

Fortis Hospitals Limited
Balance Sheet as at March 31, 2015

	Notes	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4 (i)	4,030.06	4,030.06
Reserves and surplus	4 (ii)	44,701.03	53,630.74
		48,731.09	57,660.80
Non-current liabilities			
Long-term borrowings	4 (iii)	23,768.29	16,073.90
Deferred tax liabilities (net)	4 (iv)	1,520.40	5,624.47
Other long term liabilities	4 (v)	1,213.38	1,061.91
Long-term provisions	4 (vi)	987.29	814.00
		27,489.36	23,574.28
Current liabilities			
Short-term borrowings	4 (vii)	81,081.60	70,686.17
Trade payables	4 (viii)	27,456.05	26,807.70
Other current liabilities	4 (ix)	26,885.61	28,161.80
Short-term provisions	4 (x)	1,089.88	756.47
		136,513.14	126,412.14
		212,733.59	207,647.22
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	4 (xi) (a)	59,117.99	64,727.16
Intangible assets	4 (xi) (b)	46,942.91	48,878.83
Capital work-in-progress		5,434.22	1,615.30
Non-current investments	4 (xii)	8,359.71	634.71
Long-term loans and advances	4 (xiii)	39,564.15	42,671.04
Other non-current assets	4 (xiv)	1,284.44	911.90
		160,703.42	159,438.94
Current assets			
Inventories	4 (xv)	1,880.52	2,219.87
Trade receivables	4 (xvi)	17,417.75	20,409.98
Cash and bank balances	4 (xvii)	1,937.43	8,062.20
Short-term loans and advances	4 (xviii)	25,282.99	13,767.30
Other current assets	4 (xix)	5,511.48	3,748.93
		52,030.17	48,208.28
		212,733.59	207,647.22

Summary of significant accounting policies

3

The accompanying notes are an integral part of the financial statements

As per our report of even date

For S.R. Batliboi & Co. LLP
Firm Registration Number: 301003E
Chartered Accountants

per Sandeep Sharma
Partner
Membership No.: 93577

**For and on behalf of the Board of Directors of
Fortis Hospitals Limited**

Ashish Bhatia
Whole Time Director
DIN: 01845421

Gagandeep Singh Bedi
Director
DIN: 06881468

Meetu Gulati
Company Secretary
Membership No.: A24618

Rakesh Laddha
Chief Financial Officer

Place : Gurgaon
Date : May 27, 2015

Place : Gurgaon
Date : May 27, 2015

Fortis Hospitals Limited
Statement of Profit and loss for the year ended March 31, 2015

	Notes	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
INCOME			
Revenue from operations	4 (xx)	195,388.99	180,108.24
Other income	4 (xxi)	5,129.73	8,107.42
Total revenue		200,518.72	188,215.66
EXPENSES			
Purchase of medical consumables and drugs		37,033.66	37,059.93
Increase in inventories of medical consumables and drugs	4 (xxii)	184.42	249.39
Employee benefits expense	4 (xxiii)	25,312.73	23,145.00
Other expenses	4 (xxiv)	127,351.95	117,540.19
Total expenses		189,882.76	177,994.51
Earnings before interest, tax, depreciation and amortization (EBITDA)		10,635.96	10,221.15
Finance costs	4 (xxv)	15,030.81	14,446.85
Loss before tax, depreciation and amortization		(4,394.85)	(4,225.70)
Depreciation and amortization expense	4 (xxvi)	8,951.53	7,360.30
Loss before exceptional items and tax		(13,346.38)	(11,586.00)
Exceptional items	4 (xxvii)	862.59	-
Loss before tax		(12,483.79)	(11,586.00)
Tax expenses:			
Current tax [including reversal of tax for earlier year Nil (previous year ₹ 2,723.95 lacs) (refer note 22)]		-	(2,723.95)
Deferred tax credit		(3,917.13)	(3,155.16)
Total tax expenses		(3,917.13)	(5,879.11)
Loss for the year		(8,566.66)	(5,706.89)
Loss per share [Nominal value ₹ 10/- each (Previous year ₹ 10/- each)]	4 (xxviii)		
Basic		(21.26)	(14.16)
Diluted		(21.26)	(14.16)

Summary of significant accounting policies 3

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Fortis Hospitals Limited
Cash Flow Statement for the year ended March 31, 2015

Particulars	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
Cash flow from operating activities		
Loss before tax and exceptional items	(13,346.38)	(11,586.00)
Adjustments for:		
Depreciation and amortisation expense	8,951.53	7,360.30
Loss on sale of assets	109.05	65.43
Profit on sale of mutual fund	(164.80)	(185.94)
Provision for doubtful debts	2,763.23	2,393.18
Provision for doubtful advances	1,985.53	109.15
Provision for contingencies	164.52	8.27
Bad debts and sundry balances written off	152.39	602.50
Finance charges	111.03	136.99
Unrealised foreign exchange fluctuation loss (net)	-	7.98
Unclaimed balances and excess provisions written back	(623.53)	(123.70)
Wealth tax	7.95	4.64
Interest income	(4,926.21)	(7,838.39)
Dividend income	-	(58.76)
Interest expense	14,439.50	13,840.75
Operating profit before working capital changes	9,623.81	4,736.40
Movements in working capital :		
Increase in trade receivables	(752.73)	(4,881.39)
Decrease in inventories	163.25	220.86
Increase in loans and advances	(4,555.50)	(67.97)
Increase in other assets	(794.04)	(826.57)
Increase in trade payables, other liabilities and provisions	6,197.66	2,537.49
Cash generated from operations	9,882.45	1,718.82
Direct taxes paid (net of refunds)	(5,698.06)	(5,349.28)
Net cash flow from/ (used in) operating activities (A)	4,184.39	(3,630.46)
Cash flows from investing activities		
Purchase of fixed assets	(15,116.35)	(36,861.46)
Proceeds from sale of fixed assets	5,179.62	168.39
Redemption/ maturity/ (deposit) of bank deposits	(125.50)	517.66
Loans to body corporates and others (given)/ repayments received (net)	(628.37)	36,563.08
Loans to subsidiaries and fellow subsidiaries (given)/ repayments received (net)	(1,008.95)	9,426.92
Purchase of investments in subsidiaries	(7,725.00)	(333.80)
Proceeds from sale of mutual funds	164.80	8,693.44
Proceeds from sale of division (total sale consideration)	4,000.00	-
Interest received	3,301.81	10,284.29
Dividend received	-	58.76
Net cash flow from/ (used in) investing activities (B)	(11,957.94)	28,517.28
Cash flows from financing activities		
Proceeds from long-term borrowings	12,064.62	6,524.55
Repayments of long-term borrowings	(6,608.84)	(7,721.66)
Proceeds/ (Repayment) of short-term borrowings (net)	9,642.72	(1,485.57)
Loan arrangement fees paid	(63.75)	(128.09)
Interest paid	(13,422.91)	(16,743.81)
Net cash flow from/ (used in) financing activities (C)	1,611.84	(19,554.58)
Net increase/ (decrease) in cash and cash equivalents (A + B + C)	(6,161.71)	5,332.24

Fortis Hospitals Limited
Cash Flow Statement for the year ended March 31, 2015

Particulars	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
Total cash and cash equivalents at the beginning of the year	8,010.85	1,968.47
Addition of Cash and cash equivalents on account of amalgamation (refer note 22)	-	710.14
Reduction of Cash and cash equivalents on sale of business division (refer note 19)	(21.22)	-
Cash and cash equivalents at the end of the year	1,827.92	8,010.85
Components of cash and cash equivalents:		
Cash in hand	353.46	421.50
Cheques in hand	40.51	62.56
Balances with banks on current accounts	961.55	7,525.79
Bank deposits with original maturity of less than 3 months	472.40	1.00
Total cash and cash equivalents	1,827.92	8,010.85

Summary of significant accounting policies 3

Note: The amalgamation of Fortis Health Management (North) Limited with the Company in the previous year (refer note 22) is a non cash transaction and hence, has no impact on the Company's cash flows for current as well as previous year.

As per our report of even date

For S.R. Batliboi & Co. LLP
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 Chartered Accountants

**For and on behalf of the Board of Directors of
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1. Nature of Operations

Fortis Hospitals Limited (the 'Company' or 'FHsL') was incorporated on June 18, 2009 as a wholly owned subsidiary of Fortis Healthcare Limited ('FHL') to carry on the business of promotion, maintenance, management, operation and conduct of healthcare and related services and providing consultancy for establishment of healthcare services. During the previous year, Fortis Health Management (North) Limited (another subsidiary of FHL) has been amalgamated with the Company, for further details refer note 22.

2. Basis of preparation

The financial statements of the Company have been prepared in accordance with the generally accepted accounting principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules 2014. The financial statements have been prepared on an accrual basis and under the historical cost convention.

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year, except for the changes in accounting policies explained below.

3. Summary of Significant Accounting Policies

a. Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and the disclosure of contingent liabilities, at the end of the reporting period. Although these estimates are based on the management's best knowledge of current events and actions, uncertainty about these assumptions and estimates could result in the outcomes requiring a material adjustment to the carrying amounts of assets or liabilities in future periods.

Change in Estimate

Till the year ended March 31, 2014, depreciation was being provided as per rates prescribed under Schedule XIV of the Companies Act, 1956. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV. However, Schedule II allows companies to use higher/ lower useful lives and residual values if such useful lives and residual values can be technically supported and justification for difference is disclosed in the financial statements.

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. The management believes that depreciation rates currently used fairly reflect its estimate of the useful lives and residual values of fixed assets.

Where the asset has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of surplus in the statement of profit and loss, as a result an amount of ₹ 363.05 lacs (net of deferred tax credit amounting to ₹ 186.95 lacs) has been charged to the opening balance of surplus in the statement of profit and loss. The carrying amount of other assets whose remaining useful life is not nil on April 01, 2014, is depreciated over their revised remaining useful life.

Had the Company continued to depreciate the assets at the earlier rates, depreciation and loss for the year would have been lower by ₹ 1,276.69 lacs.

b. Tangible fixed assets

Fixed assets are stated at cost (or fair value, in case of acquisitions under slump sale) less of accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

c. Depreciation on tangible fixed assets

- i. Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has used the following useful lives to provide depreciation on its fixed assets.

Assets	Useful Lives
Building	30 Years
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and fittings	10 years
Office equipments	5 years
Vehicles	8 years

- ii. Depreciation on Leasehold improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.
- iii. Buildings constructed over the land under lease are depreciated over the shorter of estimated life or lease period.

Changes in Accounting Policies

- i. Till year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than ₹5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciations of assets costing less than ₹5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than ₹5,000/- did not have any material impact on financial statements of the Company for the current year.

- ii. The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset. Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from

that of the remaining asset. This change in accounting policy did not have any material impact on financial statements of the Company for the current year.

d. Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in an amalgamation in the nature of purchase is their fair value as at the date of amalgamation. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs which meet capitalization criteria, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred.

Intangible assets are amortized on a straight line basis over the estimated useful economic life.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

Goodwill

Goodwill arising on acquisition is recognized based on the difference between the purchase consideration and assets acquired during acquisition. The same is carried at cost and tested for impairment on an accrual basis in accordance with impairment policy stated below.

Software

Cost of software is amortized over a period of 6 years, being the estimated useful life as per the management estimates.

Non-compete fees

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business is capitalized and amortised over an estimated useful period of 3-5 years over which the benefits are likely to accrue, on a straight line basis.

Licence fee

License fees represents fees paid pursuant to Name User Agreement that entitles the Company for carrying on business. The amount paid has been capitalised and amortized over the useful life or 10 years, whichever is shorter.

e. Borrowing cost

Borrowing cost includes interest, amortisation of ancillary costs incurred in connection with the arrangement of borrowings.

Borrowing costs directly attributable to the acquisitions, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the respective assets. All other borrowing costs are expensed in the year they occur.

f. Impairment of tangible and intangible assets

- i. The carrying amounts of assets are reviewed at each balance sheet date if there is any indication of impairment based on internal/ external factors. An impairment loss is recognised wherever the carrying amount of an asset exceeds its recoverable amount. The recoverable amount is the greater of the asset's net selling price and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessment of the time value of money and risk specific to asset. This rate is estimated from the rate implicit in current market transactions for similar assets or from the weighted average cost of capital of the Company. Impairment losses are recognised in statement of profit and loss.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

- iii. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.
- iv. The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in the statement of profit and loss.

g. Leases

Where the Company is the lessee

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased items are classified as operating leases. Operating lease payments are recognised as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Leases where the lessor effectively transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases and are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss. Lease management fees, legal charges and other initial direct costs of lease are capitalized.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

h. Investments

Investments that are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are carried at lower of cost and fair value determined on an individual investment basis. Long-term investments are carried at cost. However, provision for diminution in value is made to recognise a decline other than temporary in the value of the long term investments.

On disposal of an investment, the difference between its carrying amount and net disposal proceeds is charged or credited to the statement of profit and loss.

i. Inventories

Inventories of medical consumables, drugs, linen and stores and spares are valued at lower of cost or net realisable value. Cost is determined on First in First Out ('FIFO') basis.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

The inventories of medical consumables in OPD business are expensed off on purchase.

j. Revenue recognition

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

Operating Income

Operating income is recognised as and when the services are rendered / pharmacy items are sold. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Company collects sales taxes and value added taxes (VAT) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Management fee from hospitals and income from medical services is recognised as and when the contractual obligations arising out of the contractual arrangements with respective hospitals are fulfilled.

Income from Satellite Centers

Income from satellite centres is recognised on accrual basis in accordance with the terms of respective agreements entered into in respect thereof.

Income from Clinical Research

Income from clinical research is recognised as and when the services are rendered in accordance with the terms of the respective agreements.

Income from Sponsorships

Sponsorship income is recognized when the underlying obligations are completed as per contractual terms.

Income from Academic Services

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

Equipment Lease Rentals and Income from Rent

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis.

Export benefits

Income from 'Served from India Scheme' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received on a net basis.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate. Interest income is included under the head "other income" in the statement of profit and loss.

k. Unamortised finance charges

Costs incurred in raising funds are amortised on straight line basis over the period for which the funds have been obtained, using time proportionate basis.

l. Foreign Currency Transaction

i) Initial Recognition

Foreign currency transactions are recorded in the reporting currency, by applying to the foreign currency amount the exchange rate between the reporting currency and the foreign currency at the date of the transaction.

ii) Conversion

Foreign currency monetary items are retranslated using the exchange rate prevailing at the reporting date. Non-monetary items, which are measured in terms of historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction. Non-monetary items, which are measured at fair value or other similar valuation denominated in a foreign currency, are translated using the exchange rate at the date when such value was determined.

iii) Exchange differences

The Company accounts for exchange differences arising on translation/ settlement of foreign currency monetary items as below:

- (a) Exchange differences arising on a monetary item that, in substance, forms part of the Company's net investment in a non-integral foreign operation is accumulated in the foreign currency translation reserve until the disposal of the net investment. On the disposal of such net investment, the cumulative amount of the exchange differences which have been deferred and which relate to that investment is recognized as income or as expenses in the same period in which the gain or loss on disposal is recognized.
- (b) Exchange differences arising on long-term foreign currency monetary items related to acquisition of a fixed asset are capitalized and depreciated over the remaining useful life of the asset.
- (c) Exchange differences arising on other long-term foreign currency monetary items are accumulated in the "Foreign Currency Monetary Item Translation Difference Account" and amortized over the remaining life of the concerned monetary item.
- (d) All other exchange differences are recognized as income or as expenses in the period in which they arise.

For the purpose of b and c above, the Company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 09, 2012 exchange differences for this purpose are total differences arising on long-term foreign currency monetary items for the period. In other words, the Company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

m. Retirement and other employee benefits

i) Contribution to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme for certain employees, the contributions for these employees are charged to the Statement of profit and loss of the year when an employee renders the related service.

For other employees, the provident fund is defined benefit scheme contribution of which is being deposited with "Fortis Healthcare Limited Provident Fund Trust" managed by the Fortis Healthcare Limited, the holding company ('FHL'); such contribution to the trust additionally requires FHL to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date by FHL. There are no other obligations other than the contribution payable to the fund.

ii) Gratuity

Gratuity liability is a defined benefit obligation and is provided for on the basis of an actuarial valuation made at the end of the year using projected unit credit method.

iii) Compensated absences

Accumulated leave, which is expected to be utilized within the next 12 months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. The Company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date.

iv) Actuarial gain/ losses

Actuarial gains/losses are recognised in the Statement of Profit and Loss as they occur.

n. Income Taxes

Tax expense comprises current and deferred tax. Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date. Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred income taxes reflect the impact of timing differences between taxable income and accounting income originating during the current year and reversal of timing differences for the earlier years. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted at the reporting date. Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss.

Deferred tax liabilities are recognized for all taxable timing differences. Deferred tax assets are recognized for deductible timing differences only to the extent that there is reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. In situations where the Company has unabsorbed depreciation or carry forward tax losses, all deferred tax assets are recognized only if there is virtual certainty supported by convincing evidence that they can be realized against future taxable profits.

At each reporting date, the Company re-assesses unrecognized deferred tax assets. It recognizes unrecognized deferred tax asset to the extent that it has become reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The carrying amount of deferred tax assets are reviewed at each reporting date. The Company writes-down the carrying amount of deferred tax asset to the extent that it is no longer reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available against which deferred tax asset can be realized. Any such write-down is reversed to the extent that it becomes reasonably certain or virtually certain, as the case may be, that sufficient future taxable income will be available

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

Minimum alternate tax (MAT) paid in a year is charged to the statement of profit and loss as current tax. The Company recognizes MAT credit available as an asset only to the extent that there is convincing evidence that the Company will pay normal income tax during the specified period, i.e., the period for which MAT credit is allowed to be carried forward. In the year in which the Company recognizes MAT credit as an asset in accordance with the Guidance Note on Accounting for Credit Available in respect of Minimum Alternative Tax under the Income-tax Act, 1961, the said asset is created by way of credit to the statement of profit and loss and shown as "MAT Credit Entitlement." The Company reviews the "MAT credit entitlement" asset at each reporting date and writes down the asset to the extent the Company does not have convincing evidence that it will pay normal tax during the specified period.

o. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to the equity shareholders (after deducting attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. For the purpose of calculating diluted earnings per share, net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

p. Provisions

A provision is recognized when the Company has a present obligation as a result of past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Provisions are not discounted to its present value and are determined based on the best estimate required to settle the obligation at the reporting date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

q. Cash and Cash Equivalents

Cash and cash equivalents in the cash flow statement comprise cash at bank and in hand and short term investments with an original maturity of three months or less at the date of acquisition.

r. Measurement of EBITDA

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (now Schedule III to the Companies Act, 2013), the Company has elected to present earnings before interest, tax, depreciation and amortization (EBITDA) as a separate line item on the face of the statement of profit and loss. The Company measures EBITDA on the basis of profit/ (loss) from continuing operations. In its measurement, the Company includes interest income included under other income, but does not include depreciation and amortization expense, finance costs and tax expense.

s. 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.

t. Segment Reporting

As the Company's business activity primarily falls within a single business and geographical segment, there are no additional disclosures to be provided in terms of Accounting Standard 17 on 'Segment Reporting'.

Fortis Hospitals Limited

Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
4 (i) Share capital		
Authorised Shares		
60,000,000 (Previous year 60,000,000) Equity shares of ₹ 10 each	6,000.00	6,000.00
	6,000.00	6,000.00
Issued, subscribed and fully paid up Shares		
40,300,577 (Previous year 40,300,577) Equity shares of ₹ 10 each fully paid up	4,030.06	4,030.06
Total issued, subscribed and fully paid up share capital	4,030.06	4,030.06

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

Equity Shares

Particulars	March 31, 2015		March 31, 2014	
	Number	Value ₹ in Lacs	Number	Value ₹ in Lacs
At the beginning of the year	40,300,577	4,030.06	40,250,577	4,025.06
Issued during the year (refer note 22)	-	-	50,000	5.00
Outstanding at the end of the year	40,300,577	4,030.06	40,300,577	4,030.06

(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. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting.

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 amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity Shares

Name of Shareholder	March 31, 2015		March 31, 2014	
	Number	Value ₹ in lacs	Number	Value ₹ in lacs
Fortis Healthcare Limited*, the holding company	40,300,577	4,030.06	40,300,577	4,030.06

* Including 6 equity shares held by its nominees.

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

Equity Shares

Name of Shareholder	March 31, 2015		March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Limited*, the holding company	40,300,577	100.00%	40,300,577	100.00%

* Including 6 equity shares held by its nominees.

As per records of the Company, including its register of share holders/ members and other declarations received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

(e) Aggregate number of shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date

The Company has issued 50,000 equity shares of ₹ 10 each fully paid up, pursuant to the scheme of amalgamation in the year ended March 31, 2014 (refer note 22).

	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
4 (ii) Reserves and surplus		
Securities premium account		
Balance as per the last financial statement	36,180.52	36,180.52
Closing balance	36,180.52	36,180.52
Surplus in the statement of profit and loss		
Balance as per the last financial statements	17,450.22	30,391.38
Additions on account of amalgamation (refer note 22)		
- Profit brought forward from the amalgamating company up to March 31, 2012, pursuant to the order of Hon'ble High Court of Delhi dated July 22, 2013	-	4,629.98
- Loss brought forward from the amalgamating company for the year 2012-2013, pursuant to the order of Hon'ble High Court of Delhi dated July 22, 2013	-	(11,864.25)
Depreciation (refer note 3(a)) (net of deferred tax ₹ 186.95 lacs)	(363.05)	-
Less: Loss for the year	(8,566.66)	(5,706.89)
Net surplus in the statement of profit and loss	8,520.51	17,450.22
Total Reserves and surplus	44,701.03	53,630.74
4 (iii) Long-term borrowings		
Secured		
Term loan from banks (refer note 17(i)(a))	22,416.67	13,800.00
Hire purchase loan from bank (refer note 17(i)(b))	-	4.52
Buyers' credit (refer note 17(i)(c))	642.20	956.89
Finance lease obligations (refer note 17(i)(d))	61.76	89.29
Deferred payment liabilities (refer note 17(i)(e))	647.66	876.66
	23,768.29	15,727.36
Unsecured		
Deferred payment liabilities (refer note 17(ii)(a))	-	346.54
	23,768.29	16,073.90
4 (iv) Deferred tax liabilities (net):		
Deferred tax liability arising on account of :		
Fixed assets: Impact of difference between tax depreciation and depreciation/ amortization for financial reporting	13,853.27	13,456.05
Gross deferred tax liability	13,853.27	13,456.05
Deferred tax asset arising on account of:		
Impact of expenditure charged to the statement of profit and loss in the current period but allowed for tax purposes on payment basis	645.97	491.26
On carry forward business losses and unabsorbed depreciation	8,925.98	5,532.69
Provision for doubtful debt and advances	2,689.93	1,793.57
Others	70.99	14.06
Gross deferred tax asset	12,332.87	7,831.58
Net deferred tax liabilities	1,520.40	5,624.47
4 (v) Other long term liabilities		
Security deposit	10.59	9.59
Capital creditors	162.28	379.02
Lease equalization reserve	1,040.51	673.30
	1,213.38	1,061.91

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
4 (vi) Long-term provisions		
Provision for employees benefits		
Provision for gratuity (refer note 10)	987.29	730.76
	987.29	730.76
Other provisions		
Provision for litigation (refer note 20)	-	83.24
	-	83.24
	987.29	814.00
Provision for litigation		
Opening balance	83.24	166.49
Less: reversed/ utilised during the year	83.24	83.25
Closing balance	-	83.24
4 (vii) Short-term borrowings		
Secured		
Loan repayable on demand		
-Bank overdraft (refer note 17(i)(f))	0.71	-
	0.71	-
Unsecured		
Loans from related parties		
- from holding company (refer note 17(ii)(b))	81,080.89	70,686.17
	81,081.60	70,686.17
4 (viii) Trade payables		
Trade payables (refer note 11 for details of dues to Micro and Small enterprises)	27,456.05	26,807.70
	27,456.05	26,807.70

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
4 (ix) Other current liabilities		
Current maturities of long-term debt [refer note 17 (i) (a), (b), (c) and (e) and 17 (ii) (a)]	4,516.88	6,752.87
Current maturities of finance lease obligations [refer note 17(i)(d)]	27.29	29.91
Interest accrued and due on borrowings	10,672.15	42.20
Interest accrued but not due on borrowings	3.38	9,616.75
Deferred revenue*	14.88	8.33
Advances from patients	2,512.60	2,692.78
Capital creditors	1,558.73	1,204.06
Sundry deposits	98.60	117.24
Book overdrafts	855.66	1,608.37
Payable to related parties	4,284.45	2,931.89
Statutory payables	1,951.04	2,662.02
Lease equalization reserve	13.58	42.42
Technology renewal fund	133.89	309.71
Others	242.48	143.25
	26,885.61	28,161.80

* Deferred revenue represents payment received in advance for fixed fees contracts (academic services) for which services had not been rendered at the end of the reporting period.

4 (x) Short-term provisions**Provision for employees benefits**

Provision for gratuity (refer note 10)	56.33	49.17
Provision for leave encashment	825.06	665.39
	881.39	714.56

Others

Provision for contingencies	202.97	38.45
Provision for wealth tax	5.52	3.46
	208.49	41.91

1,089.88 **756.47**

Movement in provision for contingencies

Opening balance	38.45	-
Add: Additions on account of amalgamation (refer note 22)	-	30.18
Add: provision made during the year	164.52	8.27
Closing balance	202.97	38.45

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Note 4 (xi)(a)

Particulars	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipments	Medical Equipment taken under finance lease	Furniture & fittings	Computers	Office equipments	Vehicles	Total
Gross Block											
At April 1, 2013	977.75	1,919.73	1,055.32	1,545.73	13,767.11	224.23	1,565.91	1,132.66	307.80	266.87	22,763.11
Additions	9,349.84	5,588.73	112.69	386.13	20,668.65	-	1,782.56	565.67	781.67	201.63	39,437.57
Additions under amalgamation (refer note 22)	-	66.37	2,775.83	1,715.64	12,412.34	-	698.27	789.77	532.32	452.38	19,442.92
Disposals	-	-	402.79	33.43	149.79	-	59.94	8.98	9.88	115.15	779.96
Other adjustments*	-	-	-	-	-	-	-	-	-	-	-
At March 31, 2014	10,327.59	7,574.83	3,541.05	3,614.07	46,698.31	224.23	3,986.80	2,479.12	1,611.91	805.73	80,863.64
Additions	-	-	140.26	1,121.38	5,079.38	-	146.93	246.79	26.37	56.45	6,817.56
Disposals	-	-	348.53	721.26	3,059.48	-	301.91	201.10	86.75	84.84	4,803.87
At March 31, 2015	10,327.59	7,574.83	3,332.78	4,014.19	48,718.21	224.23	3,831.82	2,524.81	1,551.53	777.34	82,877.33
Depreciation											
At April 1, 2013	-	204.52	411.15	405.67	4,654.04	41.49	468.54	462.93	188.82	111.54	6,948.70
Charge for the year	-	88.57	754.81	286.73	4,218.29	32.04	522.56	392.93	151.90	109.96	6,557.79
Additions under amalgamation (refer note 22)	-	0.92	746.13	196.96	1,708.00	-	175.27	189.10	88.80	70.99	3,176.17
Disposals	-	-	336.08	11.52	73.32	-	55.59	6.81	7.84	55.02	546.18
Other adjustments*	-	-	-	0.07	-	-	-	3.93	(4.00)	-	-
At March 31, 2014	-	294.01	1,576.01	877.91	10,507.01	73.53	1,110.78	1,042.08	417.68	237.47	16,136.48
Charge for the year	-	374.47	604.66	179.24	5,734.95	56.95	422.73	937.80	381.63	96.44	8,788.87
Disposals	-	210.41	39.71	636.31	108.64	-	108.64	118.74	21.54	30.66	1,166.01
At March 31, 2015	-	668.48	1,970.26	1,017.44	15,605.65	130.48	1,424.87	1,861.14	777.77	303.25	23,759.34
Net Block											
At March 31, 2014	10,327.59	7,280.82	1,965.04	2,736.16	36,191.30	150.70	2,876.02	1,437.04	1,194.23	568.26	64,727.16
At March 31, 2015	10,327.59	6,906.35	1,362.52	2,996.75	33,112.56	93.75	2,406.95	663.67	773.76	474.09	59,117.99

* Other adjustments include necessary reclassifications and inter head transfers and adjustments to depreciation thereof

Notes:

1) The above assets include certain fixed assets leased pursuant to operating lease agreement (refer note 6(a)).

Fortis Hospitals Limited

Notes to financial statements for the year ended March 31, 2015

Note 4 (xi)(b)

Particulars	Non compete fees	License fee	Software	Goodwill	Total
Gross Block					
At April 1, 2013	1,550.00	360.90	502.14	43,176.43	45,589.47
Additions	-	-	1,526.80	-	1,526.80
Additions on amalgamation (refer note 22)	-	1,500.00	508.73	3,122.35	5,131.08
Disposals	-	-	0.13	-	0.13
At March 31, 2014	1,550.00	1,860.90	2,537.54	46,298.78	52,247.22
Additions	-	-	427.80	-	427.80
Disposals	-	-	367.54	1,365.00	1,732.54
At March 31, 2015	1,550.00	1,860.90	2,597.80	44,933.78	50,942.48
Amortisation					
At April 1, 2013	1,550.00	17.01	211.95	-	1,778.96
Charge for the year	-	336.09	466.42	-	802.51
Additions on amalgamation (refer note 22)	-	612.50	174.51	-	787.01
Disposals	-	-	0.09	-	0.09
At March 31, 2014	1,550.00	965.60	852.79	-	3,368.39
Charge for the year	-	335.99	376.67	-	712.66
Disposals	-	-	81.48	-	81.48
At March 31, 2015	1,550.00	1,301.59	1,147.98	-	3,999.57
Net Block					
At March 31, 2014	-	895.30	1,684.75	46,298.78	48,878.83
At March 31, 2015	-	559.31	1,449.82	44,933.78	46,942.91

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
4 (xii) Non-current investments		
Trade investments (valued at cost unless stated otherwise)		
Investment in subsidiaries		
Unquoted equity instruments		
Fortis C-Doc Healthcare Limited (refer note 22) 4,060,637 (Previous year 4,060,637) Equity Shares of ₹ 10/- each, fully paid up (Of the above, 3 shares (Previous year 3 shares) are held with nominee share holders)	622.85	622.85
Fortis Health Management (East) Limited (refer note 22) 44,000 (Previous year 44,000) Equity Shares of ₹ 10/- each, fully paid up (Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders)	4.40	4.40
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) 50,000 (Previous year 50,000) Equity Shares of ₹ 10/- each, fully paid up (Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders)	5.00	5.00
Birdie & Birdie Realtors Private Limited 10,000 (Previous year Nil) Equity Shares of ₹ 10/- each, fully paid up (Of the above, 6 shares (Previous year Nil) are held with nominee share holders)	7,725.00	-
Quoted equity instruments		
Fortis Malar Hospitals Limited (refer note 7) 11,752,402 (Previous year 11,752,402) Equity Shares of ₹ 10/- each fully paid up	0.01	0.01
Investment in associate companies		
Unquoted equity instruments		
Fortis Emergency Services Limited 24,500 (Previous year 24,500) Equity Shares of ₹ 10/- each fully paid up	2.45	2.45
Aggregate amount of investments	8,359.71	634.71
Note:		
Aggregate amount of quoted investments - at cost	0.01	0.01
Aggregate amount of quoted investments - at market value	6,275.78	2,985.11
Aggregate amount of unquoted investments	8,359.70	634.70
4 (xiii) Long-term loans and advances		
Unsecured, considered good		
Loan to subsidiaries (refer note 21)	15,272.20	2,945.51
Loan to body corporates and others	-	12,325.00
Capital advances	202.37	10,221.60
Security deposits	1,642.08	1,563.95
Advance tax and tax deducted at source (net of provision for taxation)	13,684.41	8,173.29
Balances with customs excise and other authorities	17.29	17.29
MAT credit entitlement	7,414.20	7,414.20
Technology renewal fund advance	359.44	-
Advances recoverable in cash or in kind or for value to be received	972.16	10.20
	39,564.15	42,671.04
4 (xiv) Other non-current assets		
Unsecured, considered good unless stated otherwise		
Interest accrued but not due on loans and bank deposits	600.84	267.55
Unamortized finance charges	84.04	112.13
Bank deposits with original maturity of more than 12 months	582.06	478.46
Bank deposits held as margin money	17.50	53.76
	1,284.44	911.90
Unsecured- considered doubtful		
Interest accrued but not due on loans	1,553.71	-
Less: Provision for doubtful balances		
Interest accrued but not due on loans	1,553.71	-
	1,284.44	911.90

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
4 (xv) Inventories (valued at lower of cost and net realizable value)		
Medical consumables and drugs	1,704.58	2,048.09
Linen	100.53	82.14
Stores and spares	75.41	89.64
	1,880.52	2,219.87
4 (xvi) Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered good	3,896.02	3,704.22
Doubtful	6,840.75	4,722.58
	10,736.77	8,426.80
Less: Provision for doubtful receivables	6,840.75	4,722.58
	3,896.02	3,704.22
Other receivables		
Unsecured, considered good	13,521.73	16,705.76
Doubtful	628.32	241.35
	14,150.05	16,947.11
Less: Provision for doubtful receivables	628.32	241.35
	13,521.73	16,705.76
	17,417.75	20,409.98
4 (xvii) Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- on current accounts	961.55	7,525.79
- on deposit accounts with original maturity of less than 3 months	472.40	1.00
Cash in hand	353.46	421.50
Cheques in hand	40.51	62.56
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	-	34.45
Deposits with original maturity of more than 12 months	2.21	11.79
Bank deposits held as margin money	107.30	5.11
	1,937.43	8,062.20
4 (xviii) Short-term loans and advances		
Unsecured, considered good		
Loans to an associate	3,276.80	3,058.53
Loan to body corporates and others*	17,257.10	6,797.00
Advances recoverable in cash or in kind or for value to be received	4,428.06	3,670.87
Security deposits	120.82	145.54
Balances with customs excise and other authorities	136.22	47.50
Technology renewal fund advance	63.00	-
Gratuity fund	-	46.51
Loan to employees	0.99	1.35
	25,282.99	13,767.30
Unsecured- doubtful		
Advances recoverable in cash and kind or for value to be received	303.51	287.53
Loan to body corporate	272.14	-
	575.65	287.53
Provision for doubtful advances	(575.65)	(287.53)
	25,282.99	13,767.30

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
<p>* An unsecured advance of ₹ 10,000.00 lacs was given to a company in an earlier year against acquisition of immovable property which was shown as capital advance under long term loans and advances in note 4(xiii). In accordance with revised agreement with that company, such amount is now repayable with interest in September 2015. Accordingly the amount has been reclassified as loan to body corporates and others under short term loans and advances in note 4(xviii), against which the Company has received ₹ 500.00 lacs subsequent to year end and has also received post-dated cheque for balance amount including interest. Interest accrued on such loan upto March 31, 2015 amounting to ₹ 1,473.53 lacs is included in interest accrued but not due on loans and bank deposits under Other current assets in note 4(xix).</p>		
4 (xix) Other current assets		
Unsecured, considered good		
Interest accrued on loans and bank deposits	1,490.62	199.51
Unamortized finance charges	28.09	47.28
Accrued operating income	3,992.24	3,501.61
Assets held for sale	0.53	0.53
	5,511.48	3,748.93

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 ₹ in lacs	March 31, 2014 ₹ in lacs
4 (xx) Revenue from operations		
Sale of services		
In patient	162,617.18	149,993.85
Out patient	30,951.13	26,982.32
Laboratory/ clinical services	22.88	62.28
Income from medical services	338.91	363.43
Management fees from hospitals (net of prior period reversal of ₹ 238.22 lacs (Previous year Nil))	306.34	1,242.39
Income from satellite centers	74.16	1.78
Income from clinical research	24.24	40.41
	194,334.84	178,686.46
Less: Trade discounts	2,994.07	2,501.22
	191,340.77	176,185.24
Sale of goods		
Pharmacy	2,016.03	1,920.13
	2,016.03	1,920.13
Other operating income		
Income from academic services	91.47	40.72
Income from rent	168.73	137.05
Equipment lease rental	263.99	164.14
Export benefits (net of prior period reversal of ₹ 177.38 lacs (Previous year Nil))	145.10	906.76
Sponsorship income	159.04	156.64
Scrap sale	46.19	29.74
Sale of plasma	11.62	8.74
Unclaimed balances and excess provisions written back	623.53	123.70
Miscellaneous income	522.52	435.38
	2,032.19	2,002.87
	195,388.99	180,108.24
4 (xxi) Other income		
Interest on bank deposits	74.37	25.76
Interest on loans	4,851.83	7,812.63
Foreign exchange fluctuation gain (net)	15.59	-
Profit on sale of mutual funds (current investments)	164.80	185.94
Dividend income	-	58.76
Miscellaneous income	23.14	24.33
	5,129.73	8,107.42
4 (xxii) Increase in inventories of medical consumables and drugs		
Inventory at the beginning of the year	2,048.09	862.01
Additions on account of amalgamation (refer note 22)	-	1,435.47
Reduction on account of sale of business (refer note 19)	(159.09)	-
Inventories at the end of the year	1,704.58	2,048.09
	184.42	249.39

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
4 (xxiii) Employee benefits expense*		
Salaries, wages and bonus	21,630.41	20,178.63
Gratuity expense (refer note 10)	450.80	132.57
Leave encashment	417.03	241.13
Contribution to provident and other funds	1,323.51	1,221.54
Staff welfare expenses	1,412.06	1,278.53
Recruitment and training	78.92	92.60
	25,312.73	23,145.00
4 (xxiv) Other expenses*		
Contractual manpower	2,538.37	2,388.45
Power, fuel and water	4,986.94	5,267.52
Housekeeping expenses including consumables	1,866.16	1,807.96
Patient food and beverages	2,429.11	2,436.29
Pathology laboratory expenses	6,826.71	6,040.02
Radiology expenses	389.55	206.78
Consultation fees to doctors	20,308.60	16,554.85
Professional charges to doctors	20,618.84	21,857.55
Hospital service fee expenses	42,016.50	38,979.88
Medical services expenses	321.73	487.21
Repairs and maintenance		
- Building	471.95	356.19
- Plant and machinery	1,844.64	1,898.00
- Others	1,277.18	1,099.34
Rent		
- Hospital buildings	1,597.88	1,457.39
- Equipments	431.57	401.66
- Others	885.88	1,107.91
Donations	-	1.20
Legal and professional fee	951.23	941.81
Travel and conveyance	1,019.56	1,304.62
Rates and taxes	153.44	127.20
Printing and stationary	794.22	808.73
Communication expenses	390.23	372.42
Insurance	464.84	508.07
Marketing and business promotion	9,074.15	7,541.21
Wealth tax	7.95	4.64
Loss on sale of assets (net)	109.05	65.43
Payment to auditor		
As auditor:		
-Audit fee	49.44	44.00
-Limited review	32.02	24.00
- Tax audit fee	9.55	8.50
-Certification and other services	11.33	11.56
-Out of pocket expenses	9.93	9.01
Foreign exchange fluctuation loss (net)	-	77.69
Bad debts and advances written off	152.39	602.50
Provision for doubtful debts	2,763.23	2,393.18
Provision for doubtful advances	1,985.53	109.15
Provision for contingencies	164.52	8.27
Miscellaneous expenses	397.73	230.00
	127,351.95	117,540.19

* Net of expenses capitalised (refer note 18)

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
4 (xxv) Finance costs		
Interest expense:		
-on term loans	2,504.79	2,503.17
-on cash credit	2.27	5.49
-others	11,932.44	11,332.09
	14,439.50	13,840.75
Bank charges	480.28	469.11
Other borrowing costs:		
- Finance charges	111.03	136.99
	591.31	606.10
	15,030.81	14,446.85
4 (xxvi) Depreciation and amortization expense		
Depreciation of tangible assets	8,788.87	6,557.79
Amortization of intangible assets	712.66	802.51
Less: Adjusted with surplus in the statement of profit and loss (includes deferred tax ₹ 186.95 lacs) [refer note 3(a)]	550.00	-
	8,951.53	7,360.30
4 (xxvii) Exceptional items		
Loan to subsidiary written off (refer note 23)	(957.26)	-
Profit on sale of undertaking (refer note 19)	1,819.85	-
	862.59	-
4 (xxviii) Earnings/ (loss) per share (EPS)		
Loss as per statement of profit and loss	(8,566.66)	(5,706.89)
Weighted average number of equity shares in calculating Basic and Diluted EPS	40,300,577	40,300,577
Basic and diluted EPS	(21.26)	(14.16)

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015
5. Related party Disclosure
i. Names of related parties and related parties relationship

Related Parties where control exists:-		
(a)	Ultimate Holding Company	RHC Holding Private Limited (holding company of Fortis Healthcare Holdings Private Limited)
(b)	Holding Companies	Fortis Healthcare Holdings Private Limited (holding company of Fortis Healthcare Limited) Fortis Healthcare Limited ('FHL')
(c)	Subsidiaries	Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) Fortis Malar Hospitals Limited Malar Stars Medicare Limited Fortis C-Doc Healthcare Limited Lalitha Healthcare Private Limited Fortis Health Management (East) Limited Birdie and Birdie Realtors Private Limited (w.e.f. May 7, 2014)
(d)	Key Managerial Personnel ('KMP')	Mr. Aditya Vij- Managing Director from August 29, 2013 to December 31, 2014 Mr. Ashish Bhatia- Wholetime Director w.e.f. August 29, 2013 Additional related parties as per Companies Act, 2013 Mr. Rakesh Laddha- Chief Financial Officer w.e.f. August 14, 2014 Ms. Meetu Gulati- Company Secretary w.e.f. August 29, 2013 Mr. Daljit Singh- Non-Executive Director Dr. Preetinder Singh Joshi- Non-Executive Director Mr. Gagandeep Singh Bedi- Non-Executive Director w.e.f. October 1, 2014 Dr. S. Narayani- Non-Executive Director w.e.f. October 1, 2014 Mr. Sandeep Puri- Non-Executive Director upto October 1, 2014 Ms. Sabina Vaisoha- Non-Executive Director upto March 31, 2015
(e)	Individuals (directly or indirectly) having control or significant influence over reporting enterprise	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh
Related parties with whom transactions have been taken place during the year:-		
(f)	Fellow Subsidiaries	Hiranandani Healthcare Private Limited Fortis Healthcare International Pte Limited Fortis Asia Healthcare Pte Limited Fortis Hospotel Limited SRL Limited Fortis Health Management (North) Limited*** Fortis Hoan My Medical Corporation Escorts Heart Institute and Research Centre Limited RWL Healthworld Limited (formerly known as Religare Wellness Limited) Medsorce Healthcare Private Limited
(g)	Joint Venture	Fortis Cauvery
(h)	Associates	Fortis Emergency Services Limited
(i)	Enterprises over which any person mentioned at (d) and (e) have	Religare Technologies Limited Chethana Foundation Sunrise Medicare Private Limited International Hospital Limited*

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

significant influence	Kanishka Healthcare Limited*
	Fortis Health Management Limited
	Fortis Hospital Management Limited
	Hospitalia Eastern Private Limited
	Fortis Educational Society
	Escorts Heart and Super Speciality Institute Limited*
	Escorts Heart Centre Limited
	Escorts Hospital and Research Centre Limited*
	Escorts Heart and Super Speciality Hospital Limited
	Fortis Global Healthcare Infrastructure Pte Limited
	Religare Technova IT Services Limited

The schedule of related parties transactions is as follows:

Transactions details	₹ in lacs	
	Year Ended March 31, 2015	Year Ended March 31, 2014
Transactions during the year		
Operating income (including Income from medical services, Management fees from hospitals, Rental, Pharmacy income and other income)		
SRL Limited (Fellow Subsidiary)	115.25	184.69
Kanishka Healthcare Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	1.23
Lalitha Healthcare Private Limited (Subsidiary)	52.68	150.77
Fortis Healthcare Limited (Holding Company)	38.17	15.69
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	25.80	11.24
Fortis C-Doc Healthcare Limited (Subsidiary)	8.77	23.37
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	6.62
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (Fellow Subsidiary)	113.75	54.71
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	0.08	-
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	24.16	-
Expense incurred by the Company on behalf of		
SRL Limited (Fellow Subsidiary)	1.83	5.78
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	59.38	21.13
Sunrise Medicare Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	1.01
Fortis Healthcare Limited (Holding Company)	1,866.86	69.78
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	0.46	7.23
Fortis Hospotel Limited (Fellow Subsidiary)	-	42.67
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	15.90
Lalitha Healthcare Private Limited (Subsidiary)	-	1.60
Fortis Emergency Services Limited (Associate)	-	0.06

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Transactions details	Year Ended March 31, 2015	Year Ended March 31, 2014
Kanishka Healthcare Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	69.13
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	-	0.45
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	2.21	-
Fortis Hospital Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	115.89	-
Birdie and Birdie Realtors Private Limited (Subsidiary)	8.53	-
Expense incurred on behalf of the Company by		
Fortis Healthcare Limited (Holding Company)	389.49	1,144.03
SRL Limited (Fellow Subsidiary)	110.50	61.83
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	2.61	2.98
Kanishka Healthcare Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	56.75
Fortis Hospotel Limited (Fellow Subsidiary)	1,084.66	1,262.55
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	1,250.54	528.14
Fortis Health Management (East) Limited (Subsidiary)	-	2.36
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	1.87	-
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	442.64	-
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	0.09	-
Lalitha Healthcare Private Limited (Subsidiary)	7.41	-
Interest income on loans to		
Fortis Emergency Services Limited (Associate)	453.50	193.27
Fortis C-Doc Healthcare Limited (Subsidiary)	41.86	31.91
Fortis Health Management (East) Limited (Subsidiary)	70.74	35.81
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	280.46	214.55
Birdie and Birdie Realtors Private Limited (Subsidiary)	1,553.71	-
Interest expense on loan taken from		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	46.34
Fortis Healthcare Limited (Holding Company)	11,728.36	10,648.55
Malar Stars Medicare Limited (Subsidiary)	-	322.36
Sale of fixed assets		
Fortis Health Management (East) Limited (Subsidiary)	-	12.42
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	0.75	-
Loans given		
Fortis Health Management (East) Limited (Subsidiary)	185.00	266.00
Fortis Emergency Services Limited (Associate)	450.60	1,174.00

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Transactions details	Year Ended March 31, 2015	Year Ended March 31, 2014
Fortis C-Doc Healthcare Limited (Subsidiary)	335.80	300.92
Hospitalia Eastern Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	773.00	-
Loans received back		
Fortis C-Doc Healthcare Limited (Subsidiary)	-	305.30
Fortis Health Management (East) Limited (Subsidiary)	6.00	-
Loans taken		
Fortis Healthcare Limited (Holding Company)	136,498.00	170,329.00
Loans repaid		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	1,146.45
Malar Stars Medicare Limited (Subsidiary)	-	6,209.10
Fortis Healthcare Limited (Holding Company)	135,686.97	171,386.00
Sale of Business Division		
Fortis Healthcare Limited (Holding Company) (refer note 19)	4,000.00	-
Transfer of CWIP from		
Fortis Healthcare Limited (Holding Company)	210.14	567.08
Professional charges to doctors		
Fortis Emergency Services Limited (Associate)	-	2.35
Consultation fees to doctors		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	333.59	320.51
Fortis C-Doc Healthcare Limited (Subsidiary)	80.56	46.65
Pathology laboratory expenses		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	3.78	5.33
Lalitha Healthcare Private Limited (Subsidiary)	0.01	0.98
SRL Limited (Fellow Subsidiary)	6,245.37	5,549.64
Fortis Healthcare Limited (Holding Company)	0.72	-
Hospital Service fee expense		
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	4,894.86	4,673.96
Escorts Hospital and Research Centre Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	2,154.06
Fortis Hospotel Limited (Fellow Subsidiary)	13,744.79	12,234.79
Kanishka Healthcare Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	4,163.71
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	23,376.85	15,753.36

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Transactions details	Year Ended March 31, 2015	Year Ended March 31, 2014
Cost of Medical Services		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	73.97	150.38
Fortis Healthcare Limited (Holding Company)	73.75	177.00
Radiology expenses		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	0.18	-
Purchase of medical consumables		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	0.37	2.33
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	-	0.09
Medsorce Healthcare Private Limited (Fellow Subsidiary)	238.82	139.99
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (Fellow Subsidiary)	112.77	361.24
Lalitha Healthcare Private Limited (Subsidiary)	67.38	58.45
Fortis Healthcare Limited (Holding Company)	0.13	-
Housekeeping expenses including consumables		
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	13.00
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	24.25
Travel and conveyance expenses		
Fortis Emergency Services Limited (Associate)	47.72	67.57
Rent paid		
Chethana Foundation (Enterprise owned or significantly influenced by KMP or their relatives)	20.22	20.22
Collection on behalf of company by		
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	1,125.11	1,219.83
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	11.67	50.42
Fortis Healthcare Limited (Holding Company)	204.42	681.47
Escorts Hospital and Research Centre Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	3,904.47
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	4.34	-
Fortis C-Doc Healthcare Limited (Subsidiary)	0.97	-
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	2.95	-
Sunrise Medicare Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	1.87	-
Corporate guarantee withdrawn		
Fortis Asia Healthcare Pte Limited (Fellow Subsidiary)	-	217,140.00
Fortis Cauvery (Joint Venture)	500.00	-

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Transactions details	Year Ended March 31, 2015	Year Ended March 31, 2014
Collection by Company on behalf of		
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	0.25
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	18.23
Fortis Healthcare Limited (Holding Company)	5,410.63	28.90
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	0.21	-
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	23.01	7.97

₹ in lacs

Balance outstanding at the year end	As at March 31, 2015	As at March 31, 2014
Loans Recoverable		
Birdie and Birdie Realtors Private Limited (Subsidiary)	12,275.00	-
Fortis C-Doc Healthcare Limited (Subsidiary)	489.67	153.63
Fortis Health Management (East) Limited (Subsidiary)	636.92	424.18
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	1,870.62	2,367.70
Fortis Emergency Services Limited(Associates)	3,509.13	3,058.53
Loan Payable		
Fortis Healthcare Limited (Holding Company)	81,080.89	70,686.17
Balance recoverable		
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	26.16	1.08
Fortis Healthcare Limited (Holding Company)	5,821.37	1,471.13
Fortis C-Doc Healthcare Limited (Subsidiary)	3.88	24.37
Lalitha Healthcare Private Limited (Subsidiary)	494.25	486.78
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	-	-
Fortis Emergency Services Limited (Associate)	-	-
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	31.30	12.23
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	341.11	1,346.25
Fortis Cauvery (Joint Venture)	13.25	11.77
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	657.41	131.62
Kanishka Healthcare Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	16.35
Sunrise Medicare Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	3.92	2.05
Fortis Health Management (East) Limited (Subsidiary)	86.93	89.83
Fortis Hospital Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	142.43
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (Fellow Subsidiary)	64.47	-

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Balance outstanding at the year end	As at March 31, 2015	As at March 31, 2014
SRL Limited (Fellow Subsidiary)	9.92	-
Birdie and Birdie Realtors Private Limited (Subsidiary)	-	-
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	10.11
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (Fellow Subsidiary)	-	5.26
Fortis Hospotel Limited (Fellow Subsidiary)	38.52	-
Hospitalia Eastern Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	773.00	-
Balance payable		
SRL Limited (Fellow Subsidiary)	998.15	524.39
Fortis Healthcare Limited (Holding Company)	15,340.05	14,173.47
Kanishka Healthcare Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	851.36
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	1,032.21	5.12
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	331.20	346.35
Escorts Heart and Super Speciality Institute Limited *(Enterprise owned or significantly influenced by KMP or their relatives)	-	813.21
Escorts Hospital and Research Centre Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	512.21
Fortis C-Doc Healthcare Limited (Subsidiary)	0.98	3.59
Lalitha Healthcare Private Limited (Subsidiary)	0.25	0.19
Medsorce Healthcare Private Limited (Fellow Subsidiary)	44.86	12.11
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (Fellow Subsidiary)	36.59	108.29
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	4,314.48	3,799.27
Fortis Hospotel Limited (Fellow Subsidiary)	2,991.17	2,791.89
Religare Technova IT Services Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	4.48
Fortis Health Management (East) Limited (Subsidiary)	-	424.18
Fortis Emergency Services Limited (Associate)	1.83	-
Interest accrued and due/but not due on loans given		
Fortis C-Doc Healthcare Limited (Subsidiary)	37.67	0.23
Fortis Emergency Services Limited (Associate)	-	193.27
Fortis Health Management (East) Limited (Subsidiary)	68.04	33.73
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	251.18	203.82
Birdie and Birdie Realtors Private Limited (Subsidiary)	1,696.61	-
Corporate guarantee given for loans availed by**		
Lalitha Healthcare Private Limited (Subsidiary)	1,700.00	1,700.00
Fortis Cauvery (Joint Venture)	-	500.00

*During the previous year, Escorts Heart and Super Speciality Institute Limited ('EHSSIL'), Escorts Hospital and Research Centre Limited ('EHRCL') and Kanishka Healthcare Limited ('KHL'), subsidiary of Religare Health Trust has been merged into another subsidiary of Religare Health Trust, International Hospital Limited ('IHL').

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

**The loans availed by above companies against guarantee given have been used by the respective companies for acquiring fixed assets and meeting working capital requirements.

***During the previous year, Hon'ble Delhi High Court of Delhi approved the scheme of amalgamation ('the scheme') of Fortis Health Management (North) Limited ('FHM(N)L') with the Company. The scheme became effective from September 1, 2013 with appointed date as April 1, 2012. (refer note 22).

6. Leases**a) Assets given on operating lease**

The Company has sub-leased some portion of hospital premises and certain medical equipments and computers. In all the cases, the agreements are further renewable at the option of the Company. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year is ₹ 432.72 lacs (Previous year ₹ 301.19 lacs).

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

(₹ in lacs)		
Particulars	March 31, 2015	March 31, 2014
Minimum lease payments :		
Not later than one year	262.96	252.59
Later than one year but not later than five years	425.23	579.37
Later than five years	-	-

Details of capital assets given on non-cancellable operating lease are disclosed as under:

(₹ in lacs)						
Particulars	March 31, 2015			March 31, 2014		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Medical Equipments	928.09	160.80	767.29	802.54	81.99	720.55
Computers	0.44	0.37	0.07	0.44	0.12	0.32
Total	928.53	161.17	767.36	802.98	82.11	720.87

b) Assets taken on operating lease

The Company has obtained certain office, hospital premises, other premises and certain medical equipments on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The total lease payment in respect of such leases recognized in the statement of profit and loss for the year is ₹ 2,915.33 lacs (Previous year ₹ 2,966.96 lacs) and capitalized during the year ₹ 709.54 lacs (Previous year ₹ 774.80 lacs).

Future minimum lease payment under non cancellable operating leases are as follows:

(₹ in lacs)		
Particulars	March 31, 2015	March 31, 2014
Minimum lease payments :		
Not later than one year	1,701.23	1,542.27
Later than one year but not later than five years	3,664.98	3,209.87
Later than five years	631.22	1,177.44
Total	5,997.43	5,929.58

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015****c) Assets taken on finance lease**

The Company has finance leases for Cathlab equipment. The lease has terms of renewal and bargain purchase option. However, there is no escalation clause. Each renewal is at the option of lessee. 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, 2015		March 31, 2014	
	Minimum Lease Payments	Present value of MLP	Minimum Lease Payments	Present value of MLP
Not later than one year	41.88	27.18	41.88	29.90
Later than one year but not later than five years	111.68	61.87	151.82	89.30
Later than five years	-	-	-	-
Total minimum lease payments	153.56	89.05	193.70	119.20
Less: amounts representing finance charges	64.51	-	74.50	-
Present value of minimum lease payments	89.05	89.05	119.20	119.20

7. Investments

Trade Investments includes 11,752,402 quoted Equity shares of Fortis Malar Hospitals Limited received as a gift from International Hospital Limited which has been recorded at a nominal value of ₹ 1,000/-.

8. Capital and other commitments

(₹ in lacs)

Particulars	As at March 31, 2015	As at March 31, 2014
Estimated amount of contracts remaining to be executed on capital account [net of capital advances of ₹ 202.37 lacs (Previous Year ₹ 221.60 lacs)]	1,914.99	592.54

For commitments related to lease arrangements, refer note 6.

9. Contingent liabilities (not provided for) in respect of:

(₹ in lacs)

Description	As at March 31, 2015	As at March 31, 2014
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	7,279.50	2,477.17
Corporate guarantee given to bank in respect of financial assistance availed by fellow subsidiary of the Company. None of the corporate guarantee have been evoked by the Banks during the year as the fellow subsidiary of the Company have complied with the loan covenants.	1,700.00	2,200.00
Deputy Commissioner of Income Tax has raised a demand on account of disallowance of expenditure under Section 14A of the Income Tax Act, 1961 pertaining to assessment year 2012-13. Based on management assessment, the Company believes that it has good chances of success in this case.	257.58	-
Demand pertaining to financial year 2011-12 raised by Joint Commissioner, Commercial Tax, West Bengal for Value Added Tax (VAT) payable on medicines and foods that are being served to patients. In response to the Assessment Order, the Company has filed a petition to	157.08	-

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Description	As at March 31, 2015	As at March 31,2014
VAT Tribunal in the month of October 2014. The Tribunal has granted a stay and has ordered to pay Rs. 10 lacs on Ad Hoc basis which will be refunded in case the judgement is in the favour of the Company. The affidavit in opposition has already been submitted by the West Bengal Sales tax department but the Company is yet to submit its affidavit in reply to the Tribunal. Based on management assessment, the Company believes that it has good chances of success in these cases.		
Jaipur Value Added Tax (VAT) department has raised a demand on account of VAT payable on sale of implants to patients used in procedures performed on them and demand on sale of food and beverages sold to admitted patient. The order pertains to financial year 2011-12 and 2012-13. The Company has filed a Writ petition before Jaipur High Court where Hon'ble court has granted stay on the matter. Based on management assessment, the Company believes that it has good chances of success in these cases.	502.18	-
Interest on Customs duty/ penalty for misdeclaration of imported goods, case for which was pending with Hon'ble Supreme Court of India. The same has been decided in favour of the Company by Hon'ble Supreme Court in the current year.	-	515.50

10. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':
Defined Benefit Plan

The Company has a defined benefit gratuity plan. Every employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service. The Gratuity scheme in case of one of the hospital of the Company is funded with an insurance Company in the form of a qualifying insurance policy and in case of other locations it is unfunded. The Company also provides leave encashment, which is unfunded.

The following table summarizes the components of net employee benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans:

Statement of profit and loss

Net employee benefit expense (recognized in employee cost/capitalize under Capital work in progress)

Particulars	March 31, 2015		March 31, 2014	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Current Service cost	191.83	29.29	233.6	19.69
Interest cost	63.57	15.72	54.93	14.06
Expected return of plan assets	-	(20.59)	-	(16.00)
Net actuarial loss/ (gain) recognized in the period	130.83	40.15	(137.48)	(36.23)
Reversal of excess provisions	-	-		
Net benefit expenses	386.23	64.57	151.05	(18.48)
Actual return on plan assets	-	-	-	-

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015
Balance sheet

Particulars	March 31, 2015		March 31, 2014	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Present value of defined benefit obligation	1,037.88	241.91	779.93	182.95
Fair value of plan assets	-	236.17	-	229.46
Surplus/(deficit) of funds	(1,037.88)	(5.74)	(779.93)	46.51
Net asset/ (liability)	(1,037.88)	(5.74)	(779.93)	46.51

Changes in present value of the defined benefit obligation are as follows:

Particulars	March 31, 2015		March 31, 2014	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Opening defined benefit obligation	779.93	182.95	393.04	-
Liability assumed on account of amalgamation (refer note 22)	-	-	351.31	182.22
Liability deleted on slump sale (refer note 19)	(39.77)	-	-	-
Current service cost	191.83	29.29	233.60	19.69
Interest cost on benefit obligation	63.57	15.72	54.93	14.06
Benefits paid	(88.51)	(25.98)	(115.47)	(12.82)
Actuarial loss/ (gain) recognized in the period	130.83	39.93	(137.48)	(20.20)
Closing defined benefit obligation	1,037.88	241.91	779.93	182.95

Change in fair value of assets are as follows:

Particulars	March 31, 2015		March 31, 2014	
	₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Opening fair value of plan assets	-	229.46	-	-
Assets assumed on account of amalgamation (refer note 22)	-	-	-	148.61
Expected return on plan assets	-	20.59	-	16.00
Contributions by employer	-	12.32	-	61.64
Benefits paid	-	(25.98)	-	(12.82)
Actuarial gains / (losses)	-	(0.22)	-	16.03
Closing fair value of plan assets	-	236.17	-	229.46
Experience gain/(loss) adjustments on plan assets	-	-	-	-

In case of Bangalore Corporate Office , Anandpur, FHKI, Mulund, Bennarghatta Road, Cunningham Road, Kalyan

Particulars,	March 31, 2015	March 31, 2014
	(Unfunded)	(Unfunded)
Discount rate	7.75%	9.25%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	8.00%	10% for the first 3 years starting from 1 April 2012 & 8% thereafter

Fortis Hospitals Limited
Notes to financial statements for the year ended March 31, 2015

Particulars,	March 31, 2015	March 31, 2014
	(Unfunded)	(Unfunded)
Mortality table referred	Indian Assured Lives Mortality (2006 -08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal / Employee Turnover Rate		
Up to 30 years	6.00%-30.00%	10.00%
Up to 40 years	2.00%-25.00%	5.00%
Up to 50 years	1.00%-20.00%	3.00%
Above 50 years	2.00%	2.00%

In Case of other locations

Particulars	March 31, 2015		March 31, 2014	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Discount rate	7.75%	7.75%	9.25%	9.25%
Expected rate of return on plan assets	-	9.25%	-	9.25%
Expected rate of salary increase	3.75% to 8.00%	3.75%	3.75% to 7.50%	3.75%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006 -08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.
Withdrawal / Employee Turnover Rate				
Up to 30 years	6.00%-30.00%	6.00%	6.00% - 18.00%	6.00%
Up to 44 years	2.00%-25.00%	2.00%	2.00% - 6.00%	2.00%
Above 44 years	1.00%-20.00%	1.00%	1.00% - 2.00%	1.00%

Experience histories for the current and previous year are as follows:

(₹ In lacs)

Particulars	Year ending				
	March 31, 2015	March 31, 2014	March 31, 2013	March 31, 2012	March 31, 2011
Defined benefit obligation at the end of the period	(1,257.83)	(962.88)	(393.04)	(339.98)	(297.57)
Plan assets at the end of the period	236.17	229.46	-	-	-
Funded status	(1,021.66)	(733.42)	(393.04)	(339.98)	(297.57)
Experience gain/ (loss) adjustment on plan liabilities	(7.93)	100.04	23.42	30.60	6.35
Experience gain/ (loss) adjustment on plan assets	(0.22)	8.18	-	-	-
Actuarial gain/ (loss) due to change on assumptions	(162.83)	107.90	15.16	15.66	-

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

Notes:

- a) The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- b) The Company's expected contribution to the fund in the next year is not presently ascertainable and hence, the contributions expected to be paid to the plan during the annual period beginning after the balance sheet date as required by Para 120 (o) of the Accounting Standard 15 (Revised) on Employee Benefits are not disclosed.

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

Particulars	March 31, 2015	March 31, 2014
	₹ in lacs	₹ 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	25.97	9.33
-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	-	-

The above 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. This has been relied upon by the auditors.

12. Particulars of Un-hedged Foreign Currency Exposure:

Particulars	Amount
Import trade payables including capital creditors	USD 4.09 lacs (Previous year USD 7.91 lacs) ₹ 254.66 lacs (Previous year ₹ 474.94 lacs)
Buyers Credit	EURO 2.05 lacs (Previous year EURO 4.30 lacs) ₹ 137.01 lacs (Previous year ₹ 355.52 lacs)
	USD 10.69 lacs (Previous year USD 21.30 lacs) ₹ 666.63 lacs (Previous year ₹ 1278.98 lacs)
Deferred payment liabilities	EURO Nil (Previous year EURO 0.06 lacs) ₹ Nil (Previous year ₹ 4.63 lacs)
	USD Nil (Previous year USD 11.54 lacs) ₹ Nil (Previous year ₹ 693.08 lacs)
Letter of credit	EURO Nil (Previous year EURO 0.10 lacs) ₹ Nil (Previous year ₹ 8.27 lacs)

Fortis Hospitals Limited

Notes to financial statements for the year ended March 31, 2015

13. Material consumed (including consumables)

Particulars	31-Mar-15	31-Mar-15	31-Mar-14	31-Mar-14
	% of total consumption	₹ in lacs	% of total consumption	₹ in lacs
Indigenous*	100%	37,479.52	100%	37,490.78
Imported	-	-	-	-
Total	100%	37,479.52	100%	37,490.78

*Including consumables of ₹ 261.44 lacs (previous year ₹ 181.46 lacs) debited to housekeeping expenses.

Note: Material consumption consists of items of various nature and specifications and includes medical consumables, pharmaceuticals etc. Hence, it is not practicable to furnish the item wise details.

14. Expenditure in Foreign Currency (on accrual basis)

Particulars	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
Marketing and business promotion	545.08	511.54
Legal and professional fee	162.98	119.76
Miscellaneous expenses	75.38	15.50
Total	783.44	646.80

15. Value of imports calculated on CIF basis

Particulars	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
Capital goods	1,433.62	3,711.21
Total	1,433.62	3,711.21

16. Earnings in Foreign Currency (on accrual basis)

Particulars	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
Sale of services	6,813.03	6,702.05
Total	6,813.03	6,702.05

17. Borrowings

(i) Secured Loans

Long term borrowings:

Particulars	Note	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
		Non-Current	Current	Non-Current	Current
Term loan from banks	(a)	22,416.67	3,883.34	13,800.00	5,200.00
Hire purchase loans from bank	(b)	-	1.59	4.52	7.98
Buyers' credit	(c)	642.20	160.73	956.89	677.61
Finance lease obligations	(d)	61.76	27.29	89.29	29.91
Deferred payment liabilities	(e)	647.66	471.22	876.66	346.16
		23,768.29	4,544.17	15,727.36	6,261.66

Short term borrowings:

Particulars	Note	March 31, 2015	March 31, 2014
		₹ in lacs	₹ in lacs
Bank overdraft	(f)	0.71	-
Total		0.71	-

- a) Term loan of ₹ 15,000.00 lacs have been taken in two Tranches from ICICI Bank, ₹ 10,300.00 were received during the year ended March 31, 2013 and rest ₹ 4,700.00 were received in the previous year. The entire loan is secured by way of first pari-passu charge over moveable assets up to 1x cover and second pari-passu charge over current assets and exclusive charge over DSRA/Fixed Deposit and carried interest rate of base rate + 1.75%. Term Loan is repayable in 18 structured quarterly installments beginning at the end of seven quarters from first drawdown dated March 29, 2013.

Year	₹ in lacs
8% in the 1st year	1,200.00
12% in the 2nd year	1,800.00
24% in the 3rd year	3,600.00
24% in the 4th year	3,600.00
32% in the 5th year	4,800.00

The facility of ₹ 13,800.00 lacs is outstanding as on March 31, 2015.

Term loan of ₹ 7,000.00 lacs from HDFC Bank is secured by way of first pari passu charge on the assets (moveable and immovable) of certain owned hospitals and equitable mortgage of those owned by hospitals. These loans are further secured by corporate guarantee issued by Fortis Healthcare Limited and carried interest rate of 10.6%. Term Loan is repayable in annual installments of ₹ 3,000.00 lacs at the end of 12 months and ₹ 4,000.00 lacs at the end of 24 months from the date of disbursement. The said facility has been fully paid during the year.

During the year, the Company has availed loan of ₹ 12,500.00 lacs from HDFC Bank which is secured by way of first pari passu charge on the moveable fixed assets and current assets of the Company and equitable mortgage of the property of certain hospitals owned by the Company. These loans are further secured by corporate guarantee issued by Fortis Healthcare Limited and carried interest rate of base rate

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

of the bank+1.25%. Term Loan is repayable in 18 structured quarterly installments within a period of 60 months with repayment being start after 6 months from the date of disbursement (i.e. moratorium period of 6 months). The facility of ₹ 12,500.00 lacs is outstanding as on March 31, 2015.

- b) Hire purchase loans from bank are secured against hypothecation of the vehicles financed and carries interest rate from 8.35% to 10.94%. The loan is repayable in equated monthly installments over four years. However, the Company has made pre-payment of ₹ 6.39 lacs during the year and balance as on March 31, 2015 is to be paid during the financial year 2015-16.
- c) Buyer's credit facility from HDFC Bank was taken in the year 2012-13 for finance of various medical equipments to be imported. It carries interest @ (3% - 3.5%) + 6 months LIBOR and is repayable within 3 years from the date of import of medical equipment.

Out of total, facility amounting to ₹ 677.61 lacs carried interest at 2.55% to 2.79% and was secured against each specific asset against which the facility was availed. The same has been repaid fully during the year.

- d) Finance lease obligation has been used for financing cathlab equipment and was availed during the year ended March 2012. It carries interest rate of 10.52% and repayable in equated monthly installments over seven years.
- e) Deferred payment facility was taken in the financial year 2011-2012 and carries interest @ 9% per annum for the first year and SBI base rate + 0.50% for subsequent years. Deferred credit payment facility is secured by first charge by way of hypothecation of specific equipment of the Company. The loan is repayable in two parts, one is in 20 structured quarterly installments commencing from April 2012 and other one is in 20 structured quarterly installments commencing from May 2013.
- f) The bank overdraft facility limit of ₹6,720.00 lacs has been taken from Axis Bank Limited chargeable to interest at base rate + 1.50%, secured against the first charges on current assets of the Company. The same is repayable on demand.

(ii) Unsecured Loans**Long term borrowings:**

Particulars	Note	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
		₹ in lacs	₹ in lacs	₹ in lacs	₹ in lacs
		Non-Current	Current	Non Current	Current
Deferred payment liabilities	(a)	-	-	346.54	521.12
Total		-	-	346.54	521.12

Short term borrowings:

Particulars	Note	March 31, 2015	March 31, 2014
		₹ in lacs	₹ in lacs
Loan from holding Company	(b)	81,080.89	70,686.17
Total		81,080.89	70,686.17

- a) The facility has been taken from Elekta Limited during the previous year and carries interest rate at 6 months LIBOR + 2.75% for the full payment period of the facility. The facility is repayable in two parts, 50% payment will be in 15 months from the date of shipment or 12 months from the date of installation, whichever is earlier and balance 50% payment will be in 24 months after the first payment. The facility has been prepaid during the year.

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

Another facility is taken from Siemens Financial Services Limited for Oracle licenses. The loan is repayable in 8 structured installments starting from August 2013 and has been fully paid during the current year as per its term.

- b) The loan from holding company ('FHL') was taken initially during the financial year 2011-12 and carries interest at 13% to 13.75% p.a. and is repayable on March 31, 2016.

18. Capitalization of expenditure:

During the year, the Company has capitalised the following expenses to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the Company.

Particulars	As at	As at
	March 31, 2015	March 31, 2014
	₹ in lacs	₹ in lacs
Opening Balance (A)	454.03	204.85
Additions on account of amalgamation (B) (refer note 22)	-	6,505.32
Employee benefits (C)		
Salaries, wages and bonus	173.19	315.08
Total (C)	173.19	315.08
Other expenses (D)		
Contractual manpower	14.38	13.92
Power, fuel and water	4.02	18.51
Housekeeping expenses including consumables	-	18.01
Repairs and maintenance	-	34.55
Rent	709.54	774.80
Legal and professional fee	94.80	6.94
Printing & Stationery	0.03	-
Travel and conveyance	0.10	3.32
Communication expenses	-	0.38
Insurance	-	0.60
Miscellaneous expenses	5.84	20.90
Total (D)	828.71	891.93
Total (E) (A+B+C+D)	1,455.93	7,917.18
Less: Capitalized during the year (F)	-	7,463.15
Balance carried forward to Capital Work in Progress (G =E-F)	1,455.93	454.03

19. During the year ended March 31, 2015, pursuant to business transfer agreements entered into with Fortis Healthcare Limited, the Company has transferred its Shalimar Bagh unit under slump sale transaction on April 1, 2014. Details of assets and liabilities transferred are as under :

S.No.	Particulars	March 31, 2015
		₹ in lacs
1	Net Fixed Assets	3,031.18
2	Goodwill	1,365.00
3	Net Current Assets	(2,216.03)
4	Total Assets Transferred (1+2+3)	2,180.15
5	Sale Consideration by way of payment	4,000.00
6	Profit on Sale of Undertaking (5-4) (included under Exceptional items)	1,819.85

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

20. The Deputy Commissioner of Customs had issued an assessment order in earlier year raising a demand of ₹ 166.49 in relation to import of medical equipments. The Company had filed an appeal with the Hon'ble Supreme Court of India. The court had ordered for the stay and during the previous year court had asked the Company to deposit a sum of ₹ 83.25 lacs with the customs authority. The Company had deposited the amount with the customs authority and has also made a provision of ₹166.49 lacs. During the current year Hon'ble Supreme Court of India has decided the case in the favour of the Company, hence the provision of ₹ 166.49 lacs has been reversed during the current year.

21. **Details of loans given to subsidiaries:**

(₹ in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance (Long term)	
	March 31, 2015	March 31, 2014	March 31, 2015	March 31, 2014
Subsidiaries				
Fortis Health Management (East) Limited	640.92	424.18	636.92	424.18
Fortis C-Doc Healthcare Limited	489.66	308.93	489.66	153.63
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited)	2,857.87	2,379.41	1,870.62	2,367.70
Birdie and Birdie Realtors Private Limited	12,275.00	-	12,275.00	-
Total	16,263.45	3,112.52	15,272.20	2,945.51

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

Name of the loanee	Rate of Interest	Due date	Secured/unsecured	March 31, 2015	March 31, 2014
Fortis Health Management (East) Limited	12.50%	March 31, 2017	Unsecured	636.92	424.18
Fortis C-Doc Healthcare Limited	13%	March 31, 2017	Unsecured	489.66	153.63
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited)	10%	March 31, 2017	Unsecured	1870.62	2,367.70
Birdie and Birdie Realtors Private Limited	14%	March 31, 2017	Unsecured	12,275.00	-
Total				15,272.20	2,945.51

The above loans have been given for meeting the working capital requirements and purchase of capital assets.

22. During the previous year, the Company and Fortis Health Management (North) Limited ('FHM(N)L') a fellow subsidiary of the Company filed an application with Hon'ble Delhi High Court for merger of FHM(N)L into the Company from an appointed date of April 1, 2012, with an objective of reducing administrative cost, overhead, managerial and other expenditure and to bring the expertise, technology and facilities under one roof. It would also simplify corporate structure which would provide management more scope to focus on development of business of the companies.

Salient features of scheme of amalgamation of Fortis Health Management (North) Limited with Fortis Hospitals Limited, the Company:-

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

- i) The Scheme of amalgamation ('the Scheme') under sections 391 and 394 of the Companies Act, 1956, between the Company and Fortis Health Management (North) Limited ('FHM(N)L'), was approved by the Hon'ble High court of New Delhi, vide its order dated July 22, 2013. The Company filed the Order of the Hon'ble High Court approving the scheme, with the Registrar of Companies on September 1, 2013. Therefore the Scheme became effective from September 1, 2013 with appointed date as April 1, 2012. The Scheme had already been approved by the shareholders of both the Companies.
- ii) FHM(N)L was engaged in the business of providing consultancy and development work for establishment, promotion, maintenance, management, operation and conduct of healthcare and related services and to purchase, lease or otherwise acquire, promote, own, establish, operate, run or administer hospitals, clinics, nursing homes, chemist shops and all other kinds of healthcare centre(s) etc. and as per the Scheme of amalgamation, the Company shall continue to carry on the business.
- iii) In terms of Accounting Standard 14 – Accounting for Amalgamations notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the Scheme of Amalgamation was accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of FHM(N)L became, after amalgamation, the assets and liabilities of the Company.
- iv) Pursuant to the Scheme, the business of FHM(N)L had been transferred to the Company on a going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of FHM(N)L, as on April 1, 2012, stand transferred to and vested in the Company.
- v) As per the Scheme, the Company had allotted to the members of FHM(N)L 1 (one) equity share of the face value of ₹ 10/- (ten) each of the Company, credited as fully paid up for every 1 (one) equity shares of ₹ 10/- each held by the members of FHM(N)L in FHM(N)L. In terms of the scheme, on transfer of various assets and liabilities of FHM(N)L to the Company as at the appointed date, following adjustments had been made in the books of account of the Company:

Particulars	₹ in lacs
ASSETS	
Non-current assets	
Tangible assets	13,126.23
Intangible assets	4,552.56
Capital work-in-progress	7,441.01
	25,119.80
Non-current investments	289.05
Long term loans and advances	1,340.88
	26,749.73
Current assets	
Current investments	516.45
Inventories	1,201.40
Trade receivables	10,669.42
Cash and bank balances	623.36
Short term loans and advances	110,020.61
Other current assets	2,868.72
	125,899.96
Total Assets	152,649.69
LIABILITIES	
Non-current liabilities	
Long-term borrowings	1,504.61
Deferred tax liabilities (Net)	127.69

Fortis Hospitals Limited**Notes to financial statements for the year ended March 31, 2015**

Particulars	₹ in lacs
Other long term liabilities	423.97
Long-term provisions	208.84
	2,265.11
Current liabilities	
Short-term borrowings	122,727.36
Trade payables	10,675.53
Other current liabilities	12,031.96
Short-term provisions	314.75
	145,749.60
Total Liabilities	148,014.71
Total Net Assets	4,634.98
Less: Profit brought forward from the amalgamating Company as on the date of amalgamation i.e. April 1, 2012	(4,629.98)
Total	5.00
Share Capital issued by the Company to the members of FHM(N)L	5.00

In view of the aforesaid amalgamation with effect from April 1, 2012, loss of ₹ 11,864.25 lacs has been brought forward from the amalgamating company for the year 2012-2013.

23. Loan to subsidiary written off

The Company has provided loan amounting to ₹ 957.26 lacs to Fortis Cancer Care Limited (FCCL) (formerly known as Fortis Health Management (South) Limited), wholly owned subsidiary of the Company, for investment in M/s Fortis Cauvery, a partnership firm. During the current year, FCCL has entered into a Memorandum of Understanding (MOU) dated August 31, 2014 to dissolve the said firm, as the firm has incurred losses and FCCL's investment is completely eroded. To stop further losses, the operations of the firm are closed and assets have been sold as per the terms of MOU effective from September 1, 2014.

In view of the above entire capital contribution of ₹ 306.00 lacs and loans advanced of ₹ 651.26 lacs till the date of signing of MOU to the partnership firm have been written off by FCCL during the year.

In the light of above facts, the Company has written off the loan advanced to FCCL amounting to ₹ 957.26 lacs.

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 past three years towards Corporate Social Responsibility (CSR). However, the Company has incurred losses in past three years hence the same is not applicable.

Fortis Hospitals Limited

Notes to financial statements for the year ended March 31, 2015

25. Previous year figures

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification.

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm registration number: 301003E

Chartered Accountants

**For and on behalf of the Board of Directors of
Fortis Hospitals Limited**

per Sandeep Sharma

Partner

Membership No. 93577

Ashish Bhatia

Whole Time Director

DIN 01845421

Gagandeep Singh Bedi

Director

DIN 06881468

Meetu Gulati

Company Secretary

Membership No. A24618

Rakesh Laddha

Chief Financial Officer

Place: Gurgaon

Date: May 27, 2015

Place: Gurgaon

Date: May 27, 2015