Limited	10.00	10.00
SRL Limited	1.46	-
Fortis Hospitals Limited	-	1.30
Provision for doubtful receivables		
Sunrise Medicare Private Limited	10.00	10.00
Trade payables and other current liabilities		
Fortis Hospitals Limited	4,076.39	2,830.67
Escorts Heart Institute and Research Centre Limited	176.42	8.26
SRL Limited	224.73	2,371.58
Hiranandani Healthcare Private Limited	19.89	18.68
Fortis Hospotel Limited	10,152.00	4,208.93
Fortis Malar Hospitals Limited	48.15	28.50
Stellant Capital Advisory Services Private Limited	-	6.67
Fortis Emergency Services Limited	9.50	31.37
Escorts Heart and Super Speciality Hospital Limited	963.10	503.20
International Hospital Limited	1.91	-
Fortis Health Management Limited	3.54	-
Technology renewal fund		
Fortis Hospotel Limited	48.00	42.00
Escorts Heart and Super Speciality Hospital Limited	29.91	7.91
Corporate guarantee liability		
Fortis Hospitals Limited	344.95	112.97
Hiranandani Healthcare Private Limited	-	2.82

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Balance outstanding at the year end	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Corporate guarantee given to banks/related party for loans availed by		
Fortis Hospitals Limited	116,085.00	152,645.00
Hiranandani Healthcare Private Limited	50.00	5,060.00
Escorts Heart Institute and Research Centre Limited	4,140.00	10,000.00
International Hospital Limited	3,800.00	-
Fortis Hospotel Limited	3,250.00	-
Corporate guarantees on behalf of company to avail loan given by		
Fortis Hospitals Limited	79,890.00	-
Escorts Heart Institute and Research Centre Limited	79,890.00	-
International Hospital Limited	79,890.00	-
Escorts Heart and Super Speciality Hospital Limited	79,890.00	-
Hospitalia Eastern Private Limited	79,890.00	-
Fortis Hospotel Limited	79,890.00	-

Notes:

1) As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.

2) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 29 (d) (ii), (vi) and (vii) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

3) Amount shown is inclusive of perquisites (including ESOP exercise, if any), employer's contribution to provident fund and excluding reimbursement of expenses.

4) The Company had provided guarantee to RHT Health Trust group of companies (comprising of International Hospitals Limited, Escorts Heart Super Speciality Company Limited and Fortis Health Management Limited) and Fortis Hospotel Limited as per terms of HMSA. During the previous year, after acquisition of 100% holding in RHT Health Trust group of companies and Fortis Hospotel Limited, the Company has cancelled all the bank guarantees.

7. Leases

(a) *As a lessee*

(i) The Company leases many assets including Land, Buildings and Medical equipment. Information about leases for which the Company is a lessee is presented below.

(` in lacs)

Right-of-use assets	Buildings	Medical Equipment	Total
Gross carrying amount			
As at April 1, 2019	-	-	-
Recognition on adoption of Ind AS 116 Leases	65,071.29	8.19	**65,079.48**
Amount transferred from Capital work-in-progress	1,862.20	-	**1,862.20**
Additions to right-of-use assets	-	-	-
As at March 31,2020	**66,933.49**	**8.19**	**66,941.68**
Accumulated amortization			
As at April 1, 2019	-	-	-
Charge for the year	7,110.86	3.78	**7,114.64**
Carrying value			
As at March 31,2020	**59,822.63**	**4.41**	**59,827.04**

Lease Liabilities	As at March 31, 2020 (` in lacs)
Maturity analysis - contractual undiscounted cash flows	
Less than one year	11,099.20
One to five years	47,680.31
More than five years	50,248.36
Total undiscounted lease liabilities at March 31, 2020	**109,027.87**
Lease Liabilities included in the Balance Sheet as at March 31, 2020	
Current	4,367.27
Non-current	59,768.38

Amounts recognised in Statement of Profit and Loss	Year ended March 31 2020 (` in lacs)
Interest on lease liabilities	7,344.18
Variable lease payments not included in the measurement of lease liabilities	5,231.92
Expenses relating to short-term leases and leases of low-value assets	143.14

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Amounts recognised in Statement of Cash Flow	Year ended March 31 2020 (` in lacs)
Cash outflow for leases	3,387.95
Interest on lease liabilities (included in finance cost paid)	7,344.18
Total cash outflow for leases	10,732.13

Variable lease payment based on sales

Some leases of clinical establishments (Land, Building and Medical equipment) contain variable lease payments that are based on sales that the Company makes at the respective hospital. Variable rental payments for the year ended 31 March 2020 were as follows:

(` in Lacs)

Particulars	Variable payments	Estimated annual impact on rent of a 1% increase in sales
Lease with lease payment based on sales	4,979.67	49.97

(ii) Assets taken on operating lease (Disclosure under IND AS 17 - Leases):

The total lease payments in respect of such leases recognised in the Statement of Profit and Loss for the year ended March 31, 2019 are ` 1,026.34 lacs.

The total future minimum lease payments under the non-cancellable operating leases are as under:

Particulars	As at March 31, 2019 (` in Lacs)
Minimum lease payments:	
Not later than one year	516.59
Later than one year but not later than five years	43.05

(iii) Assets taken on financial lease (Disclosure under IND AS 17 – Leases):

The Company has taken building on financial lease. The total finance charges paid in respect of such lease recognize in the Statement of Profit and Loss during the year is ` 305.15 lacs as at March 31, 2019. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(` in lacs)

Particulars	March 31, 2019	
	Minimum Lease Payments	Present value
Not later than one year	251.57	115.28
Later than one year but not later than five years	1,155.53	374.39
Later than five years	7,254.50	2,313.38
Total minimum lease payments	**8,661.60**	**2,803.05**
Less: amounts representing finance charges	5,858.55	-
Present value of minimum lease payments	**2,803.05**	**2,803.05**
Current	-	115.28
Non-Current	-	2,687.77

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(b) ***As a lessor***

(i) Assets given on operating lease:

The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. The total lease income received / receivable in respect of the above leases recognised in the Statement of Profit and Loss for the year are ` 19.14 lacs (March 31, 2019 ` 66.58 lacs).

The Company has also leased out certain property, plant and equipment on operating lease to a trust managing hospital operations. The lease term is for 3 years and thereafter renewable at the option of the lessor. The total lease payment received in respect of such leases recognised in the statement of profit and loss for the year are ` 631.78 lacs (March 31, 2019 ` 637.52 lacs).

The details of the capital assets given on operating lease are as under:

(` in lacs)

	Plant and machinery	Medical equipment	Furniture and fittings	Computers	Office equipment	Vehicles	Total
As at March 31, 2020							
Cost or deemed cost	96.66	4,276.89	129.28	22.98	10.10	15.70	**4,551.61**
Accumulated Depreciation	96.66	2,806.58	129.25	22.98	10.10	15.13	**3,080.70**
Carrying Value	-	1,470.31	0.03	-	-	0.57	**1,470.91**

(` in lacs)

	Plant and machinery	Medical equipment	Furniture and fittings	Computers	Office equipment	Vehicles	Total
As at March 31, 2019							
Cost or deemed cost	96.66	4,131.20	129.28	50.93	10.10	15.70	**4,433.87**
Accumulated Depreciation	96.66	2,740.56	129.22	50.93	10.10	13.63	**3,041.10**
Carrying Value	-	1,390.64	0.06	-	-	2.07	**1,392.77**

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

Particulars	**As at March 31, 2020 (` in lacs)**	**As at March 31, 2019 (` in lacs)**
Minimum lease payments:		
Not later than one year	646.24	652.64
Later than one year but not later than five years	161.56	815.80

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

8. Borrowings

(i) Secured Loans

(` in lacs)

Particulars	Note	March 31, 2020 Non-Current	March 31, 2020 Current	March 31, 2019 Non-Current	March 31, 2019 Current
Term loan from Bank – HDFC Bank	(a)	-	-	-	1,494.76
Term loan from Bank - Yes Bank	(b)	-	-	31,323.94	1,275.70
Bank overdraft	(c)	-	8,375.57		3,098.45
Term loan from a body corporate	(d)	-	-	648.10	143.28
Loan from Bank – Yes Bank	(c)	-	-	-	2,000.00
Loan from Bank – Yes Bank	(f)	-	-	-	15,000.00
Loan from Bank – Citi Bank & affiliates	(e)	-	-	-	90,000.00
Term Loan from Bank – HSBC Bank Limited	(g)	62,088.20	1,462.57	-	-
Vehicle Loan from Kotak Mahindra Prime Limited	(h)	46.57	15.39	-	-
Total		**62,134.77**	**9,853.53**	**31,972.04**	**113,012.19**

(a) Secured by a first pari-passu charge by way of hypothecation of the Company's movable fixed assets with contractual rate of interest being HDFC Bank Base Rate of the bank plus 0.85% p.a., payable monthly. The loan is repayable in 52 structured monthly instalments and current effective average rate of interest is 10.15 % p.a. (Previous year 10.15% p.a.). During the current year the loan has been fully repaid. (Balance outstanding as at March 31, 2019 was ` 1,494.76 lacs).

(b) Term loan from Yes Bank includes the following loan:

i. Loan of ` 3,049.16 lacs as at March 31, 2019 is secured by hypothecation on invoices and insurance copies of medical equipment with contractual rate of interest being 0.50% p.a. over and above yearly MCLR, payable monthly. The loan is repayable in 26 structured quarterly instalments and current effective average rate of interest is 9.80 % p.a. (Previous year 9.80% p.a.). During the current year the loan has been fully repaid.

ii. During the previous year, the Company has taken loan for ` 30,431.00 lacs which is secured against first pari-pasu charge on movable fixed assets; first pari-passu charge on current assets; pledge up to 30% equity shares of Fortis Hospitals Limited, Hiranandani Healthcare Private Limited, Escorts Heart Institute & Research Centre Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited; pledge on entire shareholding of Fortis Group in Lanka Hospitals Corporation Plc subject to regulatory approvals; extension of first pari-pasu charge on land and building of hospitals in Ludhiana & Vasant Vihar; mortgage over land and building of identified hospital for YBL facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility (from immoveable and moveable assets); and negative lien along with submission of title deed of Escorts Heart Institute, Delhi. The loan is repayable in 48 structured quarterly instalments and current effective average rate of interest is 10.36 % p.a. (Previous year 12.86% p.a.). During the current year the loan has been fully repaid. (Balance outstanding as at March 31, 2019 was ` 29,550.48 lacs).

(c) The Company has an overdraft facility from Standard Chartered Bank having limit of ` 4,000 lacs, secured by pari-passu charge over moveable fixed assets at Mohali hospital and current assets of the Company with rate of interest being base rate plus margin, as may be agreed from time to time. The current effective average rate of interest is 11.25% p.a. (Previous year 11.25% p.a.). As on March 31, 2020, the outstanding balance of overdraft is Nil.

The Company has an overdraft facility/ working capital facility from Yes bank with overdraft limit of ` 5,000.00 lacs and secured by exclusive charge on 30% shares of Fortis Hospitals Limited, pari-passu charge over moveable fixed assets of the Company, current assets of the Company and exclusive charge on the land and building of hospitals of Ludhiana and Vasant Vihar with rate of interest being MCLR plus margin, as may be agreed from time to time. The current effective average rate of interest is 9.85% p.a. (Previous year 10.48% p.a.). During the current year the working capital loan has been fully repaid.

During the current year, the Company has availed new overdraft facility from HSBC Bank Limited with overdraft limit of ` 10,000 lacs (two overdraft limits of ` 5,000 lacs each), secured by exclusive charge on the fixed assets (immovable) of Company, Escorts Heart and Super Speciality Hospital Limited, International Hospital Limited, Hospitalia Eastern Private Limited, Fortis Hospotel Limited with minimum assets cover of 1.33X basis cumulative property value of assets of such entities. Further, overdraft facility is secured by first pari passu charge on the current assets and movable fixed assets of the borrower (Company) and corporate guarantee from Escorts Heart Institute and Research Centre Limited, International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Hospitals Limited and Fortis Hospotel Limited with rate of interest being HSBC overnight MCLR +70 bps payable monthly or any other rate as may be agreed from time to time. As on March 31, 2020, the outstanding balance of overdraft is ` 8,375.57 lacs.

(d) Term loan of ` 791.38 lacs as at March 31, 2019 for purchase of medical equipment is secured by exclusive charge by way of hypothecation of that medical equipment having rate of interest of 7.78% p.a., payable monthly. The loan is repayable in 84 structured monthly instalments. The current effective average rate of interest is 12.86 % p.a. (Previous year 12.86% p.a.). During the current year the loan has been fully repaid.

(e) Short-term loan has been taken for ` 110,000 lacs to repay non-convertible debentures holders at RHT Health Trust. The loan is secured by pledge over Fortis' designated dividend account opened overseas for the purpose of receiving dividend of RHT. The loan is repayable within 6 months carrying rate of interest of 9% p.a. During the current year the loan has been fully repaid. (Balance outstanding as at March 31, 2019 was ` 90,000 lacs).

(f) Short-term loan has been taken for ` 15,000 lacs for meeting day to day working capital requirements. The loan is secured against first pari-pasu on movable fixed assets, first pari-pasu charge on current assets, pledge up to 30% equity shares of Fortis Hospitals Limited, Hiranandani Healthcare Private Limited, Escorts Heart Institute & Research centre Limited, Fortis Hospotel Limited and Fortis Malar Hospitals Limited, pledge over entire shareholding of Fortis Group in Lanka Hospitals Corporation Plc subject to regulatory approvals, extension of first pari-pasu charge on land and building of hospitals in Ludhiana & Vasant Vihar, mortgage over land and building of identified hospital for YBL facilities upon unwinding of RHT structure in order to ensure cover of 1.33X on this facility (from immoveable & moveable assets), negative lien along with submission of title deed of Escorts Heart Institute, Delhi and was repayable in a single instalment on October 10, 2019. The rate of interest is 11.20% p.a. (Previous year 11.20% p.a.). During the current year the loan has been fully repaid. (Balance outstanding as at March 31, 2019 was ` 15,000 lacs).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(g) During the current year, the Company has taken term loan for ` 64,483.00 lacs secured by exclusive charge on the fixed assets (immovable) with minimum assets cover of 1.33X basis cumulative property value of assets secured by entities (Escorts Heart and Super Speciality Hospital Limited, International Hospital Limited, Hospitalia Eastern Private Limited, Fortis Hospotel Limited), corporate guarantee from Escorts Heart Institute and Research Centre Limited, International Hospital Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited, Fortis Hospitals Limited and Fortis Hospotel Limited and first pari passu charge on the current assets and movable fixed assets of the borrower (Company) with rate of interest being MCLR i.e. 8.10% plus 50 bps with quarterly reset linked to 3 month MCLR or any other rate as may be mutually agreed from time to time. Out of total term loan ` 64,483.00 lacs taken, ` 30,000.00 lacs is repayable in 5 years in 3 equal instalments from the end of 3rd year, ` 2,503.00 lacs is repayable in 6 years with put/call option at end of 18 months and annually thereafter, ` 29,480.00 lacs is repayable in 11 years with put/call option at end of 18 months and annually thereafter, ` 2,500.00 lacs are repayable in 7 years with 1 year moratorium in 24 equal quarterly instalments. As on March 31, 2020, the outstanding balance of term loans are ` 63,550.77 lacs.

(h) During the current year, the Company has taken vehicle loan for ` 68.26 lacs from Kotak Mahindra Prime Limited with current average rate of interest of 9.27% p.a. The loan is repayable in 48 structured monthly instalments. As on March 31, 2020, the outstanding balance of vehicle loan is ` 61.96 lacs.

(ii) Unsecured Loans

(` in lacs)

Particulars	Note	March 31, 2020 Non-Current	March 31, 2020 Current	March 31, 2019 Non-Current	March 31, 2019 Current
Lease liabilities	7	59,768.38	4,367.27	2,687.77	115.28
Total		**59,768.38**	**4,367.27**	**2,687.77**	**115.28**

9. Commitments:

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Estimated amount of contracts remaining to be executed on capital account [net of capital advances of ` 63.08 lacs (as at March 31, 2019 ` 20.98 lacs)]	1,698.61	373.35

a. Going concern support in form of funding and operational support letters issued by the Company in favour of FLFL, FCCL, Fortis C-Doc Healthcare Limited, FHMEL, LHPL, FESL, FHIL, FGHML, FHIPL, FAHPL, Birdie & Birdie Realtors Private Limited, FHsL & EHIRCL.

b. As part of Sponsor Agreement entered between The Trustee-Manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (collectively for International Hospital Limited, Fortis Hospotel Limited, Escorts Heart and Super Specialty Hospitals Limited and Fortis Health Management Limited) (collectively referred as 'Indemnified parties') with the Company, the Company has undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible

Debentures (OCDs) in the hands of the Hospital service Companies. Accordingly, Company has accrued ` 205.03 lacs (as at March 31, 2019 ` 205.03 lacs) as provision for contingency. For commitment under sponsor agreement entered between the trustee-manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (Collectively referred as 'Indemnified Parties') with the Company.

c. The company does not have any long-term commitments or material non-cancellable contractual commitments/ contracts, including derivative contracts for which there were any material foreseeable losses.

d. These were no amount which were required to be transferred to be the investor education and protection fund by the company.

10. Hospital service and management fees

The company has entered into separate Hospital and Medical Service Agreement (HMSA) with Escorts Heart Super Specialty Company Limited (wholly owned fellow subsidiary w.e.f. January 15, 2019) and Fortis Hospotel Limited (wholly owned subsidiary w.e.f. January 15, 2019) wherein these companies provide and maintain the clinical establishments along with other service like out-patient diagnostics and radio diagnostic to the Company (together known as Clinical establishments).

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

The total of future minimum Hospital and Medical Service fees over remaining non-cancelable period payable in form of the base fees is as under:

Particulars	As at March 31, 2019 (` in lacs)
Minimum lease payments:	
Not later than one year	9,451.70
Later than one year but not later than five years	37,806.79
Later than five years	39,924.60

The Company had also provided guarantee to RHT Health Trust group of companies (comprising of International Hospitals Limited, Escorts Heart Super Speciality Company Limited and Fortis Health Management Limited) and Fortis Hospotel Limited as per terms of HMSA. The Bank Guarantees which had been provided by the Company in favor of RHT Health Trust group of companies and Fortis Hospotel Limited for the financial year ended 31 March 2018, expired on the 30 April 2018, and are renewed. During the previous year, after acquisition of 100% holding in RHT Health Trust group of companies and Fortis Hospotel Limited, the Company has cancelled all the Bank Guarantees.

For disclosure for current year ended 31 March 2020, refer note 7.

11. Contingent liabilities to the extent not provided for:

A. Guarantees:

Outstanding guarantees furnished to banks on behalf of the subsidiary companies are ` 127,325.00 lacs (Previous year ` 167,710.00 lacs). The Company has determined the fair value of guarantees given to subsidiary companies. (Refer note 5(v)).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

B. Claims against the Company, disputed by the Company, not acknowledged as debt (In addition, refer claims assessed as contingent liability described in Note 12 and 35 below):

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Income tax	4,224.41	1,779.08
Medical related	5,038.67	4,611.37
VAT	3,621.17	3,621.16
Customs	-	12.00
Service Tax and GST	559.00	559.82
Grand Total	**13,443.25**	**10,583.43**

(i) On 28 February 2019, a judgment of the Supreme Court of India interpreting certain statutory defined contribution obligations of employees and employers (the "India Defined Contribution Obligation") altered historical understandings of such obligations, extending them to cover additional portions of the employee's income to measure obligations under employees Provident Fund Act, 1952. There is significant uncertainty as to how the liability should be calculated as it is impacted by multiple variables, including the period of assessment, the application with respect to certain current and former employees and whether interest and penalties may be assessed. The Company has been legally advised not to consider that there is any probable obligations for periods prior to date of aforesaid judgment.

(ii) In relation to a judgement passed by Hon'ble Supreme Court of India on January 29, 2016, Central Government constituted a Committee to make recommendations for improvement of working conditions and pay of nurses in private hospitals and nursing homes which could be implemented by way of legislation. The Committee constituted by Ministry of Health and Family Welfare, Government of India made certain recommendations and pursuant thereto Government of NCT of Delhi passed an order dated June 25, 2018 directing all private hospitals /nursing homes in Delhi to comply with the recommendations of the Committee and submit compliance report. Said order was challenged by Association of Healthcare Providers (India) ("AHPI") on behalf of its members including the Company by filing a Writ Petition before Hon'ble High Court of Delhi which was dismissed vide order dated July 24, 2019. Subsequently, AHPI has appealed against the order dated July 24, 2019 before division bench of Delhi High Court which is pending adjudication. The impugned orders and the pending proceedings pertain to all hospitals and nursing homes in Delhi. The Company has informed AHPI that it is in compliance of the applicable Minimum Wages Act. Based on advice from external counsels, Company believes that it has a good case on merits and the order dated June 25, 2018 passed by Government of NCT of Delhi in all likelihood will not adversely financially impact the Company.

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

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

12. Claims assessed as contingent liability and not provided for, unless otherwise stated:

A party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited ('FHsL')) ("Plaintiff" or "Assignee") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and has, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree alleging that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') between the Company and a third party, the Company is liable for claims owed by the Plaintiff to the third Party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favor of any other party, affecting the interest of the Plaintiff shall be subject to orders passed in the said suit (also refer note 29).

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the third Party. The matter is pending adjudication before District Court, Delhi. This third Party has approached Delhi High Court for seeking certain interim reliefs against the Company under the provisions of The Arbitration and Conciliation Act, 1996. This third party had also filed a claim for damages and injunctive reliefs against the Company before International Chamber of Commerce (ICC). The Company has invited the attention of ICC to the aforesaid pending litigations before various Courts and non-maintainability of claim raised by said third party. Proceedings before Delhi High Court have been withdrawn by Third Party on February 24, 2020. Further, arbitration before ICC has also been withdrawn by Third Party on February 23, 2020 and the same has been closed by ICC on February 28, 2020.

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

Separately, the third party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well. Subsequently, an application has also been filed in the civil suit, seeking substitution of its name in place of Plaintiff / Assignee .

Allegations made by the third Party have been duly responded to by the Company denying (i) execution of any binding agreement with the Party and (ii) liability of any kind whatsoever.

During the year ended March 31, 2019, the Party also filed an application for being impleaded as party to the Civil Suit by the Plaintiff. The matter is pending adjudication before District Court, Delhi.

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

13. Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and then directors of the Company/ its subsidiaries and erstwhile Holding company. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

As at March 31, 2020, the following schemes were in operation:

Particulars	Date of grant	Date of Board Approval	Date of Shareholder's approval	Number of options granted	Vesting Period	Exercise Period up to
Grant III	14-Jul-09	30-Jul-07	27-Sep-07	763,700	July 14, 2010 to July 13, 2014	13-Jul-19
Grant IV	1-Oct-10	30-Jul-07	27-Sep-07	1,302,250	October 1, 2011 to September 30, 2015	30-Sep-20
Grant VII	10-Jun-13	12-Aug-11	19-Sep-11	3,715,000	June 20, 2013 to June 09, 2016	9-Jun-20
Grant IX	June 01, 2015	August 12, 2011	September 19, 2011	100,000	Jun 01, 2015 to May 31, 2018	May 31, 2022
Grant XI	4-Aug-17	August 12, 2011	September 19, 2011	2,500,000	Aug 04, 2017 to Aug 04, 2018	August 4, 2022

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2020		March 31, 2019	
	Number of options	Weighted Average Exercise Price (` in lacs)	Number of options	Weighted Average Exercise Price (` in lacs)
Outstanding at the beginning of the year	2,756,550	162.04	3,839,650	164.38
Forfeited during the year	2,594,400	162.70	79,500	158.00
Exercised during the year	3,200	77.00	1,003,600	97.33
Outstanding at the end of the year	158,950	152.94	2,756,550	162.04
Exercisable at the end of the year	158,950	152.94	2,756,550	162.04

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2020	March 31, 2019
Range of exercise prices	` 91.00 to 158.00	` 50.00 to 163.30
Number of options outstanding	158,950	2,756,550
Weighted average remaining contractual life of options (in years)	0.48	3.19
Weighted average fair value of options granted (in `)	56.66	68.76
Weighted average exercise price (in `)	152.94	162.04

Stock Options granted

There have been no grants made in the current year by the Company. The Black - Scholes valuation model has been used for computing the weighted average fair value for options exercised during the year considering the following inputs:

Particulars	March 31, 2020	March 31, 2019
Exercise Price	` 77.00	` 50.00 to ` 163.30
Expected Volatility	66.24%	6.42% to 34%
Life of the options granted (Vesting and exercise period) in years	7 years	2 years to 7 years
Average risk-free interest rate	7.50%	7.31% to 8.70%

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

On the date of transition to Ind AS (i.e. 1 April 2015), the Company had opted for optional exemption available under Ind AS 101 'First time adoption' and not recorded any stock option outstanding account for the options fully vested as at transition date.

Note:

1. During the year, the Company has recognised expense in relation to employee stock option plan of ` Nil (Previous year ` 336.66 lacs).
2. In respect of fully vested option forfeited during the year, amount aggregating to ` 2,545.67 lacs (Previous year ` 127.58 lacs) has been transferred to general reserve.
3. In respect of fully vested options exercised during the year, amount aggregating to ` 2.14 lacs (Previous year 511.20 lacs) has been transferred to general reserve.

14. Employee Benefits Plan:

Defined Contribution Plan

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

The Company recognised ` 163.46 lacs (Previous year ` 82.60 lacs) for Provident Fund and Employee State Insurance Contribution in the Statement of Profit and Loss. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

Defined Benefit Plan

(i) Gratuity

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
i. Movement in Net Liability		
Present value of obligation at the beginning of the year	1,396.74	1,365.54
Current service cost	193.84	200.24
Interest cost	100.39	93.71
Amount recognised to OCI	22.13	(34.45)
Obligation transferred from subsidiary	45.57	3.87
Benefits paid	(116.46)	(231.17)
Present value of obligations at the end of the year	**1,642.21**	**1,396.74**

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Present value of unfunded obligation		
Amounts in the Balance Sheet		
(a) Liabilities	1,642.21	1,396.74
(b) Assets	-	-
(c) Net liability/(asset) recognised in the Balance Sheet	**1,642.21**	**1,396.74**
Current Liability	247.07	246.27
Non-Current Liability	1,395.14	1,150.47

	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
ii. Expense recognised in Statement of Profit and Loss is as follows:		
Amount recognised in employee benefit expense		
Service cost	193.84	200.24
Past Service Cost	-	-
Total	**193.84**	**200.24**
Amount recognised in finance cost		
Interest cost	100.39	93.71
Total	**100.39**	**93.71**
Total Amount charged to Statement to Profit and Loss	**294.23**	**293.95**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
iii. Expense recognised in Statement of Other comprehensive income is as follows:		
Net actuarial loss / (gain) due to experience adjustment recognised during the year	(86.38)	(34.45)
Net actuarial loss / (gain) due to assumptions changes recognised during the year	108.51	-
Total	**22.13**	**(34.45)**

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

	As at March 31, 2020	As at March 31, 2019
Principal Actuarial assumptions for gratuity and compensated absences		
Discounting rate (p.a.)	6.75%	7.50%
Expected salary increase rate (p.a.)	7.50%	7.50%
Withdrawal rate		
Age up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Experience (gain)/loss adjustments on plan liabilities	22.13	(34.45)

Notes:

a) The estimates of future salary increase, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

b) Significant actuarial assumption for the determination of the defined obligation are discount rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

(` in lacs)

Particulars	As at March 31, 2020		As at March 31, 2019	
	Increase	Decrease	Increase	Decrease
Change in discount rate by 0.5%	73.75	79.80	59.95	64.98
Change in salary increase rate by 1%	163.55	142.35	134.21	116.38
Change in withdrawal rate by 5%	51.16	54.03	16.21	15.56

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Expected benefit payments for the future years

(` in lacs)

Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024	Year ended March 31, 2025 to year ended March 31, 2029
89.45	91.52	124.57	110.48	1,182.18

(ii) Provident Fund:

The Company makes monthly contributions to provident fund managed by trust for qualifying employees. Such contributions for the year ended March 31, 2020 are ` 670.14 lacs (Previous year ` 659.80 lacs). Under the scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. As per Ind AS 19 on "Employee Benefits", employer established provident fund trusts are treated as defined benefit plans, since the Company is obliged to meet interest shortfall, if any, with respect to covered employees.

Assumptions:	March 31, 2020	March 31, 2019
Discount rate (p.a.)	6.75% p.a.	7.50% p.a.
Expected return on exempt fund	8.50% p.a.	8.80% p.a.
Expected EPFO return	8.50% p.a.	8.65% p.a. for first year
		8.60% p.a. thereafter
Mortality rate	Indian Assured Lives Mortality (2006-08) Ultimate	Indian Assured Lives Mortality (2006-08) Ultimate

Withdrawal Rate (for March 31, 2020 and March 31, 2019)

Unit	Withdrawal Rate
Fortis Emergency Services Limited	Ages From 20 - 30 - 12.50%;
	Ages From 31 - 58 - 15.00%
Others	Ages From 20 - 30 - 18.00%;
	Ages From 31 - 44 - 6.00%;
	Ages From 45 - 58 - 2.00%

The assessed actuarial liability in respect of future anticipated shortfall is as follows:

Assets / Liabilities	March 31, 2020 (` in lacs)	March 31, 2019 (` in lacs)
Defined Benefit Obligation (DBO)	13,616.50	11,953.10
Fair Value of Plan Assets (FVA)**	14,131.87	12,296.24
Funded status {Surplus/(Deficit)}	**515.37**	**343.14**

The Defined Benefit Obligation as at 31 March 2019 and 31 March 2020 includes obligation in respect of Interest Guarantee Shortfall in future. The obligation for Interest Guarantee Shortfall as at 31 March 2019 is ` 111.71 lacs and as at 31 March 2020 ` 213.83 lacs.

**The Fair Value of Assets as at 31 March 2019 represent the book value of assets and the Fair Value of Assets as at 31 March 2020 represents the market value of assets.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Asset allocation as at March 31, 2020

Asset Category	Percentage
Government of India Securities (Central and State)	52.79%
High quality corporate bonds (including Public Sector Bonds)	40.44%
Cash (including Special Deposits)	1.39%
Mutual Funds	5.38%
Total	**100.00%**

15. Financial Instruments

i) Capital Management

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 5(xvi), 5(xvii) and 5(xix) offsets by cash and bank balances) and total equity of the company.

The Company is not subject to any externally imposed capital requirements other than for covenants under various loan arrangements of the Company.

The Company's Board reviews the capital structure of the Company on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital.

Gearing ratio

The gearing ratio at end of the reporting period was as follows:

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Debt*	136,360.56	148,391.51
Less: Cash and cash equivalents [Refer note 5(xiii)(a)]	(333.73)	(1,213.55)
Net debt	136,026.83	147,177.96
Total equity	887,646.96	836,323.95
Net debt to equity ratio	**15.32%**	**17.60%**

*Debt is defined as long-term and short-term borrowings (including interest accrued and due on borrowings and excluding derivative, financial guarantee contracts and contingent consideration). Previous year amounts are not comparable to the extent of lease liability recognised on account of Ind AS 116 Leases.

(ii) Financial risk management objectives

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

The Board of Directors manages the financial risk of the Company through internal risk reports which analyze exposure by magnitude of risk. The Company has limited exposure from the international market as the Company's operations are in India. However, the Company has limited exposure towards foreign currency risk it earns less than 10% of its revenue from foreign currency from international patients. Also,

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Company has not taken any derivative contracts to hedge the exposure. However, the exposure towards foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign currency.

Market Risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

a) Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters

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

Particulars		As at March 31, 2020		As at March 31, 2019	
		FC in lacs	Equivalent ` in lacs	FC In lacs	Equivalent ` in lacs
Trade payables	USD	0.52	39.52	1.06	73.37
Loans given to subsidiary (including interest accrued thereon)	USD	-	-	3.89	269.50
Trade receivables	USD	1.34	101.16	5.55	384.51

Foreign currency sensitivity analysis

The company is mainly exposed to USD currency.

The following table details the company's sensitivity to a 5% increase and decrease in the ` against USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. A positive number below indicates an increase in profit or equity where the `. strengthens 5% against USD. For a 5% weakening of the ` against USD, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(` in lacs)

If increase by 5%	Currency Impact USD	
Particulars	As at March 31, 2020	As at March 31, 2019
Increase / (decrease) in profit or loss for the year	3.08	2.90

If decrease by 5%	Currency Impact USD	
Particulars	As at March 31, 2020	As at March 31, 2019
Increase / (decrease) in profit or loss for the year	(3.08)	(2.90)

b) Interest rate risk management

The Company is exposed to interest rate risk because Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the reporting period. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the reporting period was outstanding for the whole year. A 50-basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

If increase by 50 basis point	Interest impact	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	(` in lacs)	(` in lacs)
Increase / (decrease) in profit or loss for the year	(359.94)	(348.86)

If decrease by 50 basis point	Interest impact	
Particulars	Year ended March 31, 2020	Year ended March 31, 2019
	(` in lacs)	(` in lacs)
Increase / (decrease) in profit or loss for the year	359.94	348.86

c) Other price risks

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

d) Credit risk management

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

Refer note 5(vi) of the standalone financial statements for carrying amount and maximum credit risk exposure for trade receivables.

Expected credit loss on financial assets other than trade receivables:

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
Balance at the beginning of the year	5,015.47	4,908.68
Loss allowance recognised	12,876.59	106.79
Balance at the end of the year	17,892.06	5,015.47

e) Liquidity risk management

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

Liquidity and interest risk tables

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

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

(` in lacs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2019					
Lease liabilities	251.58	279.23	8,130.78	8,661.59	2,803.05
Short term loan from Bank	117,004.00	-	-	117,004.00	107,000.00
Term loan	3,296.73	1,868.59	30,756.02	35,921.33	34,885.78
Bank Overdraft	3,098.45	-	-	3,098.45	3,098.45
Trade payables	19,550.16	-	-	19,550.16	19,550.16
Security Deposit	10.09	-	-	10.09	10.09
Interest accrued and due on borrowings	604.23	-	-	604.23	604.23
Capital creditors	225.33	-	-	225.33	225.33
Technology renewal fund	49.91	-	-	49.91	49.91
Payable to related parties	2,259.93	-	-	2,259.93	2,259.93
Employee payable	693.53	-	-	693.53	693.53
Other Liabilities	166.63	-	-	166.63	166.63
Corporate guarantee Liability	115.79	-	-	115.79	115.79
Total	**147,326.36**	**2,147.82**	**38,886.80**	**188,360.97**	**171,462.88**

The above table does not include any effect of the covenants as per the loan agreement.

(` in lacs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2020					
Lease liabilities	11,107.73	11,387.02	86,543.07	109,037.82	64,135.65
Term loan	7,071.46	34,919.20	35,367.79	77,358.45	63,612.73
Bank Overdraft	8,375.57	-	-	8,375.57	8,375.57
Trade payables	21,208.62	-	-	21,208.62	21,208.62
Security Deposit	2.76	-	-	2.76	2.76
Interest accrued and due on borrowings	236.61	-	-	236.61	236.61
Capital creditors	2,931.21	-	-	2,931.21	2,931.21
Technology renewal fund	77.91	-	-	77.91	77.91
Payable to related parties	3,801.36	-	-	3,801.36	3,801.36
Employee payable	880.20	-	-	880.20	880.20
Other Liabilities	171.80	-	-	171.80	171.80
Corporate guarantee Liability	344.95	-	-	344.95	344.95
Total	**56,210.18**	**46,306.22**	**121,910.86**	**224,427.26**	**165,779.37**

16. Fair value measurement

Financial assets measured at amortised cost

31 March 2020 (` in lacs)

Particulars	Note	Carrying value*			Fair value measurement using*
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	Level 3
Financial assets					
Investment in non-convertible bonds of subsidiary	(b)	-	108,023.84	108,023.84	-
Loans (Non-current)	(b)	-	99,132.47	99,132.47	-
Other financial assets (Non-current)	(b)	-	115.17	115.17	-
Trade receivables	(a)	-	8,134.86	8,134.86	-
Cash and cash equivalents	(a)	-	333.73	333.73	-
Other bank balances	(a)	-	60.99	60.99	-
Loans (current)	(a)	-	1,800.38	1,800.38	-
Other financial assets (current)	(a)	-	23,571.52	23,571.52	-
Total		**-**	**241,172.96**	**241,172.96**	**-**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(` in lacs)

Particulars	Note	Carrying value*			Fair value measurement using*
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	Level 3
Financial Liabilities					
Borrowings	(c)	-	62,134.77	62,134.77	-
Borrowings (current)	(a)	-	8,375.57	8,375.57	-
Lease liabilities	(d)	-	59,768.27	59,768.27	-
Lease liabilities (current)	(d)	-	4,367.27	4,367.27	-
Trade payables (current)	(a)	-	21,208.62	21,208.62	-
Other financial liabilities (non current)	(a)	-	289.22	289.22	-
Other financial liabilities (current)	(a)	-	9,635.54	9635.54	
Total		**-**	**165,779.26**	**165,779.26**	

31 March 2019 (` in lacs)

Particulars	Note	Carrying value*			Fair value measurement using*
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	Level 3
Financial assets					
Investment in non-convertible bonds of subsidiary	(b)	-	111,189.08	111,189.08	-
Loans (Non-current)	(b)	-	98,347.20	98,347.20	-
Other financial assets (Non-current)	(b)	-	512.83	512.83	-
Trade receivables	(a)	-	8,365.59	8,365.59	-
Cash and cash equivalents	(a)	-	1,213.55	1,213.55	-
Other bank balances	(a)	-	2,059.48	2,059.48	-
Loans (current)	(a)	-	3,015.98	3,015.98	-
Other financial assets (current)	(a)	-	20,190.72	20,190.72	-
Total		**-**	**244,894.43**	**244,894.43**	**-**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(` in lacs)

Particulars	Note	Carrying value*			Fair value measurement using*
		Fair value through profit and loss (FVTPL)	Amortized cost	Total	Level 3
Financial Liabilities					
Borrowings	(c)	-	34,659.81	34,659.81	-
Borrowings (current)	(a)	-	110,098.45	110,098.45	-
Trade payables (current)	(a)	-	19,550.16	19,550.16	-
Other financial liabilities (current)	(a)	-	7,039.18	7,039.18	-
Total		**-**	**171,347.60**	**171,347.60**	-

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

(a) Fair valuation of financial assets and liabilities with short term maturities is considered as approximate to respective carrying amount due to the short-term maturities of these instruments.

(b) Fair valuation of non-current financial assets has been disclosed to be same as carrying value as there is no significant difference between carrying value and fair value.

(c) The Company's borrowings have been contracted at floating rates of interest, which resets at short intervals. Accordingly, the carrying value of such borrowings (including interest accrued but not due) approximates fair value.

(d) Fair value of lease liabilities is estimated by discounting future cash flows using current rates (applicable to instruments with similar terms, currency, credit risk and remaining maturities) to discount the future payouts.

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

There are no transfers between Level 1, Level 2 and Level 3 during the year ended March 31, 2020 and March 31, 2019.

*excludes investment in subsidiaries of ` 720,148.92 lacs (Previous year ` 719,803.97 lacs) which are shown at cost in balance sheet as per Ind AS 27 "Separate Financial Statements".

*There are no financial instruments measured at fair value through Other Comprehensive Income. Similarly, there are no financial instruments which are valued under category Level 1 and Level 2.

Financial instruments measured at amortized cost

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

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

18. Exceptional items

(a) Allowance of ` 6.00 lac (Previous year ` 57.73 lacs) recognised for doubtful towards amount recoverable from Fortis La Femme Limited due to inability to pay by the subsidiary.

(b) The Company has an investment aggregating to ` 15,105.47 lacs in Fortis Healthcare International Limited and ` 71,919.75 lacs in Escorts Heart Institute and Research Centre Limited which are wholly owned subsidiaries.

During the current year the management based on its impairment test and considering the recoverable value of these investment, the Company has recognised impairment loss of ` 2,507.90 lacs and ` 10,348.67 lacs as doubtful towards amount invested in Fortis Healthcare International Limited and Escorts Heart Institute and Research Centre Limited respectively.

The recoverable amount of these investments is based on value-in-use calculations which uses discounted cash flow projections and Earnings before Interest, Depreciation and Amortization ("EBITDA") multiple for one step-down investment. The fair value measurement has been categorized as Level 3 fair value based on the inputs to the valuation technique used.

The key assumptions used in estimating the recoverable amount of investments in Escorts Heart Institute and Research Centre Limited are as set out below.

Particulars	31 March, 2020
Discount rate	12.70%
Terminal value growth rate	4.00%
Compound average net sales growth rate	6.85%
EBITDA multiple	9.2

The key assumptions used in estimating the recoverable amount of investments in Fortis Healthcare International Limited are as set out below.

Particulars	31 March, 2020
EBITDA multiple	9.2

The values assigned to the key assumptions represent management's assessment of future trends in the relevant industries and have been based on historical data from both external and internal sources. Management has identified that a reasonably possible change in the key assumptions could cause a change in amount of impairment loss/ (reversal).

The following table shows the amount by which the impairment loss/ (reversal) would change from change in these assumptions, all other factors remaining constant.

(` in lacs)

Increase/ (decrease) in impairment loss	For the year ended 31 March, 2020	
	Escorts Heart Institute and Research Centre Limited	Fortis Healthcare International Limited
Discount rate		
Increase by 0.50%	(2,540.03)	-

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(` in lacs)

Increase/ (decrease) in impairment loss	For the year ended 31 March, 2020	
	Escorts Heart Institute and Research Centre Limited	Fortis Healthcare International Limited
Decrease by 0.50%	2,855.06	-
Terminal value growth rate		
Increase by 1%	(3,821.43)	-
Decrease by 1%	3,033.51	-
EBITDA multiple		
Increase by 1X	(85.18)	(1,123.38)
Decrease by 1X	85.18	1,123.38

19. Segment information

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

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

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

Particulars	Year ended March 31, 2020 (` in lacs)	Year ended March 31, 2019 (` in lacs)
India	70,184.56	65,649.24
Outside India	-	-
Total	**70,184.56**	**65,649.24**

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

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

Particulars	As at March 31, 2020 (` in lacs)	As at March 31, 2019 (` in lacs)
India	100,201.99	40,364.26
Outside India	-	-
Total	**100,201.99**	**40,364.26**

Major customer

The Company does not derive revenue from any customer which would amount to 10 per cent or more of the Company's revenue.

20. The COVID – 19 pandemic has impacted the revenues and profitability of the Company during the quarter ended March 31, 2020 and continued subsequently with a decline in occupancy impacting significantly the hospital business revenues, profitability and cash flows. However, with a slew of cost saving measures the Company has been able to partly reduce the significant negative impact on business.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Company has a well- capitalized Balance Sheet and has managed its liquidity position via cost efficiency initiatives, better working capital management and external funding.

With the lockdown restrictions easing the Company has begun to witness signs of gradual improvement in operations but would continue to see an impact on its financials through the course of the remaining Apr-June quarter till normalization of business.

The Company has made detailed assessment of its liquidity position for the next one year and of the recoverability and carrying values of its assets comprising Property, Plant and Equipment, Intangible assets, Trade receivables, Inventory and Investments as at the reporting period and has concluded that there are no material adjustments required in the financial statements. The management has considered the possible effects that may result from COVID-19 pandemic in preparation of its financial statements. In developing the assumptions and estimates relating to the uncertainties as at the Balance Sheet date in relation to the recoverable amounts of these assets, the Company's Management has considered the global economic conditions prevailing as at the date of approval of these financial statements. The actual outcome of these assumptions and estimates may vary in future due to the impact of the pandemic.

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

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

Particulars	March 31, 2020 (` in lacs)	March 31, 2019 (` in lacs)
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal amount due to micro and small enterprises	1,372.91	484.83
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

(` in lacs)

	Fortis Hospitals Limited	Fortis Healthcare International Limited	Hiranandani Healthcare Private Limited	Fortis La Femme Limited	Escorts Heart Institute and research center limited	Total
March 31, 2020						
Amount (gross)	86,908.25	-	2,416.28	63.73	9,689.67	**99,077.93**
Provision for loan	-	-	-	(63.73)	**-**	**(63.73)**
Amount (net)	86,908.25	-	2,416.28	-	9,689.67	**99,014.20**
Maximum Amount Outstanding	111,913.25	254.22	2,416.28	63.73	12,039.67	**126,687.15**
March 31, 2019						
Amount (gross)	97,195.91	254.22	868.00	57.73	1,065.00	**99,440.86**
Provision for loan	-	-	-	(57.73)	**-**	**(57.73)**
Amount (net)	97,195.91	254.22	868.00	-	1,065.00	**99,383.13**
Maximum Amount Outstanding	97,920.91	11,136.61	868.00	57.73	1,065.00	**111,048.25**

The particulars of loans given as required to be disclosed by Section 186 (4) of Companies Act 2013 are as below:

(` in lacs)

Name of the Party	Rate of Interest	Due date	Secured / unsecured	As at March 31, 2020	As at March 31, 2019
Fortis Hospitals Limited*	10.50%	March 31, 2022	Unsecured	86,908.25	97,195.91
Fortis Healthcare International Limited	5% & 6.5%	August 8, 2019	Unsecured	-	254.22
Hiranandani Healthcare Private Limited	10.50%	March 31, 2022	Unsecured	2,416.28	868.00
Escorts Heart Institute & Research center Limited	10.50%	March 21, 2022	Unsecured	9,689.67	1,065.00
Fortis La Femme Limited	10.50%	March 31, 2022	Unsecured	-	-
TOTAL				**99,014.19**	**99,383.13**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

23. During the year, the Company has capitalised ` 4.68 lacs (Previous year Nil) to the cost of capital work in progress (CWIP).

24. Corporate social responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of preceding three years towards Corporate Social Responsibility (CSR). Details of Corporate social responsibility expenditure as certified by Management are as follows:

Particulars	(` in lacs) Amount
Average net profit of the Company for the last three financial years	187.63
Prescribed CSR expenditure (2% of the average net profit as computed above)	
Total amount to be spent for the financial year	37.53
Amount spent	37.53
Amount unspent	-

25. Recoverability of certain advances / capital work-in-progress

(Also refer to Note 29 [d][vi] of the Standalone Financial Statements)

The Company had paid security deposits and advances aggregating to ` 2,173 lacs in the financial year 2013-14 to a private company ("Lessor") towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement / MOUs were either terminated by the Company or expired during the financial year 2017-18. The amounts outstanding from the Lessor as on March 31, 2018 aggregated to ` 2,173 lacs. Additionally, expenditure aggregating to ` 2,570 lacs was incurred towards capital work-in-progress on the premises proposed to be take on lease from the Lessor, which is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has issued legal notice demanding the outstanding. Lessor responded to the notice of the Company for amicable resolution, which have not yet yielded any results. Further, Company has filed claim before Interim Resolution Professional (IRP) appointed by NCLT in a matter filed by one of creditors of Lessor. IRP is currently adjudicating the claims of various creditors of the Lessor including that of the Company.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company had recorded provisions aggregating to ` 4,743 lacs in the Standalone Financial Statements for the year ended March 31, 2018 (also refer note 29(d)(vi)).

26. Pursuant to the earlier announcements on the restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ('RHT') into the Company and its subsidiaries, parties in August 2018, entered into an amendment agreement to modify certain terms of the definitive agreement dated February 12, 2018, including extension of the Long Stop Date of the transaction to December 31 2018. The amendments were approved by shareholders of the Company and RHT had received its unit holder's approval. On December 31, 2018, the Board of Directors of the Company approved the extension of the long stop date of December 31, 2018 to March 26, 2019 as per mutual agreement, and on the same terms and conditions undertaken for the earlier extension vide amendment agreement entered in August 2018. The extension of the long stop date was accepted and approved by RHT also. Effective from January 15, 2019, the Company completed the acquisition of 100% stake in International Hospital Limited, Fortis Health Management Limited, Escorts Heart and Super Speciality Hospital Limited, Hospitalia Eastern Private Limited and 49% stake in Fortis Hospotel Limited (in which Company already held 51% stake) for a consideration of ` 466,630.00 lacs.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

27. During previous year, the Company sold off 18.2 million units of RHT Health Trust, an associate of the Company for a consideration of 13.65 million Singapore Dollars.

28. The Board of Directors had approved an equity infusion of ` 400,000.00 lacs (235,294,117 shares at a price of ` 170 per equity share) into the Company by Northern TK Venture Pte Ltd, Singapore, a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals. The shareholders of the Company have approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, have the right to appoint 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare to Malaysian IHH Healthcare Berhad be maintained, as a result of which the Mandatory Open offer was kept in abeyance. The Company has accordingly filed application for modification of the said order.

Out of the proceeds the Company has used a sum of ` 356,630.00 lacs for substantially funding the acquisition as described in note 26 and balance towards repayment of debt and general corporate purposes.

29. Investigation initiated by the erstwhile Audit and Risk Management Committee

(a) During the year ended March 31, 2018, there were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm on this matter.

(b) The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of ` 49,414 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer Notes 12); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 12); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 12); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from an erstwhile promoter group company, and subsequent repayment of loan by said subsidiary to the erstwhile promoter group company.

(c) The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.

(d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report.

i. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the erstwhile promoters of the Company.

ii. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where erstwhile promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.

iii. Objections on record indicated that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the erstwhile promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.

iv. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company (refer note 12). Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was sub-judice.

v. During the year ended March 31, 2018, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of ` 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ` 794.50 lacs to an erstwhile promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the erstwhile promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company. Further, the said loan advanced by EHIRCL to Fortis Healthstaff Limited was impaired in the books of accounts of EHIRCL due to anticipated chances of non-recovery during the quarter and year ended March 31, 2019.

vi. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the erstwhile promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.

vii. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. During the year ended March 31, 2018, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10% with no loss in the principal value of investment.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(e) Other Matters:

i) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 were as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 29 (d) (i), (ii) (vi) and (vii) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties were identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities up till March 31, 2018. Therefore, the possibility cannot be ruled out that there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

ii) With respect to the other matters identified in the Investigation Report, the Board initiated specific improvement projects to strengthen the process and control environment. The projects included revision of authority levels, both operational and financial and oversight of the Board, review of Financial Reporting processes, assessment of secretarial documentation w.r.t compliance with regulatory requirements and systems design & control enhancement. The assessment work has been done and corrective action plans have been implemented. The Company's Board of Directors had also initiated additional procedures/ enquiries of certain entities in the Group that were impacted in respect of the matters investigated by the external legal firm. The additional procedures/ enquiries are in progress.

iii) It is in the above backdrop, that it is pertinent to mention that during the previous year the Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI required the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of ` 473 Crores reported in the media. SEBI had also appointed forensic auditors to conduct a forensic audit, of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries have furnished all requisite information and documents requested by SEBI.

In furtherance of the above, on October 17, 2018 SEBI passed an ex-parte Interim Order ("Order") whereby it observed that certain transactions were structured by some identified entities over a certain duration, and undertaken through the Company which were prima facie fictitious and fraudulent in nature and which resulted in inter alia diversion of funds from the Company for the ultimate benefit of erstwhile promoters (and certain entities controlled by them) and misrepresentation in standalone financial statements of the Company. Further, it issued certain interim directions that inter alia directing the Company shall take all necessary steps to recover ` 40,300 lacs along with due interest from erstwhile promoters and various other entities, as mentioned in the Order. More importantly, the said entities had also been directed to jointly and severally repay ` 40,300 lacs (approx.) along with due interest to Company within three months of the order. Incidentally, the order also included FHsL as one of the entities directed to repay the due sums. Pursuant to this, FHsL's beneficial owner account had been suspended for debits by the National Securities Depository Limited and Central Depository Services (India) Limited. Further, SEBI has directed the said entities that pending completion of investigation and till further order, they shall not dispose of or alienate any of their assets or divert any funds, except for the purposes for meeting expenses of day-to-day business operations, without the prior permission of SEBI. Erstwhile-promoters have also been directed not to associate themselves with the affairs of the

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Company in any manner whatsoever, till further directions. Parties named in the Order have been granted opportunity for filing their respective replies/objections within 21 days.

The Company and its wholly owned subsidiary i.e. Fortis Hospitals Limited (FHsL) had then filed applications for modification of the order, for deletion of name of FHSL from the list of entities against whom the directions were issued. Pursuant to this SEBI, vide order dated December 21, 2018, modified its previous order dated October 17, 2018 deleting FHsL from the list of entities against whom the Order was directed. Pursuant to this, the suspension order by National Securities Depository Limited for debits in beneficial owner account of FHsL was accordingly removed. Vide Order dated March 19, 2019 SEBI has confirmed the directions issued vide ad interim ex-parte order dated October 17, 2018 read with order dated December 21, 2018, till further orders. SEBI also directed the Company and FHsL to take all necessary steps to recover ` 40,300 lacs along with due interest from erstwhile-promoters and various other entities, as mentioned in the Order.

The Company and FHsL have filed all necessary applications in this regard including an application with the Recovery Officer, SEBI, under Section 28A of the Securities and Exchange Board of India Act 1992, for the recovery of the amounts owed by the erstwhile-promoters and various other entities of erstwhile promoters to the Company and FHsL. SEBI vide its letter dated June 14, 2019 has stated that provisions of Section 28A of SEBI Act, 1992 cannot be invoked at this stage hence, Company and FHsL may take necessary steps to comply with SEBI's direction. FHsL has filed a civil suit on for recovery of ` 52,019 lacs before Hon'ble Delhi High Court against the parties, named in the orders passed by SEBI.

The matter before SEBI is sub-judice and the investigation is ongoing, in as much as it has observed that a detailed investigation would be undertaken to ascertain the role of each entity in the alleged diversion and routing of funds. The Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a determination on these matters and to undertake remedial action, as may be required, and to ensure compliance with applicable laws and regulations. In the aforesaid context, proper and sufficient care has been taken for the 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 fraud and other irregularities.

iv) As per the assessment of the Board, based on the investigation carried out through the external legal firm, SEBI order and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, were made in the Standalone Financial statements for the year ended March 31, 2018.

Further, based on the SEBI orders and the information available at this stage no further adjustments are required to be made in audited Standalone Financial Statements for the year ended March 31, 2020. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above is known.

30. Investigation by Various Other Regulatory Authorities:

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

b) The Serious Fraud Investigation Office (SFIO), of the Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiated an investigation and sought information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company has submitted all requisite information in this regard with SFIO, as requested from time to time.

c) The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above investigations is known.

31. During the year ended March 31, 2020, the Company has received dividend of ` 70,455.88 lacs from its wholly owned subsidiary Fortis Healthcare International Limited.

32. Letter of Appointment of erstwhile Executive Chairman

The Company having considered all necessary facts and taking into account external legal advice, had on June 27, 2018 decided to treat as non-est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him., The erstwhile Executive Chairman sent a notice to the Company claiming ` 4,610 lacs as allegedly due to him under the employment agreement. The Company has replied to the same through its legal counsel denying any liability and stated that the demand is not payable being illegal and accordingly no adjustment has been made in these Standalone Financial Statements with respect to these claims. Subsequently, Company has filed a complaint against the erstwhile Executive Chairman before Economic Offence Wing, New Delhi which is being investigated. The Company has received vehicles which were being used by him except for IT assets and excess amounts paid to him. (Also refer Note 29(e)(iii) on recent SEBI Order)

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to ` 2,002 lacs (comprising reversal of FY 2016-17 expenditure of ` 735 lacs, which has been disclosed as an exceptional income in the Standalone Financial Statements for the year ended March 31 2018, and expenditure of ` 1,267 lacs relating to FY 2017-18) was shown as recoverable in the Standalone Financial statements of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of ` 2,002 lacs was made which has been shown as an exceptional item in the Standalone Financial Statements for the year ended March 31, 2018.

33. Going Concern

As at 31 March 2020, the Company's current liabilities are higher than its current assets by ` 10,980 lacs. Further, the decline in business in last quarter and subsequent to the year-end due to impact of COVID-19 (as explained in note 20) has affected the performance and cash flow position of the Company. Additionally, as explained in note 35, the ongoing litigation at the Hon'ble Supreme Court has delayed the ability of the Company to carry out planned restructuring activities.

However, the Company's operations during the year continued to generate positive cash flows and the Management believes that the events stated above do not affect the Company's ability to continue as a going concern due to the following:

(a) As at 31 March 2020, the Company has sanctioned unutilized borrowing facilities amounting to ` 6,100 lacs.

(b) The exercise period for cash put option (financial liability) has been further extended till September 30, 2020. The process to find new investors to sell the shares in SRL by the minority equity shareholders is currently underway. The management believes that the chances of successful completion of the process are high.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(c) The Company has sufficient unencumbered assets that can be utilized for any additional funding requirements in future;

Considering the above factors and expected positive cash flows in future years, the management believes that the going concern assumption in these audited Standalone Financial Statements is appropriate. In view of the aforesaid, the management has considered it appropriate to prepare these audited Standalone Financial Statements on a going concern basis.

34. The Company has established a comprehensive system of maintenance of information and documents as required by transfer pricing legislation under section 92D for its international transactions as well as specified domestic transactions. Based on the transfer pricing regulations/ policy, the transfer pricing study for the year ended March 31, 2020 is to be conducted on or before due date of the filing of return and the company will further update above information and records based on the same and expects these to be in existence latest by that date. Management believes that all the above transactions are at arm's length price and the aforesaid legislations will not have impact on the financial statement, particularly on the amount of tax expense and provision for taxation.

35. The Board of Directors, after seeking inputs from reputed investment bankers, had approved an equity infusion of ` 400,000 lacs at a price of ` 170 per equity share into the Company by Northern TK Venture Pte Ltd Singapore ("Acquirer"), a wholly owned subsidiary of IHH Healthcare Berhad, Malaysia through a preferential allotment ("Preferential Issue"), subject to approval of the shareholders and other regulatory approvals which constituted 31.1% share capital of the Company. The shareholders of the Company approved the Preferential Issue by requisite majority at their Extra Ordinary General Meeting dated August 13, 2018. The Acquirer had received the approval from Competition Commission of India (CCI) on October 30, 2018 and the preferential allotment was made on November 13, 2018. Pursuant to the consummation of the same, Northern TK Venture Pte Ltd, had appointed 2/3 of the directors on the Board of Directors of the Company, thereby acquiring control over the Company. Consequently, the Company has become a subsidiary of Northern TK Venture Pte Ltd. Further, pursuant to the Preferential Issue, Northern TK Venture Pte. Ltd is under an obligation to make a mandatory open offer to the public shareholders of the Company and Fortis Malar Hospitals Limited in accordance with the Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011. However, in view of order dated December 14, 2018 passed by Hon'ble Supreme Court wherein it was specified that status quo with regard to sale of the controlling stake in Fortis Healthcare Limited to Malaysian IHH Healthcare Berhad be maintained, the Mandatory Open offer was kept in abeyance and continues to be in abeyance as on date, and remains subject to further orders by the Hon'ble Court. The Company had accordingly filed an application seeking for modification of the said order.

Vide its judgement dated November 15, 2019, the Hon'ble Supreme Court has issued suo-moto contempt notice to, among others, the Company and directed its Registry to register a fresh contempt petition in regard to alleged violation of the its order dated December 14, 2018. In this respect, the Hon'ble Supreme Court has sought an enquiry, into (i) whether the subscription by the Acquirer to the shares of the Company was undertaken after the status quo order was issued by the Hon'ble Court on December 14, 2018 and accordingly, if such subscription was in violation of this status quo order; and (ii) the consummation of the acquisition of healthcare assets from RHT Health Trust by the Company.

The Company has filed a detailed reply to the show cause notice issued in the suo- moto contempt, praying inter alia, that the suo- moto contempt proceedings be dropped and ex- parte status quo order dated December 14, 2018 be modified/ vacated such that Open Offer may proceed

Further, at the request of SEBI by way of an application seeking impleadment, the Hon'ble Supreme Court of India has impleaded SEBI as a party in the petition pending before it. SEBI has prayed for allowing the Mandatory Open Offer. Further, the Hon'ble Supreme Court of India has issued notice on application filed by a public shareholder of the Company seeking impleadment. The public shareholder has inter alia prayed for allowing the Mandatory Open Offer. Next date for the concerned matters in the Supreme Court as shown on its website is July 6, 2020.

While the matter is currently sub-judice and we await the orders/ directions of the Hon'ble Supreme Court in this regard, in view of the legal positions/claim(s) made and defence(s) raised by the Company, basis external legal advice, the management believes that it has a strong case on merits. It is the view of the Company these transactions were, at all times, conducted in a fair and transparent manner after obtaining all relevant regulatory and shareholders approval and only after making all due disclosures to public shareholders of the Company and to the regulatory authorities, in a timely manner. As per the current position of the case, liability, if any, arising out of this contingency cannot be determined at this stage. Accordingly, at present, no adjustment is required in the Standalone Financial Statements.

36. The main object of the Company is to carry on the business of healthcare and other related activities either directly or through its subsidiaries. During the current year ended 31 March 2020, due to significant amount of dividend received by the Company from a wholly owned overseas subsidiary, the Company's 'income from financial assets' constituted more than 50 per cent of the gross income for the financial year ended March 31, 2020. Further, the 'financial assets' of the Company are also more than 50 per cent of its total assets as at March 31, 2020 (mainly investment in wholly owned subsidiaries). Accordingly, the Company meets the eligibility criteria ('Principal business' test) as per the press release by RBI vide No. 1998-99/1269 dated April 8, 1999 for being classified as a Non-Banking Financial Company (NBFC) from April 1, 2020. However, the significant amount of dividend in the current year was largely on account of profits from disposal of investments held by the subsidiary and the Company does not expect dividend of such a significant amount to be recurring in future. The Board has also noted and confirmed that such dividend does not represent income from ordinary activities of the Company and that the Company does not intend to carry on the business as an NBFC. The Company has also made a representation to the RBI in this regard. The Company will decide on appropriate future course of action in accordance with applicable law, and would have discussions with the RBI (if required), in consultation with its legal counsels.

37. The Board of Directors at its meeting held on July 13, 2018, approved re-classification of the then promoter holding under the category of 'Public Shareholding'. This was approved by the shareholders at their Extra Ordinary General Meeting dated August 13, 2018. During the year ended March 31, 2020, the Company received approval from SEBI for re-classification of erstwhile promoters as "public shareholder". SEBI has also reclassified the erstwhile promoters as "public shareholder".

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

Sd/-
RAJESH ARORA
Partner
Membership Number: 076124

Place : Gurugram
Date : June 17, 2020

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
ASHUTOSH RAGHUVANSHI
Managing Director & Chief Executive Officer
DIN: 02775637

Sd/-
INDRAJIT BANERJEE
Independent Director
DIN: 01365405

Sd/-
SUMIT GOEL
Company Secretary
Membership No.: F6661

Sd/-
VIVEK KUMAR GOYAL
Chief Financial Officer

Place : Gurugram
Date : June 17, 2020