FORTIS HOSPITALS LIMITED

STANDALONE FINANCIAL STATEMENT FOR THE YEAR ENDED

31 MARCH 2018

Deloitte Haskins & Sells LLP

Chartered Accountants
7th Floor, Building 10, Tower B,
DLF Cyber City Complex,
DLF City Phase - II,
Gurugram - 122 002,
Haryana, India

Tel: +91 124 679 2000
Fax: +91 124 679 2012

INDEPENDENT AUDITOR'S REPORT
TO THE MEMBERS OF FORTIS HOSPITALS LIMITED
Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **FORTIS HOSPITALS LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Standalone Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Standalone Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs below and paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' below.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Standalone Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the

Regd. Office: 12, Dr. Annie Besant Road, Opp. Shiv Sagar Estate, Worli, Mumbai - 400 018, India. (LLP Identification No. AAB-8737)

auditor considers internal financial control relevant to the Company's preparation of the Standalone Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Standalone Ind AS Financial Statements.

We have considered the material weaknesses identified and reported in our separate Report on the Internal Financial Controls Over Financial Reporting in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements for the year ended March 31, 2018.

Except as indicated in the Basis for Qualified Opinion paragraphs below, we believe that the audit evidence obtained by us (including the written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

Basis for Qualified Opinion

1. As explained in Note 26 of the Standalone Ind AS Financial Statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Holding Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm (including identification of certain systemic lapses and override of internal controls), which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report were communicated by the Board of the Holding Company to the Board of the Company and are summarised in the said Note.

   Also, as explained in the said Note:

   a) As per the assessment of the Board of the Company, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in the Standalone Ind AS Financial Statements.

   b) With respect to the other matters identified in the Investigation Report, the Board of the Company intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report including, *inter alia*, initiating an internal enquiry.

   c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

   d) Various regulatory authorities are currently undertaking their own investigation (refer Note 27 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

   e) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations as and when the outcome of the above is known.

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In view of the above, we are unable to comment on the regulatory non-compliances, if any, and the adjustments / disclosures which may become necessary as a result of further findings of the ongoing or future regulatory / internal investigations and the consequential impact, if any, on the Standalone Ind AS Financial Statements.

2. As explained in Notes 24 and 25 of the Standalone Ind AS Financial Statements, the Company has recognised a provision aggregating to Rupees 44,502.62 lacs against the outstanding ICDs placed (including interest accrued thereon of Rupees 4,259.62 lacs) and Rupees 2,549.02 lacs against property advance (including interest accrued thereon of Rupees 174.02 lacs), due to uncertainty of recovery of these balances. The recognition of interest income aggregating to Rupees 4,433.64 lacs as at March 31, 2018 on these doubtful ICDs and property advance is not in compliance with Ind AS 18 'Revenue' and consequently interest income and exceptional items (net) are overstated to that extent.

3. As explained in Note 11(b) of the Standalone Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICD's were assigned – refer note 24 of the Standalone Ind AS Financial Statements) ('Assignees' or 'Claimant') against various entities including the Holding Company (together "the Defendants"), before the District Court, Delhi and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Holding Company is liable for claims owed by the Claimant to the certain party.

   The Holding Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Holding Company has in its written statement also stated that it has not signed the alleged Term Sheet with the said certain party.

   Whilst this matter was included as part of the investigation carried out by the external legal firm referred to in paragraph 1 above, the external legal firm did not report on the merits of the case since the matter was *sub judice*.

   In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rs. 1,800.00 lacs as per notices dated May 31, 2018 and June 1, 2018 (ii) Rupees 21,582.00 lacs as per notice dated June 4, 2018; and (iii) and Rupees 1,962.00 lacs as per notice dated June 4, 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

   Separately, the certain party has also alleged rights to invest in the Holding Company. It has also alleged failure on part of the Holding Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

   Since the Civil Suit is *sub-judice*, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on the Standalone Ind AS Financial Statements.

4. As explained in Note 6(4) of the Standalone Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 26 (d) (iv) and (ix) of the Standalone Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

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In the absence of all required information, we are unable to comment on the completeness/accuracy of the related party disclosures/details in these Standalone Ind AS Financial Statements and the compliance with the applicable regulations and the consequential impact, if any, of the same on these Standalone Ind AS Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, which are not quantifiable, and our comments in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' below, the aforesaid Standalone Ind AS Financial Statements give the information required by the Act in the manner so required and, give a true and fair view in conformity with the Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 30 of the Standalone Ind AS Financial Statements wherein it has been explained that the Standalone Ind AS Financial Statements have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As regards to the matters to be inquired by the auditors in terms of section 143(1) of the Act, we report, to the extent applicable, as follows:

   (a) As explained in Note 24 and Note 26(d)(ii) and (vi) of the Standalone Ind AS Financial Statements, the Company has granted loans in the form of ICDs to three borrower companies, which are stated to have been secured at the time of grant on July 1, 2017. However, it has been noted in the Investigation Report that:

      i. there were certain systemic lapses and override of internal controls including shortcomings in executing documents and creating a security charge. The charge was later on created in February 2018 for the ICDs granted in July 2017 while the Company was under financial stress; and
      ii. there were certain systemic lapses in respect to the assignment of the ICDs and subsequent termination of the arrangement, viz., no diligence was undertaken in relation to assignment, it was not approved by the Treasury Committee and was antedated. The Board of the Company took note of the same only in February 2018.

   Further, we note from the Investigation Report that the external legal firm was unable to assess as to whether the security (charge) is realisable considering the nature of assets held by the borrower companies.

   In view of the above, we are unable to comment whether loans and advances made by the wholly owned subsidiary on the basis of security have been properly secured or whether they are prejudicial to the interests of the Company.

   (b) As explained in Note 26(d)(i) of the Standalone Ind AS Financial Statements, in respect of the ICDs placed, the Investigation Report has stated that a roll-over mechanism was devised whereby, the ICDs were repaid by cheque by the borrower companies at the end of each quarter and fresh ICDs were released at the start of succeeding quarter under separately executed ICD agreements. Further, in respect of the roll-overs of ICDs placed on July 1, 2017 with the borrower companies, the Company utilized the funds received from the Holding Company for the purposes of effecting roll-over.

We are unable to determine whether these transactions in substance represent book entries or whether they are prejudicial to the interests of the Company as these were simultaneously debited and credited to the bank statement.

However, as explained in Note 24 to the Standalone Ind AS Financial Statements, the Company's Management has fully provided for the outstanding balance of the ICDs and the interest accrued thereon as at March 31, 2018.

(c) As explained in Note 26 (e), the Company acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, the Company advanced a loan to Fortis Emergency Services Limited ('FESL'), which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to the Company.

With regard to the above acquisition, we are informed that pre-approval from the Audit Committee was obtained for acquiring the equity interest, but not for advancing the loans to the subsidiary. Further, we understand that the aggregate of the amounts paid towards acquisition of shares and the loan given was substantially higher than the enterprise value of FESL at the time of acquisition, as determined by the Company.

In view of the above, we are unable to determine whether these transactions are prejudicial to the interests of the Company.

2. As required by Section 143(3) of the Act, based on our audit, we report to the extent applicable, that:

(a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraphs above and the matters described in paragraph 1 above of this section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Standalone Ind AS Financial Statements.

(b) Except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above and the matters described in paragraph 1 above of this section, in our opinion proper books of account as required by law relating to preparation of the aforesaid Standalone Ind AS Financial Statements have been kept so far as it appears from our examination of those books.

(c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Standalone Ind AS Financial Statements.

(d) Except for the effects / possible effect of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.

(e) The matters described in the Basis for Qualified Opinion paragraphs, the Emphasis of Matter paragraph above and the matters described in paragraph 1 above of this section, in our opinion, may have an adverse effect on the functioning of the Company.

(f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 and taken on record by the Board of Directors of the Company, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.

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(g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above and in the matters described in paragraph 1 above of this section.

(h) With respect to the adequacy of the Internal Financial Controls over Financial Reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an adverse opinion on the Internal Financial Controls over Financial Reporting of the Company, for the reasons stated therein.

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

i. Except for the possible effect of the matters described in paragraph 3 of the Basis for Qualified Opinion above, the Standalone Ind AS Financial Statements disclose the impact of pending litigations on the financial position of the Company.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

3. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order, which is subject to the possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, the matters described in paragraph 1 above of this section and the material weakness described in Basis of Adverse Opinion in our separate Report on the Internal Financial Controls Over Financial Reporting.

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

Deloitte Haskins & Sells LLP
Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram
July 6, 2018
RT/YK/ 2018

"ANNEXURE A" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2(h) under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date)

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

We have audited the internal financial controls over financial reporting of **FORTIS HOSPITALS LIMITED** ("the Company") as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements of our Audit Report.

Auditor's Responsibility

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

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

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our adverse audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Basis for Adverse opinion

The matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 of the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on the Standalone Ind AS Financial Statements for the year ended March 31, 2018, and the control weaknesses observed in the Company's financial closing and reporting process in regard to assessment of the impairment of Goodwill and investments where the Company did not have adequate internal controls for identifying impairment indicators, selection and application of various inputs to be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, have resulted in material weaknesses in the internal financial controls over financial reporting as the Company has not (a) adhered to their internal control policies (b) safeguarded their assets (c) prevented and detected possible frauds and errors (d) ensured the accuracy and completeness of the accounting records, and (e) prepared reliable financial information on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect/possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company has not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of March 31, 2018 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Deloitte Haskins & Sells LLP
Chartered Accountants

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2018 and these material weaknesses have, *inter alia*, affected our opinion on the said Standalone Ind AS Financial Statements and we have issued a qualified opinion on the said Standalone Ind AS Financial Statements.

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

Deloitte Haskins & Sells LLP
Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram
July 6, 2018
RT/YK/2018

"ANNEXURE B" TO THE INDEPENDENT AUDITOR'S REPORT
(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our Audit Report of even date and except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs and our comments in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report and the material weaknesses described in the Basis of Adverse Opinion in our separate Report on the Internal Financial Controls Over Financial Reporting)

(i) In respect of its fixed assets:

(a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date. Immovable properties of land and buildings whose title deeds have been pledged as security for loans are held in the name of the Company based on the confirmations directly received by us from lenders / parties. In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.

(ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.

(iii) Except for the effects / possible effects of the matters described in paragraph 4 of the Basis for Qualified Opinion section and paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on which we are unable to comment, the Company has granted loans, secured or unsecured, to companies, firms, covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:

(a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.

(b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been as per stipulations.

(c) There is no overdue amount remaining outstanding as at the year-end.

(iv) Except for the effects / possible effects of the matters described in paragraph 4 of the Basis for Qualified Opinion section and paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on which we are unable to comment, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

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(vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Works Contract Tax, Customs Duty, Value Added Tax, Goods and Services Tax, and Cess with the appropriate authorities during the year and that there are no undisputed amounts in respect of these dues which have remained outstanding as at March 31, 2018 for a period of more than six months from the date they became payable.

We are informed that the operations of the Company during the period did not give rise to any liability for Excise Duty.

(b) Details of dues of Income-tax, Service Tax and Value Added Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:-

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rupees Lacs)	Amount Unpaid (Rupees Lacs)
Rajasthan Value Added Tax Act, 2003	Value Added tax and Interest thereon	High Court of Rajasthan	2011-12 to 2012-13	502.18	502.18
Finance Tax, 1994	CENVAT Credit availed	CESTAT	2011-12 to 2012-13	1,165.39	1,165.39
Income Tax Act	Income Tax and Interest thereon	Commissioner of Income Tax, Delhi	2015-16 and 2016-17	920.00	920.00
TOTAL				**2,587.57**	**2,587.57**

We are informed that there are no dues in respect of Customs Duty, Works Contract Tax, and Goods and Services Tax as at March 31, 2018 which have not been deposited on account of any dispute.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a bank during the year. The Company has neither taken any loans or borrowings from financial institutions or government, nor has it issued any debentures during the year.

(ix) As indicated in the Investigation Report referred to in Paragraph 1 of the 'Basis for Qualified opinion' and explained in note 26 to the Standalone Ind AS Financial statement, certain funds may have been diverted from the Company to effect the roll-over of the ICDs. Such diversions may indicate application of terms loans for purposes other than for which they were raised.

Subject to above, in our opinion and according to the information and explanations given to us, the loans taken by the Company and applied during the year were for the purpose for which they were raised.

The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

(x) As explained in Note 26 (i) of the Standalone Ind AS Financial Statements:

a) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

b) Various regulatory authorities are currently undertaking their own investigation (refer Note 27 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

Subject to the above, and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.

(xiii) Except for the effects / possible effects of the matters described in paragraph 4 of the Basis for Qualified Opinion (and our comments in paragraph 1 (c) under the section 'Report on Other Legal and Regulatory Requirements') of our Audit Report on which we are unable to comment, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the completeness/correctness of the disclosures/details of related party transactions in the Standalone Ind AS financial statements as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Deloitte Haskins & Sells LLP
Chartered Accountants

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram
6 July 2018
RT/YK/2018

FORTIS HOSPITALS LIMITED
STANDALONE BALANCE SHEET AT 31 MARCH, 2018

	Notes	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
ASSETS			
A. Non-Current Assets			
(a) Property, plant and equipment	5 (i)(a)	57,847.31	58,079.19
(b) Capital work-in-progress	5 (i)(b)	3,377.93	2,931.70
(c) Goodwill	5 (ii)	44,933.78	44,933.78
(d) Other intangible assets	5 (iii)(a)	3,199.33	3,715.81
(e) Intangible assets under development	5 (iii)(b)	2,337.26	2,532.19
(f) Financial assets			
(i) Investments			
a) Investment in subsidiaries	5 (iv)	20,719.47	20,731.31
b) Investment in joint venture	5 (v)	-	622.85
c) Investment in associate	5 (vi)	35,669.00	35,669.00
(ii) Trade receivables	5 (vii)	-	1,078.33
(iii) Loans	5 (viii)	6,772.34	15,252.68
(iv) Other financial assets	5 (ix)	3,180.11	4,299.35
(g) Deferred tax assets (Net)	5 (x)	15,414.11	9,896.70
(h) Non-current tax assets (Net)	5 (xi)	18,300.32	25,145.92
(i) Other non-current assets	5 (xii)	796.55	1,703.12
Total Non-Current Assets (A)		**212,547.51**	**226,591.93**
B. Current Assets			
(a) Inventories	5 (xiii)	2,224.50	2,098.27
(b) Financial assets			
(i) Trade receivables	5 (vii)	22,231.93	23,400.11
(ii) Cash and cash equivalents	5 (xiv)	1,176.22	48,686.95
(iii) Bank balances other than (ii) above	5 (xv)	1,309.46	-
(iv) Loans	5 (viii)	2,157.81	13,539.96
(v) Other financial assets	5 (ix)	3,867.39	5,930.65
(c) Other current assets	5 (xii)	2,139.94	2,885.64
		35,107.25	**96,541.58**
Assets classified as held for sale	5 (xvi)	-	4,249.02
Total Current Assets (B)		**35,107.25**	**100,790.60**
Total Assets (A+B)		**247,654.76**	**327,382.53**
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	5 (xvii)	4,030.06	4,030.06
(b) Convertible non-participating preference share capital	5 (xvii)	1,300.00	1,300.00
(c) Other equity	5 (xviii)	10,167.24	80,820.62
Total Equity (A)		**15,497.30**	**86,150.68**
B. Liabilities			
I Non-Current Liabilities			
(a) Financial Liabilities			
(i) Borrowings	5 (xix)	119,902.58	141,776.81
(ii) Other financial liabilities	5 (xx)	10,633.30	10,022.21
(b) Provisions	5 (xxi)	2,093.98	1,833.35
Total Non-Current Liabilities (B)		**132,629.86**	**153,632.37**
II Current Liabilities			
(a) Financial liabilities			
(i) Borrowings	5 (xxii)	20,027.78	19,669.19
(ii) Trade payables	5 (xxiii)	59,159.71	38,286.28
(ii) Other financial liabilities	5 (xx)	13,140.39	18,004.32
(b) Provisions	5 (xxi)	2,179.44	2,008.41
(c) Other current liabilities	5 (xxiv)	5,020.28	5,380.28
		99,527.60	**83,348.48**
Liabilities directly associated with assets classified as held for sale	5 (xxv)	-	4,251.00
Total Current Liabilities (C)		**99,527.60**	**87,599.48**
Total Liabilities (B+C)		**232,157.46**	**241,231.85**
Total Equity And Liabilities (A+B+C)		**247,654.76**	**327,382.53**

See accompanying notes forming part of the standalone financial statements — 1-30

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

RASHIM TANDON
Partner

Place : Gurugram
Date : 06 JUL 2018

Deloitte Haskins & Sells LLP Chartered Accountants

FOR AND ON BEHALF OF BOARD OF DIRECTORS
FORTIS HOSPITALS LIMITED

COL. HARINDER S. CHEHAL
Director
DIN: 5148823

GAGANDEEP SINGH BEDI
Director
DIN: 06881468

MEETU GULATI
Company Secretary
Membership No.: A24618
Place : Gurugram
Date : 06 JUL 2018

Fortis Hospitals Limited New Delhi

FORTIS HOSPITALS LIMITED
STANDALONE STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2018

		Notes	Year ended 31 March, 2018 (Rupees in lacs)	Year ended 31 March, 2017 (Rupees in lacs)
I	Revenue from operations	5 (xxvi)	232,263.03	233,646.17
II	Other income	5 (xxvii)	9,852.04	8,689.68
III	**TOTAL INCOME (I+II)**		**242,115.07**	**242,335.85**
IV	**EXPENSES**			
	(i) Purchases of medical consumables and drugs		40,760.92	41,572.24
	(ii) Changes in inventories of medical consumables and drugs	5 (xxviii)	(136.65)	(243.15)
	(iii) Employee benefits expense	5 (xxix)	34,363.04	32,483.63
	(iv) Finance costs	5 (xxx)	18,344.27	17,812.71
	(v) Depreciation and amortisation expense	5 (xxxi)	9,645.52	9,578.27
	(vi) Other expenses	5 (xxxii)	157,856.91	152,333.17
	TOTAL EXPENSES (IV)		**260,834.01**	**253,536.87**
V	**LOSS BEFORE EXCEPTIONAL ITEM AND TAX (III-IV)**		**(18,718.94)**	**(11,201.02)**
VI	**EXCEPTIONAL LOSS (Net)**	5 (xxxiii)	57,594.05	3,659.95
VII	**LOSS BEFORE TAX (V - VI)**		**(76,312.99)**	**(14,860.97)**
VIII	**TAX EXPENSE**			
	(i) Current tax	5 (xxxiv)	-	-
	(ii) Deferred tax charge / (credit)	5 (xxxiv)	(5,564.30)	2,140.65
	Total Tax expense/(credit) (VIII)		**(5,564.30)**	**2,140.65**
IX	**LOSS FOR THE YEAR (VII-VIII)**		**(70,748.69)**	**(17,001.62)**
	OTHER COMPREHENSIVE INCOME/(LOSS)			
	(i) Items that will not be reclassified to profit or loss			
	(a) Remeasurements of the defined benefit plans		142.20	(403.52)
	(ii) Income tax relating to items that will not be reclassified to profit or loss		(46.89)	139.65
X	**TOTAL OTHER COMPREHENSIVE INCOME/(LOSS)**		**95.31**	**(263.87)**
XI	**TOTAL COMPREHENSIVE LOSS FOR THE YEAR (IX+X)**		**(70,653.38)**	**(17,265.49)**
	Earnings per equity share:			
	(i) Basic (in Rupees)	15	(175.55)	(42.19)
	(ii) Diluted (in Rupees)	15	(175.55)	(42.19)

See accompanying notes forming part of the Standalone financial statements — 1-30

In terms of our report attached
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Deloitte Haskins & Sells LLP Chartered Accountants

RASHIM TANDON
Partner

Place : Gurugram
Date : 06 JUL 2018

FOR AND ON BEHALF OF BOARD OF DIRECTORS
FORTIS HOSPITALS LIMITED

COL. HARINDER S. CHEHAL
Director
DIN: 5148823

GAGANDEEP SINGH BEDI
Director
DIN: 06881468

MEETU GULATI
Company Secretary
Membership No.: A24618

Fortis Hospitals Limited New Delhi

Place : Gurugram
Date : 06 JUL 2018

FORTIS HOSPITALS LIMITED
STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2018

	Notes	Year ended 31 March, 2018 (Rupees in lacs)	Year ended 31 March, 2017 (Rupees in lacs)
Cash flows from operating activities			
Loss after tax		**(70,748.69)**	**(17,001.62)**
Adjustments for:			
Tax expense	5 (xxxiv)	(5,564.30)	2,140.65
Exceptional loss (net)	5 (xxxiii)	57,594.05	3,659.95
Interest expenses	5 (xxx)	15,793.13	16,801.27
Interest income	5 (xxvii)	(9,818.99)	(8,295.84)
Dividend income	5 (xxvii)	-	(58.76)
Other non-operating income (net of directly attributable expenses)	5 (xxvii)	-	(1.85)
Loss on disposal of property, plant and equipment (net)	5 (xxxii)	94.43	85.46
Provision for doubtful receivables	5 (xxxii)	3,569.94	2,614.65
Bad debts and sundry balances written off	5 (xxxii)	-	30.14
Provision for doubtful advances	5 (xxxii)	169.42	757.21
Advances written off	5 (xxxii)	891.08	-
Depreciation and amortisation expense	5 (xxxi)	9,645.52	9,578.27
Provision for contingencies	5 (xxxii)	124.69	238.59
Operating profit before working capital changes		**1,750.28**	**10,548.12**
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(1,323.43)	(6,953.60)
(Increase)/decrease in inventories		(126.23)	(214.51)
(Increase)/decrease in other assets		5,991.10	5,365.63
Increase/ (Decrease) in trade payables		20,873.43	9,739.07
Increase/ (Decrease) in provisions		449.17	706.47
Increase/ (Decrease) in other liabilities		(4,526.97)	7,045.54
Cash generated from operations		**23,087.35**	**26,236.72**
Income taxes refunds/(paid)(net)		8,025.10	(6,111.35)
Net cash generated by operating activities	**(A)**	**31,112.45**	**20,125.37**
Cash flows from investing activities			
Profit on redemption of mutual funds		-	1.85
Interest received (refer note 18)		2,955.69	8,094.36
Other dividends received		-	58.76
Proceeds against land held for sale		-	4,251.00
Proceeds from sale of fixed assets		175.97	633.84
Inter-corporate deposits (given)/received back (net)		(40,243.00)	-
Proceeds from repayment of loan by body corporate		4,750.00	2,375.00
Payments for property, plant and equipment		(8,065.74)	(11,959.33)
Net cash outflow on acquisition of subsidiaries		(2.55)	(47,507.45)
Net cash (used in) investing activities	**(B)**	**(40,429.63)**	**(44,051.97)**
Cash flows from financing activities			
Proceeds from issue of convertible non-participating preference shares		-	35,000.00
Proceeds from borrowings [refer note 8(ii)(b)]		69,360.52	274,827.39
Repayment of borrowings		(103,008.63)	(257,037.52)
Interest paid [refer note 8(ii)(b)]		(6,638.23)	(5,186.92)
Net cash (used in)/generated from financing activities	**(C)**	**(40,286.34)**	**47,602.95**
Net (decrease) / increase in cash and cash equivalents	**(A+B+C)**	**(49,603.52)**	**23,676.34**
Cash and cash equivalents at the beginning of the year	5 (xiv)	32,797.35	9,121.01
Cash and cash equivalents at the end of the year	5 (xiv)	**(16,806.17)**	**32,797.35**
See accompanying notes forming part of the Standalone financial statements	1-30		

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Haskins & Sells LLP Deloitte Chartered Accountants

RASHIM TANDON
Partner

Place : Gurugram
Date : 06 JUL 2018

FOR AND ON BEHALF OF BOARD OF DIRECTORS
FORTIS HOSPITALS LIMITED

COL. HARINDER S. CHEHAL
Director
DIN: 5148823

GAGANDEEP SINGH BEDI
Director
DIN: 06881468

MEETU GULATI
Company Secretary
Membership No.: A24618

Place : Gurugram
Date : 06 JUL 2018

Hospitals Limited New Delhi

FORTIS HOSPITALS LIMITED
STANDALONE STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31 MARCH, 2018

	Amount (Rupees in lacs)
A. Equity share capital	
(a) **Balance at 01 April, 2016**	**4,030.06**
(b) Changes in equity share capital during the year	-
(c) **Balance at 31 March, 2017**	**4,030.06**
(d) Changes in equity share capital during the year	-
(e) **Balance at 31 March, 2018**	**4,030.06**
B. Convertible non-participating preference share capital	
(a) **Balance at 01 April, 2016**	**600.00**
(b) Changes in preference share capital during the year	
(i) Issue of 0.01% convertible non-participating preference shares	700.00
(c) **Balance at 31 March, 2017**	**1,300.00**
(d) Changes in preference share capital during the year	-
(e) **Balance at 31 March, 2018**	**1,300.00**

C. Other equity

(Rupees in lacs)

PARTICULARS	Reserve and surplus		Total
	Securities premium reserve	Retained earnings	
(a) Balance at 01 April, 2016	**65,580.52**	**(1,794.41)**	**63,786.11**
(i) Loss for the year	-	(17,001.62)	(17,001.62)
(ii) Other comprehensive income/(loss) for the year, net of income tax	-	(263.87)	(263.87)
(b) Total comprehensive loss for the year	**-**	**(17,265.49)**	**(17,265.49)**
(iii) On issue of convertible non-participating preference shares	34,300.00	-	34,300.00
(c) Balance at 31 March, 2017	**99,880.52**	**(19,059.90)**	**80,820.62**
(iv) Loss for the year	-	(70,748.69)	(70,748.69)
(v) Other comprehensive income/(loss) for the year, net of income tax	-	95.31	95.31
(d) Total comprehensive loss for the year	**-**	**(70,653.38)**	**(70,653.38)**
(e) Balance at 31 March, 2018	**99,880.52**	**(89,713.28)**	**10,167.24**

See accompanying notes forming part of the Standalone financial statements 1-30

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Deloitte Haskins & Sells LLP Chartered Accountants

RASHIM TANDON
Partner

Place : Gurugram
Date : 06 JUL 2018

FOR AND ON BEHALF OF BOARD OF DIRECTORS
FORTIS HOSPITALS LIMITED

COL. HARINDER S. CHEHAL
Director
DIN: 5148823

GAGANDEEP SINGH BEDI
Director
DIN: 06881468

MEETU GULATI
Company Secretary
Membership No.: A24618

Fortis Hospitals Limited New Delhi

Place : Gurugram
Date : 06 JUL 2018

1) Nature of operations

Fortis Hospitals Limited (the 'Company' or 'FHsL') was incorporated on 18 June, 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 year ended 31 March, 2015, Fortis Health Management (North) Limited (another subsidiary of FHL) was amalgamated with the Company.

The registered office of the Company is located Escorts Heart Institute And Research Centre, Okhla Road, New Delhi 110025 and the corporate office of the Company is located at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41 Gurugram 122001, Haryana.

2) Recent Accounting Pronouncements

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

On March 28, 2018, Ministry of Corporate Affairs ('MCA') has notified the Companies (Indian Accounting Standards) Amendment Rules 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018.

The Management does not expect that the adoption of the above amendments to the above standard will have an impact on the financial statements of the Company.

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

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

The Management does not expect that the adoption of the above amendments to the above standard will have an impact on the financial statements of the Company.

IndAS 115, Revenue with Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:-

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with IndAS 8- Accounting Policies, Changes in Accounting Estimates and Errors.

- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

3) Significant accounting policies

3.1 Statement of compliance

The financial statements of the Company has been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

Chartered Accountants

New Delhi

3.2 Basis of preparation and presentation

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

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. The accounting policies have been applied consistently over all the periods presented in the standalone financial statements.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 and value in use in Ind AS 36.

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

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

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

- Level 3 inputs are unobservable inputs for the asset or liability.

3.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Company discontinues the use of the equity method at the time of disposal when the disposal results in the Company losing significant influence over the associate or joint venture.

After the disposal takes place, the Company accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal Company's) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated returns, trade allowances for deduction, rebates, goods and service tax or any other tax as

Deloitte Haskins & Sells LLP Chartered Accountants

Fortis Hospitals Limited New Delhi

applicable and amounts collected on behalf of third parties. Unbilled revenue is recorded for the patients where patient has not been discharged and invoice are not raised as on the reporting date.
Operating Income (IPD and OPD)

Operating income is recognised as and when the services are rendered / pharmacy items (medical consumables and drugs) are sold. Revenue from sale of goods are recognised when all the significant risks and rewards of ownership of goods have been passed to the buyer which coincides with the delivery of goods. The Company collects goods and service tax (GST) or any other tax as may be applicable 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 centers 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 except where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

Export benefits

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

Interest income

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

3.5 Leasing

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

Where the Company is the lessee

Rental expense from the operating lease is generally recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

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Fortis Hospitals Limited New Delhi

Assets held under finance lease are initially recognized as assets of the Company at the lower of the fair value at inception of the leased property or, if lower, present value of minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between 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 immediately in the Statement of Profit and Loss, unless they are directly attributed to qualifying assets, in which they are capitalized in accordance with the Company's general accounting policy on borrowing cost. Lease management fees, legal charges and other initial direct costs of lease are capitalized. Contingent rentals are recognised as expenses in the period in they are incurred.

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

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

3.6 Foreign currencies

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

At the end of each reporting period

i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

ii) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.

iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on settlement or restatement of monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

i) Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustment to interest costs on those foreign currency borrowings;

ii) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the Statement of Profit and Loss on repayment of the monetary items.

3.7 Borrowing Costs

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

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

3.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

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Fortis Hospitals Limited New Delhi

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.9 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans like provident fund and employee state insurance are recognised as an expense when employees have rendered service entitling them to the contributions.

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the statement of profit and loss. Past service cost is recognised in the statement of profit and loss in the period of a plan amendment.

Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense; and
- remeasurement

The company presents the first two components of defined benefit costs in the statement of profit and loss in the line item 'Employee benefits expense' and "Finance Cost" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit.

A liability for a termination benefit is recognised at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.

ii) Short-term and other long-term employee benefits:

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

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 and liability is determined using the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are

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immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iii) Contributions 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 benefit scheme the contribution of which is being deposited with "Escorts Heart Institute and Research Centre Employees Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company 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.

3.10 Taxation

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

i) Current tax

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

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.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax is also recognised in case of unused tax credits such as minimum alternate tax paid in a year but is available for utilization in a subsequent year when tax is payable at normative basis.

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

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and, the company recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

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

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

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

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

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iii) Current and deferred tax for the year

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

3.11 Property, plant and equipment('PPE')

PPE held for use in the supply of services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Components of costs

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

Subsequent expenditure related to an item of PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss in the period during which such expenditure is incurred.

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

Depreciation commences when the assets are ready for their intended use. Depreciation on all PPE except freehold land are provided on a straight-line method based on the estimated useful life of PPE, which is follows:

PPE	Useful Lives
Building	30 Years
Plant and machinery	15 years
Medical equipments	13 years
Computers	3 years
Furniture and fittings	10 years
Office equipment's	5 years
Vehicles	4 - 8 years

Depreciation on Leasehold improvements is provided over the primary period of lease or over the useful lives of the respective PPE, whichever is shorter.

Buildings constructed over the land under lease are depreciated over the shorter of estimated life or lease period.

The useful life of PPE are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

The carrying amount of a PPE is de-recognised upon disposal of PPE or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the statement of profit and loss. The carrying amount of PPE in case of assets held for sale is de-recognised from PPE and measured in accordance with Ind AS 105.

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3.12 Intangible Assets

Intangible Assets Acquired Separately

Intangible assets with finite useful life that are acquired separately are carried on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or development, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards.

The Cost of Intangible assets are amortized on a straight line basis over their estimated useful life which is as follows.

Technical Know-how fees

Technical Know-how fees are amortised over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Software

Cost of software is amortized over a period of 3-6 years, being the estimated useful life as per the management estimates.

License fee

License fees capitalized as intangible asset is amortised over a period of 4-10 years, being management estimate of the useful life of the asset.

Assets developed

Assets developed are amortized over a period of 5 years, being the estimated useful life as per the management estimates.

Non-Compete fee

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

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

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The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is de-recognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is de-recognised.

3.13 Impairment of tangible and intangible asset other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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

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

When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

3.14 Inventories

Inventories of medical consumables, drugs, and stores and spares are valued at lower of cost and net releasable value. Cost is determined on weighted average basis. Cost includes all charges in bringing the goods to their present location and condition.

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

3.15 Provision

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

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

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

3.16 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.

3.17 Segment Reporting

The Company is primarily engaged in the business of healthcare services which is the only reportable business segment as per Ind AS 108 'Operating Segments'. Healthcare services include various patient services delivered through clinical establishment, medical service companies, pathology and radiology services etc.

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

3.18 Earnings per share

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

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

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

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

3.19 Operating cycle

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

3.20 Financial Instrument

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

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

3.21 Financial Assets

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

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

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Classification of financial assets

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

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

Debt Instrument that meet the following conditions are subsequently measured at amortised cost (except for debt instrument that are designated as at fair value through profit or loss ('FVTPL') on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt Instrument that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI') (except for debt instrument that are designated as at FVTPL on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instrument. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instrument are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instrument through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

All other financial assets are subsequently measured at fair value.

Effective interest method

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

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

Financial assets at fair value through profit or loss

Debt instrument that do not meet the amortized cost criteria or debt instrument that meet the FVTOCI criteria are measured at FVTPL. In addition, debt instrument that meet amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'Other

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income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

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

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

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Changes in the carrying amount of investment in equity instrument at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purpose of recognizing foreign exchange gains and losses, FVTOCI debt instrument are treated as financial assets measured at amortized cost. Thus, exchange difference on the amortised cost are recognized in profit and loss and other changes in the fair value of FVTOCI financial assets are recognized in the other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

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

Equity instruments

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

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

Compound financial instruments

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

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

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the

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conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

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

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a finance liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designated eliminates or significantly reduce a measurement or recognition inconsistency that would otherwise arise;
- the finance liability form part of a Company of finance assets or finance liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's document risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

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Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

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

Financial guarantee contracts

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

Financial guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company de-recognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability de-recognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks which includes foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

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Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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

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

3.23 Cash flow statement

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

4) Critical Accounting Judgements

(a) Accounting for Hospital and Medical Services agreement

Fortis Group of companies has entered into separate Hospital and Medical Services Agreements ("HMSA") with RHT Health Trust Group of companies and Fortis Hospotel Limited (being fellow subsidiary) wherein these Companies will provide and maintain the clinical establishments along with providing other services towards out-patient diagnostics and radio diagnostic (together known as 'Clinical establishments').

The clinical establishments as stated above are specifically customised and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

i. doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;

ii. diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and

iii. beds for in-patient treatment.

The Company has analysed the substance of the HMSA and has determined that fulfilment of service arrangement is based on the use of specified assets and conveys the Company's right to use the Clinical Establishments.

The term of the individual HMSA is 15 years and the Company pays a composite service fee i.e. base and variable fee. The base fee is fixed and increase 3% year on year. The variable fee is based on a percentage of the hospitals net operating income in accordance with the HMSA.

The Company has analysed increase in base fee payments and has determined that such increase is to compensate for the expected cost inflation, being in line with general cost inflation; accordingly, the escalation increase of 3% year on year is not factored for straight-lining over the lease term.

(b) Assessment of claims and litigations disclosed as contingent liabilities

There are certain claims and litigations which have been assessed as contingent liabilities by the Management (Refer Note 11 below) which may have an effect on the operations of the Company should the same be decided against the Company.

The Management has assessed that no further provision / adjustment is required to be made in these Standalone Ind AS Financial Statements for the above matters, other than what has been already recorded, as they expect a favorable decision based on their assessment and the advice given by the external legal counsels / professional advisors.

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5) Critical Accounting estimates

The preparation of the financial statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

Impairment of Goodwill
Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating unit (group of cash generating units) to which goodwill has been allocated. The value in use calculation requires the company to estimate the future cash flows expected to arise from the cash generating unit (group of cash generating units) and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

Revenue Recognition
Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured, corporate, ECGS and CGHS patients are subject to approval from Insurance companies, corporates, ECGS and CGHS authorities. Accordingly, the Company estimates the amounts likely to be disallowed by such entities based on past trends. Estimation based on past trends are also required in determining the value of consideration from customers to be allocated to award credit for customers.

Deferred income tax assets and liabilities
Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.
The amount of total deferred tax assets could change if estimates of projected future taxable income or if tax regulations undergo a change.

Useful lives of Property, plant and equipment ('PPE')
The Company reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

Impairment of investments
The Company reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

Defined benefit plans
The cost of the defined benefit plans and the present value of the defined benefit obligation ('DBO') are based on actuarial valuation using the projected unit credit method. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each Balance Sheet date.

Litigation
From time to time, the Company is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

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Income-Taxes
Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty. Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

Fair value measurement of derivative and other financial instruments
The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

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

(Rupees in lacs)

Particulars	Freehold land (refer note 1 and 2 below)	Building (refer note 3 below)	Leasehold improvements	Plant & machinery	Medical equipments (refer note 4 below)	Medical Equipment taken under finance lease (refer note 7(c)(i)	Furniture & fittings	Computers (refer note 4 below)	Office equipments	Vehicles	Total
Gross carrying value											
As at 01 April, 2016	10,327.59	6,982.14	5,468.03	3,919.43	39,872.03	93.75	3,323.02	1,111.30	1,092.58	469.99	**72,659.86**
Additions	-	111.70	240.96	804.67	4,439.50	-	231.90	225.82	274.80	92.20	**6,421.55**
Disposals	-	(98.39)	-	(29.35)	(600.06)	-	(21.71)	(3.25)	(34.76)	(63.09)	**(850.61)**
Assets held for sale [refer note 5(xvi)]	(4,249.02)	-	-	-	-	-	-	-	-	-	**(4,249.02)**
Other adjustments (refer note 5 below)	-	1.78	(11.12)	(0.08)	(0.74)	-	(2.39)	(0.21)	0.18	-	**(12.58)**
As at 31 March, 2017	**6,078.57**	**6,997.23**	**5,697.87**	**4,694.67**	**43,710.73**	**93.75**	**3,530.82**	**1,333.66**	**1,332.80**	**499.10**	**73,969.20**
Additions	-	48.04	153.16	570.78	6,557.20	-	350.58	224.42	190.92	94.42	**8,189.52**
Disposals	-	(63.28)	-	(89.16)	(198.58)	-	(12.73)	(2.13)	(5.73)	(42.77)	**(414.38)**
As at 31 March, 2018	**6,078.57**	**6,981.99**	**5,851.03**	**5,176.29**	**50,069.35**	**93.75**	**3,868.67**	**1,555.95**	**1,517.99**	**550.75**	**81,744.34**
Accumulated Depreciation											
At 01 April, 2016	-	290.54	466.67	353.23	5,393.63	25.34	423.34	499.89	284.78	208.33	**7,945.75**
Charge for the year	-	267.08	628.79	358.48	5,742.89	26.32	469.24	338.17	310.74	104.78	**8,246.49**
Disposals	-	(41.01)	-	(15.78)	(187.50)	-	(6.92)	(2.04)	(26.39)	(22.59)	**(302.23)**
As at 31 March, 2017	**-**	**516.61**	**1,095.46**	**695.93**	**10,949.02**	**51.66**	**885.66**	**836.02**	**569.13**	**290.52**	**15,890.01**
Charge for the year		249.98	586.11	409.40	5,627.05	26.32	507.03	300.75	353.39	90.97	**8,151.00**
Disposals		(2.75)	-	(27.22)	(76.59)	-	(6.91)	(2.12)	(4.39)	(24.00)	**(143.98)**
As at 31 March, 2018	**-**	**763.84**	**1,681.57**	**1,078.11**	**16,499.48**	**77.98**	**1,385.78**	**1,134.65**	**918.13**	**357.49**	**23,897.03**
Carrying value											
As at 31 March, 2017	**6,078.57**	**6,480.62**	**4,602.41**	**3,998.74**	**32,761.71**	**42.09**	**2,645.16**	**497.64**	**763.67**	**208.58**	**58,079.19**
As at 31 March, 2018	**6,078.57**	**6,218.15**	**4,169.46**	**4,098.18**	**33,569.87**	**15.77**	**2,482.89**	**421.30**	**599.86**	**193.26**	**57,847.31**

Notes:
1) The management has confirmed that the Company has clear title to the freehold land.
2) The original title deeds for freehold lands included in above are in the possession of trustee and banks against loans outstanding which has been confirmed by the trustee and banks.
3) Building includes hospital building taken under finance lease. [refer note 7(c)(ii)].
4) The above assets include certain fixed assets leased pursuant to operating lease agreement [refer note 7(b)].
5) Other adjustments include necessary reclassifications and inter head transfers and adjustments to depreciation thereof.
6) Certain assets includes under Property, plant and equipment, are held as pledge against loans taken by the Company.

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

Capital work-in-progress as at 31 March, 2018 is Rupees 3,377.93 lacs (as at 31 March, 2017 Rupees 2,931.70 lacs)

5 (ii) Goodwill

	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
Carrying value		
Hospital business		
Banergatta Road Hospital	17,057.66	17,057.66
Cunningham Road Hospital	2,704.57	2,704.57
Mulund Hospital	13,402.39	13,402.39
Kalyan Hospital	1,523.11	1,523.11
Fortis Heart and Kidney Institute	1,984.82	1,984.82
Anandpur Hospital	6,503.88	6,503.88
Jaipur Hospital	657.15	657.15
Faridabad Hospital	323.05	323.05
Noida Hospital	482.00	482.00
Amritsar Hospital	295.15	295.15
Total	**44,933.78**	**44,933.78**

The Company has allocated goodwill to various individual units. The goodwill is tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired.

The Company made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management. Cash flow projections have been developed covering a seven year period as at 31 March, 2018 (as at 31 March, 2017 covering a five year period) which reflects a more appropriate indication/trend of future track of business of the Company. Cash flows beyond the five/seven-year period were extrapolated using estimate rates stated below.

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

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

Particulars	As at 31 March, 2018	As at 31 March, 2017
Compound average net sales growth rate for seven / five-year period	9%-21%	6%-11%
Growth rate used for extrapolation of cash flow projections beyond seven / five-year period. (Refer note below)	4.00%	3%
Discount rate	11%-15%	11%-15%

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

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

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports. Considering various long term qualitative factors such as company's growth prospects coupled with quantitative factors such as growth in the hospital industry into which the company operates combined with expected inflation and/or real growth in the general economy the long term growth rate has been revised to 4%.

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5 (iii)(a) Other intangible assets

(Rupees in Lacs)

Particulars	License fee	Technical Knowhow	Software	Total
Gross carrying value				
As at 01 April, 2016	889.03	17.20	5,127.82	**6,034.05**
Additions	57.19	-	353.04	**410.23**
Other adjustments*	-	-	3.03	**3.03**
As at 31 March, 2017	**946.22**	**17.20**	**5,483.89**	**6,447.31**
Additions	44.27	-	933.80	**978.07**
Disposals	-	-	-	**-**
As at 31 March, 2018	**990.49**	**17.20**	**6,417.69**	**7,425.38**
Amortisation				
As at 01 April, 2016	429.67	3.34	966.58	**1,399.59**
Charge for the year	89.44	5.73	1,236.61	**1,331.78**
Disposals	-	-	(0.03)	**(0.03)**
Other adjustments*	0.16	-	-	**0.16**
As at 31 March, 2017	**519.27**	**9.07**	**2,203.16**	**2,731.50**
Charge for the year	127.26	5.73	1,361.53	**1,494.52**
Other adjustments*	-	-	0.03	**0.03**
As at 31 March, 2018	**646.53**	**14.80**	**3,564.72**	**4,226.05**
Carrying value				
As at 31 March, 2017	**426.95**	**8.13**	**3,280.73**	**3,715.81**
As at 31 March, 2018	**343.96**	**2.40**	**2,852.97**	**3,199.33**

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

5 (iii)(b) Intangible assets under development

Intangible assets under development as at 31 March, 2018 is Rupees 2,337.26 lacs (as at 31 March, 2017 Rupees 2,532.19).

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	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (iv) Investment in subsidiaries		
Non-Current		
Unquoted Investments (all fully paid) - considered good		
(a) Investments in Equity Instruments - at cost		
(i) Fortis Health Management (East) Limited 44,000 (as at 31 March, 2017 : 44,000) Equity Shares of Rs. 10 each, fully paid up [refer note 20(h)] [Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders]	4.40	4.40
(ii) Fortis Cancer Care Limited 50,000 (as at 31 March, 2017 : 50,000) Equity Shares of Rs. 10 each, fully paid up [refer note 20(b)] (Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders)	5.00	5.00
(iii) Stellant Capital Advisory Services Private Limited 17,499,997 (as at 31 March, 2017 : 17,499,997) Equity Shares of Rs. 10 each, fully paid up [Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders]	10,047.75	10,047.75
(iv) Birdie & Birdie Realtors Private Limited 10,000 (as at 31 March, 2017 : 10,000) Equity Shares of Rs. 10 each, fully paid up [Of the above, 6 shares (Previous year Nil) are held with nominee share holders)]	7,725.00	7,725.00
(v) Fortis Global Healthcare (Mauritius) Limited 835,214 (as at 31 March, 2017 : 835,214) Equity Shares of USD 1 each, fully paid up	2,946.71	2,946.71
(vi) Fortis Emergency Services Limited 50,000 (as at 31 March, 2017 : 24,500) Equity Shares of Rs. 10 each [refer note 20(c)]	5.00	2.45
	20,733.86	**20,731.30**
Less: Provision for impairment in value of investment [refer note 20(b), 20(c) and 20(h)]	**(14.40)**	-
	20,719.46	**20,731.30**
Quoted Investments (all fully paid)		
(a) Investments in Equity Instruments - at cost		
Investment in subsidiary		
(i) Fortis Malar Hospitals Limited (refer note 1 below) 11,752,402 (as at 31 March, 2017 : 11,752,402) Equity Shares of Rs. 10 each fully paid up	0.01	0.01
	0.01	**0.01**
Total Investment in subsidiaries (net)	**20,719.47**	**20,731.31**

Note:

1. 11,752,402 quoted equity shares of Fortis Malar Hospitals Limited were received as a gift from International Hospitals Limited which were recorded at a nominal value of Rupees 1,000.

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		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (v)	**Investments in joint venture**		
	Non-current		
	Unquoted investments (all fully paid)		
	(a) Investments in equity instruments - at cost		
	(i) Fortis C-Doc Healthcare Limited 4,060,637 (as at 31 March, 2017 4,060,637) Equity Shares of Rs. 10 each, fully paid up [Of the above, 3 shares (Previous year 3 shares) are held with nominee share holders]	622.85	622.85
		622.85	**622.85**
	Less: Provision for impairment of investment [refer note 20(g)]	(622.85)	-
	Total Investment in joint venture (net)	-	**622.85**
5 (vi)	**Other investments**		
	Non-Current		
	Unquoted Investments (all fully paid)		
	(a) Investments in Equity instruments of associate - at cost		
	(i) Escorts Heart Institute and Research Center Limited (refer note 21) 401,769 (as at 31 March, 2017 : 401,769) 0.01% compulsorily convertible preference shares of Rupees 10 each)	35,669.00	35,669.00
	Total Other Investments	**35,669.00**	**35,669.00**
	Total Non-Current Investments [5(iv)+5(v)+5(vi)]	**56,388.47**	**57,023.16**
	Aggregate book value of quoted investments	**0.01**	**0.01**
	Aggregate market value of quoted investments	**6,828.15**	**8,219.63**
	Aggregate carrying value of quoted investments	**0.01**	**0.01**
	Aggregate carrying value of unquoted investments	**56,388.46**	**57,023.15**
	Aggregate amount of impairment in value of investments	**637.25**	-

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	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (vii) Trade receivables (unsecured)		
Non-current*		
(a) Considered good	-	1,078.33
(b) Doubtful	-	86.25
(c) Allowance for doubtful debts (expected credit loss allowance)	-	(86.25)
	-	**1,078.33**
Current		
(a) Considered good	22,231.93	23,400.11
(b) Doubtful	14,441.30	9,338.58
(c) Allowance for doubtful debts (expected credit loss allowance)	(14,441.30)	(9,338.58)
	22,231.93	**23,400.11**

*The management reclassifies the balance in relation to trade receivable from Operation and management ('O&M'), on basis of their expectation of the ability of these O&M to generate cash surplus for repayment to the Company.

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

Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. There are customers who represents more than 5% of the total balance of trade receivable. The management has carried out the assessment of the customer and doesn't foresee any default in the payment.

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

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

The Company is carrying an allowance of Rupees 14,441.30 lakhs towards trade receivables. The Management believes that no further provision is required in addition to of the allowance for doubtful debts already recorded.

The trade receivables are pledged as security towards borrowings taken by the Company.

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	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (viii) Loans		
Non-Current - at amortised cost		
Unsecured, considered good		
(a) Loans to subsidiaries (refer note 18)	6,763.60	14,032.36
(b) Loan to bodies corporate and others	8.74	8.74
(c) Loan to a joint venture (refer note 18)	-	1,211.58
Total (A)	**6,772.34**	**15,252.68**
Unsecured, considered doubtful		
(a) Loans to subsidiaries [refer note 20(b), 20(f) & 20(h)]	10,482.24	2,408.43
(b) Loan to a joint venture [refer note 20(g)]	1,442.72	-
(c) Loan to body corporate and others	285.00	303.41
Total (B)	**12,209.96**	**2,711.84**
Less: Allowance for doubtful loans	(12,209.96)	(2,711.84)
Total (C)	**(12,209.96)**	**(2,711.84)**
Total (A+B+C)	**6,772.34**	**15,252.68**
Current - at amortised cost		
Unsecured, considered good		
(a) Loan to employees	0.20	1.76
(b) Loan to body corporate [refer note 20(e)]	-	7,125.00
(c) Inter company loans advances	2,157.61	6,413.20
Total (A)	**2,157.81**	**13,539.96**
Secured, considered doubtful		
(a) Inter-corporate deposits [refer note 20(d) and 24]	40,243.00	-
Total (B)	**40,243.00**	-
Unsecured, considered doubtful		
(a) Loan to body corporate [refer note 20(e) and 25]	2,375.00	-
(b) Loan to subsidiary [refer note 20(c)]	3,582.00	3,374.00
(c) Loan to body corporate and others	448.80	396.39
Total (C)	**6,405.80**	**3,770.39**
Less: Allowance for doubtful loans	(46,648.80)	(3,770.39)
Total (D)	**(46,648.80)**	**(3,770.39)**
Total (A+B+C+D)	**2,157.81**	**13,539.96**

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		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (ix)	**Other financial assets (unsecured)**		
	Non-Current - at amortised cost		
	Considered good		
	(a) Security deposits	547.40	610.95
	(b) Balances held as margin money or security against guarantees	154.16	1,320.76
	(c) Interest accrued but not due:		
	- on loan to subsidiary / Joint venture	139.69	-
	- on bank deposits	-	126.70
	(d) Technology renewal fund advance (refer note 1 below)	510.98	541.65
	(e) Advances others	46.88	3.08
	(f) Commitment deposit (refer Note 2 below)	1,781.00	1,696.21
	Total (A)	**3,180.11**	**4,299.35**
	Considered doubtful		
	(a) Interest accrued on loan to joint venture [refer note 20(g)]	180.61	-
	Total (B)	**180.61**	**-**
	Less: Allowance for doubtful advances	(180.61)	-
	Total (C)	**(180.61)**	**-**
	Total (A+B+C)	**3,180.11**	**4,299.35**
	Current - at amortised cost		
	Considered good		
	(a) Security deposits	824.38	840.82
	(b) Interest accrued but not due:		
	- on loan to subsidiary / Joint venture	-	594.57
	- on bank deposits	112.01	16.29
	- on others	-	71.93
	(c) Technology renewal fund advance (refer note 1 below)	157.52	223.18
	(d) Earnest money deposit	14.51	16.51
	(e) Staff advance	87.72	65.98
	(f) Central credit note receivable	-	425.33
	(g) Accrued operating income	2,643.45	3,655.59
	(h) Advances others	27.80	20.46
	Total (A)	**3,867.39**	**5,930.65**
	Considered doubtful		
	(a) Security deposits	41.00	41.00
	(b) Full & final settlement recoverable from employees	714.23	628.01
	(c) Interest accrued on inter-corporate deposits [refer note 20(d) and 24]	4,259.62	-
	(d) Interest accrued on loan to body corporate [refer note 20(e) and 25]	174.02	-
	Total (B)	**5,188.87**	**669.01**
	Less: Allowance for doubtful assets	(5,188.87)	(669.01)
	Total (C)	**(5,188.87)**	**(669.01)**
	Total (A+B+C)	**3,867.39**	**5,930.65**

Notes:

1) Technology renewal fund / advance represents funds from the service fee payable to the Hospital Service Companies, for funding the replacement refurbishment and / or upgrade of radiology and other medical equipment owned / used by the Hospital Services Companies.

2) Commitment deposit represents funds paid to Hospital Service Companies as commitment for entering into Hospital and Medical Services Agreement (HMSA) upon development of a new clinical establishment.

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5 (x) Deferred tax balances (Net)

The following is the analysis of deferred tax assets/(liabilities)

Recognised in profit and loss account and other comprehensive income

(Rupees in lacs)

Deferred tax assets/(liabilities) in relation to:	**As at 31 March, 2017**	**Credit / (Charge) to Profit or loss**	**Credit / (Charge) to other comprehensive income**	**As at 31 March, 2018**
Property, plant and equipment	(1,212.55)	286.44	-	(926.11)
Intangible assets	(13,678.07)	(465.47)	-	(14,143.54)
Provision for contingency	147.83	34.18	-	182.01
Provision for doubtful advances	2,475.85	(594.17)	-	1,881.68
Provision for expected credit loss on receivables	3,261.74	1,784.63	-	5,046.37
Employee benefits	1,178.38	179.92	(46.89)	1,311.41
Unabsorbed Losses & Depreciation/Amortisation	17,593.02	4,469.27	-	22,062.29
MAT credit entitlement	130.50	(130.50)	-	-
	9,896.70	**5,564.30**	**(46.89)**	**15,414.11**

(Rupees in lacs)

	As at 1 April, 2016	**Credit / (Charge) to Profit or loss**	**Credit / (Charge) to other comprehensive income**	**As at 31 March, 2017**
Property, plant and equipment	(1,469.22)	256.67	-	(1,212.55)
Intangible assets	(13,042.71)	(635.36)	-	(13,678.07)
Provision for contingency	68.22	79.61	-	147.83
Provision for doubtful advances	911.55	1,564.30	-	2,475.85
Provision for expected credit loss on receivables	2,134.93	1,126.81	-	3,261.74
Employee benefits	794.62	244.11	139.65	1,178.38
Unabsorbed losses & depreciation/amortisation	15,086.09	2,506.93	-	17,593.02
MAT credit entitlement	7,414.22	(7,283.72)	-	130.50
	11,897.70	**(2,140.65)**	**139.65**	**9,896.70**

Considering the long-term prospects of the industry and recent tax changes, the Company considers it reasonable that the Company will have future taxable profits, which will be sufficient to cover the deferred tax asset recorded as at the balance sheet date.

	As at 31 March, 2018 (Rupees in lacs)	**As at 31 March, 2017 (Rupees in lacs)**
5 (xi) Tax assets and liabilities		
Non-current tax assets		
(a) Advance income tax (net of provision for taxation)	18,300.32	25,145.92
	18,300.32	**25,145.92**

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		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xii)	**Other assets (unsecured)**		
	Non-Current		
	Considered good		
	(a) Capital advances	243.89	800.08
	(b) Prepaid expenses	552.66	903.04
		796.55	**1,703.12**
	Considered doubtful		
	(a) Capital advance	6.75	-
		6.75	-
	Less: Allowance for doubtful advances	(6.75)	-
		-	-
		796.55	**1,703.12**
	Current		
	Considered good		
	(a) Goods and service tax recoverable	279.10	277.62
	(b) Accrued operating income (Service export from India scheme)	526.12	441.76
	(c) Advance to vendors	558.36	1,331.14
	(d) Prepaid expenses	776.36	835.12
		2,139.94	**2,885.64**
	Considered doubtful		
	(a) Balances with customs excise and other authorities	39.14	33.38
	(b) Deposits with income tax authorities	12.10	12.10
		51.24	**45.48**
	Less: Allowance for doubtful assets	(51.24)	(45.48)
		-	-
		2,139.94	**2,885.64**
5 (xiii)	**Inventories (valued at lower of cost and net realisable value)**		
	(a) Medical consumables and drugs	2,149.30	2,062.73
	Add: Goods-in-transit	50.08	-
		2,199.38	**2,062.73**
	(b) Stores and spares	25.12	35.54
		2,224.50	**2,098.27**

5 (xiv) Cash & cash equivalents

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

		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
	(a) Balances with banks		
	(i) on current accounts	949.26	48,462.69
	(b) Cheques, drafts on hand	6.90	0.07
	(c) Cash on hand	220.06	224.19
	Cash and cash equivalents as per balance sheet	**1,176.22**	**48,686.95**
	Bank overdrafts [refer note 5(xxii)]	(17,982.39)	(15,664.19)
	Book overdrafts [refer note 5(xx)]	-	(225.41)
	Cash and cash equivalents as per statement of cash flows	**(16,806.17)**	**32,797.35**
5 (xv)	**Other bank balance**		
	(a) Balances with banks to the extent held as margin money or security against borrowings	1,309.46	-
		1,309.46	-
5 (xvi)	**Assets classified as held for sale**		
	(a) Assets held for sale (refer note 1 below)	-	4,249.02
		-	**4,249.02**

Note 1
During the previous year ended March 31, 2017, the Company entered into an agreement to sell for a freehold land owned by the Company and accordingly classified the same as assets held for sale. The Company received an amount of Rupees 4,251.00 lacs from the buyer, as per terms of the agreement for sale. During the current year, the title has been transferred to the buyer vide Sale deed dated 1 August, 2017.

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		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xii)	**Other assets (unsecured)**		
	Non-Current		
	Considered good		
	(a) Capital advances	243.89	800.08
	(b) Prepaid expenses	552.66	903.04
		796.55	**1,703.12**
	Considered doubtful		
	(a) Capital advance	6.75	-
		6.75	-
	Less: Allowance for doubtful advances	(6.75)	-
		-	-
		796.55	**1,703.12**
	Current		
	Considered good		
	(a) Goods and service tax recoverable	279.10	277.62
	(b) Accrued operating income (Service export from India scheme)	526.12	441.76
	(c) Advance to vendors	558.36	1,331.14
	(d) Prepaid expenses	776.36	835.12
		2,139.94	**2,885.64**
	Considered doubtful		
	(a) Balances with customs excise and other authorities	39.14	33.38
	(b) Deposits with income tax authorities	12.10	12.10
		51.24	**45.48**
	Less: Allowance for doubtful assets	(51.24)	(45.48)
		-	-
		2,139.94	**2,885.64**
5 (xiii)	**Inventories (valued at lower of cost and net realisable value)**		
	(a) Medical consumables and drugs	2,149.30	2,062.73
	Add: Goods-in-transit	50.08	-
		2,199.38	**2,062.73**
	(b) Stores and spares	25.12	35.54
		2,224.50	**2,098.27**

5 (xiv) Cash & cash equivalents

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

		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
	(a) Balances with banks		
	(i) on current accounts	949.26	48,462.69
	(b) Cheques, drafts on hand	6.90	0.07
	(c) Cash on hand	220.06	224.19
	Cash and cash equivalents as per balance sheet	**1,176.22**	**48,686.95**
	Bank overdrafts [refer note 5(xxii)]	(17,982.39)	(15,664.19)
	Book overdrafts [refer note 5(xx)]	-	(225.41)
	Cash and cash equivalents as per statement of cash flows	**(16,806.17)**	**32,797.35**
5 (xv)	**Other bank balance**		
	(a) Balances with banks to the extent held as margin money or security against borrowings	1,309.46	-
		1,309.46	-
5 (xvi)	**Assets classified as held for sale**		
	(a) Assets held for sale (refer note 1 below)	-	4,249.02
		-	**4,249.02**

Note 1
During the previous year ended March 31, 2017, the Company entered into an agreement to sell for a freehold land owned by the Company and accordingly classified the same as assets held for sale. The Company received an amount of Rupees 4,251.00 lacs from the buyer, as per terms of the agreement for sale. During the current year, the title has been transferred to the buyer vide Sale deed dated 1 August, 2017.

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	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xvii) Share capital		
Authorised Share Capital:		
45,000,000 (as at 31 March, 2017 : 45,000,000) Equity shares of Rs. 10 each	4,500.00	4,500.00
15,000,000 (as at 31 March, 2017 : 15,000,000) 0.01% Non-Cumulative Compulsory Convertible Preference Shares ('CCPS') of Rs. 10 each	1,500.00	1,500.00
Total authorised share capital	**6,000.00**	**6,000.00**
Issued, subscribed and fully paid up shares:		
40,300,577 (as at 31 March, 2017 : 40,300,577) Equity shares of Rs. 10 each	4,030.06	4,030.06
13,000,000 (as at 31 March, 2017 : 13,000,000) 0.01% Non-Cumulative Compulsory Convertible Preference Shares ('CCPS') of Rs. 10 each	1,300.00	1,300.00
Total issued, subscribed and fully paid up share capital	**5,330.06**	**5,330.06**

Notes :

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

Equity Shares

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Number	Rupees in Lacs	Number	Rupees in Lacs
At the beginning of the year	4,03,00,577	4,030.06	4,03,00,577	4,030.06
Issued during the year	-	-	-	-
Outstanding at the end of the year	**4,03,00,577**	**4,030.06**	**4,03,00,577**	**4,030.06**

Non-Cumulative Compulsory Convertible Preference Shares

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Number	Rupees in Lacs	Number	Rupees in Lacs
At the beginning of the year	1,30,00,000	1,300.00	60,00,000	600.00
Issued during the year	-	-	70,00,000	700.00
Outstanding at the end of the year	**1,30,00,000**	**1,300.00**	**1,30,00,000**	**1,300.00**

(b) Terms/ rights attached to equity shares

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

(c) Terms/ rights attached to Preference shares

The preference shares are compulsorily convertible on expiry of 10 years from the date of the allotment. The holder of these preference shares will be entitle for 1 equity share for each preference share held by them. 0.01% CCPS are compound instruments as it also contain liability towards payment of 0.01% dividend at the end of the period of 15 years. Such liability component is insignificant to the total instrument and therefore, not segregated from the instrument value.

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

Equity Shares

Name of Shareholder	As at 31 March, 2018		As at 31 March, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Limited, the Holding company*	4,03,00,577	100.00%	4,03,00,577	100.00%

* Including 6 equity share held by nominees.

Non-Cumulative Compulsory Convertible Preference Shares

Name of Shareholder	As at 31 March, 2018		As at 31 March, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Escorts Heart Institute and Research Centre Limited, Subsidiary of the Holding company	1,30,00,000	100.00%	1,30,00,000	100.00%

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

Equity Shares

Name of Shareholder	As at 31 March, 2018		As at 31 March, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Limited, the Holding company*	4,03,00,577	100.00%	4,03,00,577	100.00%

* Including 6 equity share held by nominees.

Non-Cumulative Compulsory Convertible Preference Shares

Name of Shareholder	As at 31 March, 2018		As at 31 March, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Escorts Heart Institute and Research Centre Limited, fellow Subsidiary	1,30,00,000	100.00%	1,30,00,000	100.00%

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.

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

The Company has issued 50,000 equity shares of Rupees 10 each fully paid up, pursuant to the scheme of amalgamation in the year ended 31 March, 2014.

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	As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xviii) Other equity		
i) Reserve and surplus		
(A) Securities premium account		
Opening balance	99,880.52	65,580.52
Add : Premium on convertible preference shares issued during the year	-	34,300.00
Closing balance	**99,880.52**	**99,880.52**
(B) (Deficit)/Surplus in the statement of profit and loss		
Opening balance	(19,059.90)	(1,794.41)
Loss for the year	(70,748.69)	(17,001.62)
Other comprehensive income/(loss) arising from remeasurement of defined benefit obligation (net of income tax)	95.31	(263.87)
Net deficit in the statement of profit and loss	**(89,713.28)**	**(19,059.90)**
Total (A+B)	**10,167.24**	**80,820.62**

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		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xix)	**Non-current borrowings**		
	Secured - at amortised cost [refer note 8(i)]		
	(a) Term Loans- from banks	24,258.87	30,587.50
	(b) Vehicle loans	30.13	-
	(c) Finance lease obligations	-	15.59
	(d) Deferred payment liabilities	332.80	78.35
		24,621.80	**30,681.44**
	Unsecured - at amortised cost [refer note 8(ii)]		
	(a) Finance lease obligations	661.50	628.54
	(b) Non-convertible debentures	48,624.14	48,624.14
	(c) Loan from Holding Company	45,995.14	61,842.69
		95,280.78	**1,11,095.37**
		1,19,902.58	**1,41,776.81**
5 (xx)	**Other financial liabilities**		
	Non-current		
	Unsecured - at amortised cost		
	(a) Interest accrued and not due on borrowings	10,633.30	9,996.13
	(b) Other long-term liabilities	-	26.08
		10,633.30	**10,022.21**
	Current		
	Secured - at amortised cost		
	(a) Current maturities of long-term debt [refer note 8(i)]	9,564.04	7,398.05
	Unsecured - at amortised cost		
	(a) Current maturities of long-term debt [refer note 8(ii)]	14.23	30.77
	(b) Book overdrafts	-	225.41
	(c) Security deposits	74.98	75.44
	(d) Interest accrued and due on borrowings	228.61	1,734.02
	(e) Capital creditors	2,182.61	1,385.68
	(f) Technology renewal fund*	124.41	86.41
	(g) Payable to related parties	705.62	6,786.17
	(h) Other payables	245.89	282.37
		13,140.39	**18,004.32**

*Technology renewal fund represents fund maintained from the Base Service Fee payable to the Hospital Service Companies, for funding the replacement, refurbishment and/or upgrade of radiology and other medical equipment owned/used by Hospital Service Companies.

		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xxi)	**Provisions**		
	Non-Current		
	Provision for employees' benefits		
	(a) Provision for gratuity (refer note 12)	2,093.98	1,833.35
		2,093.98	**1,833.35**
	Current		
	Provision for employees' benefits		
	(a) Provision for gratuity (refer note 12)	203.69	181.71
	(b) Provision for compensated absences	1,455.29	1,399.54
	Others		
	(a) Provision for contingencies*	520.46	427.16
		2,179.44	**2,008.41**

*** Provision for contingencies :**
Provision for contingency is made against clinical research studies and amount of refund due to the patients, which is expected to be settled in due course and therefore considered as current in nature.

(Rupees in lacs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Opening balance	427.16	197.12
(b) Add: Provision during the year	124.69	238.59
(c) Less: Utilised during the year	31.38	8.55
Closing balance	**520.47**	**427.16**

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		As at 31 March, 2018 (Rupees in lacs)	As at 31 March, 2017 (Rupees in lacs)
5 (xxii)	**Current borrowings**		
	Secured - at amortised cost		
	(a) Bank overdraft [refer note 8(i)]	17,982.39	15,664.19
	(b) Bill discounting [refer note 8(i)]	1,715.39	2,000.00
		19,697.78	**17,664.19**
	Unsecured - at amortised cost		
	(a) Loan from fellow subsidiaries [refer note 8(ii)]	330.00	2,005.00
		330.00	**2,005.00**
		20,027.78	**19,669.19**
5 (xxiii)	**Trade payables (unsecured)**		
	Current		
	(a) Total outstanding dues of micro enterprises and small enterprises (refer note 17)	-	-
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	59,159.71	38,286.28
		59,159.71	**38,286.28**
5 (xxiv)	**Other current liabilities**		
	(a) Advance from patients	2,280.96	2,966.27
	(b) Statutory payables	2,739.32	2,414.01
		5,020.28	**5,380.28**
5 (xxv)	**Liabilities directly associated with assets classified as held for sale**		
	(a) Liabilities directly associated with assets classified as held for sale [refer note 5 (xvi)]	-	4,251.00
		-	**4,251.00**

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		Year ended 31 March, 2018 (Rupees in lacs)	Year ended 31 March, 2017 (Rupees in lacs)
5 (xxvi)	**Revenue from operations**		
	A Sale of services		
	(a) Operating income - in patient department	1,92,959.22	1,93,814.92
	(b) Operating income - out patient department	38,728.50	37,702.21
	(c) Laboratory/ clinical services	43.73	14.08
	(d) Income from medical services	142.97	671.90
	(e) Management fees from hospitals (refer note 16)	1,897.70	1,923.86
	(f) Income from satellite centers	20.65	35.42
	(g) Income from clinical research	68.14	62.02
		2,33,860.91	**2,34,224.41**
	Less: Trade discounts	4,805.92	4,040.20
	Total (A)	**2,29,054.99**	**2,30,184.21**
	B Sale of products - Trading		
	(a) Out Patient Pharmacy	509.71	1,074.77
	Total (B)	**509.71**	**1,074.77**
	C Other operating revenues		
	(a) Income from academic services	173.09	162.53
	(b) Income from rent	256.76	145.21
	(c) Equipment lease rental [refer note 7(b)]	289.34	312.00
	(d) Export benefits	605.37	497.86
	(e) Sponsorship income	116.75	144.33
	(f) Scrap sale	57.30	52.54
	(g) Sale of plasma	34.64	25.61
	(h) Excess liabilities no longer required written back	509.83	416.61
	(i) Miscellaneous income	655.25	630.50
	Total (C)	**2,698.33**	**2,387.19**
	Total revenue from operations (A+B+C)	**2,32,263.03**	**2,33,646.17**
5 (xxvii)	**Other income**		
	I. Interest income		
	(a) Interest income from:		
	- Bank deposits	112.73	113.14
	- loans to subsidiary / Joint venture	424.64	919.93
	- income tax refunds	2,070.58	-
	- Inter-corporate deposits (refer note 24)	6,477.44	6,171.10
	- others	555.13	1,204.81
	(b) Interest on financial assets carried at amortised cost	178.47	201.69
	II. Other non-operating income		
	(a) Profit on redemption of mutual funds	-	1.85
	(b) Dividend income	-	58.76
	III. Other gains and losses		
	(a) Net gain on foreign currency transactions and translation	8.87	-
	(b) Miscellaneous income	24.18	18.40
		9,852.04	**8,689.68**
5 (xxviii)	**Changes in inventories of medical consumables & drugs**		
	(a) Inventory at the beginning of the year	2,062.73	1,819.58
	(b) Inventory at the end of the year	2,199.38	2,062.73
		(136.65)	**(243.15)**
5 (xxix)	**Employee benefit expense**		
	(a) Salaries, wages and bonus	30,775.93	29,376.41
	(b) Gratuity expense (refer note 12)	458.79	333.06
	(c) Compensated absences	356.64	490.43
	(d) Contribution to provident and other funds	1,818.88	1,618.06
	(e) Staff welfare expenses	1,266.89	1,158.76
		34,677.13	**32,976.72**
	Less: Expenses capitalized (refer note 19)	314.09	493.09
		34,363.04	**32,483.63**
5 (xxx)	**Finance costs**		
	(a) Interest expense		
	- on term loans	3,853.34	3,695.82
	- on cash credit	1,917.25	466.65
	- on others	10,022.54	12,710.30
	- late payment of HMSA fees	887.87	-
	- on defined benefit plan	248.20	155.33
	(b) Other borrowing cost (including bank charges)	1,415.07	784.61
		18,344.27	**17,812.71**

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		Year ended 31 March, 2018 (Rupees in lacs)	Year ended 31 March, 2017 (Rupees in lacs)
5 (xxxi)	**Depreciation and amortisation expense**		
	(a) Depreciation of property, plant and equipment	8,151.00	8,246.49
	(b) Amortisation of intangible assets	1,494.52	1,331.78
		9,645.52	**9,578.27**
5 (xxxii)	**Other expenses**		
	(a) Contractual manpower	3,880.49	4,180.40
	(b) Power, fuel and water	4,976.65	5,377.10
	(c) Housekeeping expenses including consumables	2,122.25	1,814.36
	(d) Patient food and beverages	3,121.52	3,066.19
	(e) Pathology laboratory expenses	9,344.55	8,780.24
	(f) Radiology expenses	621.02	684.71
	(g) Consultation fees to doctors/agencies	23,162.24	22,556.16
	(h) Professional charges to doctors	31,915.71	30,119.35
	(i) Hospital service fee expense (refer note 10)	47,039.08	46,194.95
	(j) Repairs and maintenance		
	- Building	348.21	203.11
	- Plant and machinery/ medical equipments	4,687.91	4,450.63
	- Others	479.59	529.45
	(k) Rent [refer note 7(a)]		
	- Hospital buildings, offices and labs	2,032.51	1,980.59
	- Equipments	676.97	641.42
	- Others	861.40	815.14
	(l) Legal and professional fee [refer note (i) below]	1,635.14	1,641.65
	(m) Travel and conveyance	1,539.72	1,684.77
	(n) Rates and taxes	146.06	250.77
	(o) Recruitment and trainings	167.26	193.02
	(p) Printing and stationary	956.86	1,039.14
	(q) Communication expenses	594.06	516.52
	(r) Directors' sitting fees	2.11	3.28
	(s) Insurance	892.98	813.48
	(t) Marketing and business promotion	11,664.38	11,000.87
	(u) Loss on sale of assets (net)	94.43	85.46
	(v) Foreign exchange fluctuation loss (net)	-	3.13
	(w) Bad debts and sundry balances written off	-	30.14
	(x) Provision for doubtful receivables	3,569.94	2,614.65
	(y) Provision for doubtful advances	169.42	757.21
	(z) Advances written off	891.08	-
	(aa) Provision for contingencies [refer note 5(xxi)]	124.69	238.59
	(ab) Miscellaneous expenses	200.41	216.28
		1,57,918.64	**1,52,482.76**
	Less: Expenses capitalized (refer note 19)	61.73	149.59
		1,57,856.91	**1,52,333.17**

Note:

(i)	**Auditors' remuneration comprises (exclusive of indirect taxes)**		
	(a) Statutory audit fee	50.60	44.00
	(b) Limited review fee	32.78	28.50
	(c) Tax audit fee	8.50	8.50
	(d) Certification and other services	9.90	8.83
	(e) Out of pocket expenses	12.88	12.12
		114.66	**101.95**

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	Year ended 31 March, 2018 (Rupees in lacs)	Year ended 31 March, 2017 (Rupees in lacs)
5 (xxiii) Exceptional items		
Expenses/(income):		
(a) Statutory bonus [refer note 20(a)]	-	(15.71)
(b) Allowance for loan given to Fortis Cancer Care Limited [refer note 20(b)]	169.12	301.66
(c) Allowance for loan given to Fortis Emergency Services Limited [refer note 20(c)]	213.00	3,374.00
(d) Allowance for Inter-corporate deposits and interest thereon [refer note 20(d)]	44,502.62	-
(e) Allowance for loan given to body corporate and interest thereon [refer note 20(e)]	2,549.02	-
(f) Allowance for loan given to birdie & birdie [refer note 20(f)]	6,988.25	-
(g) Allowance for investment and loan given to C-Doc Healthcare Limited [Refer note 20(g)]	2,246.19	-
(h) Allowance for investment and loan given to Fortis Health Management (East) Limited [Refer note 20(h)]	925.85	-
	57,594.05	**3,659.95**

	Year ended 31 March, 2018 (Rupees in lacs)	Year ended 31 March, 2017 (Rupees in lacs)
5 (xxxiv) Income tax		
Recognised in Profit or loss account		
Current tax		
(a) In respect of the current year		
	-	-
Deferred tax		
(b) In respect of the current year	(5,564.30)	2,140.65
	(5,564.30)	**2,140.65**
Tax expense recognised throught profit & loss account	**(5,564.30)**	**2,140.65**
Recognised in Other Comprehensive Income		
Deferred tax Charge / (Credit)		
In respect of the current year	46.89	(139.65)
Tax credit recognised through Other Comprehensive income	**46.89**	**(139.65)**

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

Loss before tax from continuing operations	(76,312.99)	(14,860.97)
Enacted income tax rate in India	34.608%	34.608%
Income tax credit calculated	(26,410.40)	(5,143.08)
Effect of expenses not deductible in determining taxable profit	20,369.84	-
MAT credit write off	130.50	7,283.73
Effect of change in future enacted tax rate from 34.608% to 34.944%	(96.08)	-
Effect of tax in relation to previous years	441.84	-
Income tax expense (including deferred tax) recognised in profit or loss	**(5,564.30)**	**2,140.65**

The tax rate used for the 2017-2018 reconciliations above is the corporate tax rate of 34.608% (Previous year 34.608%) payable by corporate entities in India on taxable profits under the Indian tax law.

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6) Related party disclosures

Names of related parties and related party relationship (Refer Note 4 below)

Ultimate Holding Company	(a) RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited up to 16-February-2018) (refer note 2 and 3 below)
Intermediate Holding Company	(a) Fortis Healthcare Holdings Private Limited ('FHHPL') (Holding Company of Fortis Healthcare Limited up to 16-February-2018 (refer note 2 and 3 below)
Holding Company	(a) Fortis Healthcare Limited ('FHL')
Subsidiary Companies - direct or indirect through investment in subsidiaries	(a) Fortis Cancer Care Limited ('FCCL')
	(b) Fortis Malar Hospitals Limited ('FMHL')
	(c) Malar Stars Medicare Limited ('MSML')
	(d) Fortis Emergency Services Limited ('FESL')
	(e) Fortis Health Management (East) Limited ('FHMEL')
	(f) Lalitha Healthcare Private Limited ('LHPL')
	(g) Birdie & Birdie Realtors Private Limited ('B&BRPL')
	(h) Stellant Capital Advisory Services Private Limited ('SCASPL')
	(i) RHT Health Trust Manager Pte. Limited ('RHTTM')
Fellow Subsidiaries (with whom transactions have been taken place)(through ultimate holding Company)	(a) RWL Healthworld Limited (formerly known as Religare Wellness Limited) (up to February-16-2018) (refer note 3 below)
	(b) Medsource Healthcare Private Limited ('MSHPL') (up to February-16-2018) (refer note 3 below)
	(c) Escort Heart Centre Limited (up to February-16-2018) (refer note 3 below)
Fellow Subsidiaries (with whom transactions have been taken place) (through FHL)	(a) Hiranandani Healthcare Private Limited ('HHPL')
	(b) Fortis Hospotel Limited (w.e.f 13-October-2016)
	(c) SRL Limited ('SRL')
	(d) Escorts Heart Institute and Research Centre Limited ('EHICRL')
Joint Ventures	(a) Fortis Cauvery, Partnership firm (Joint venture of FCCL)
	(b) Fortis C-Doc Healthcare Private Limited ('C-Doc')
Key Managerial Personnel ('KMP')/ Directors	**Additional related parties as per Companies Act, 2013**
	(a) Mr. Rakesh Laddha- Chief Financial Officer (Up to 08-March-2018)
	(b) Ms. Meetu Gulati- Company Secretary
	(c) Mr. Gagandeep Singh Bedi- Non-Executive Director
	(d) Col Harinder Chehal- Non-Executive Director (w.e.f. 02-November-2017)
	(e) Ms. Jasrita Dhir- Non-Executive Director (w.e.f. 01-December-2017)
	(f) Lt. Gen. Tejinder Singh Shergill- Non-Executive Director (w.e.f. 27-March-2018 to 28-May-2018)
	(g) Mr. Daljit Singh- Non-Executive Director (Up to 27-October-2016)
	(h) Dr. Preetinder Singh Joshi- Non-Executive Director (Up to 19-March-2018)
	(i) Mr. Ajay Vij (w.e.f. 02-November-2017 to 12-December-2017)
	(j) Ms. Ritu Garg- Non-Executive Director (Up to 23-November-2017)
	(k) Ms. Sabina Vaisoha- Non-Executive Director (Up to 21-May-2018)
	(l) Ashish Bhatia- Non-Executive Director (Up to 19-January-2018)
Individuals (directly or indirectly) having control or significant influence over reporting enterprise	(a) Mr. Malvinder Mohan Singh ('Up to 13- February-2018')
	(b) Mr. Shivinder Mohan Singh ('Up to 13-February-2018')

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Names of related parties and related party relationship as at 31 March, 2018

Enterprises significantly influenced by KMP or their relatives	(a) Best healthcare Private Limited (From 15-December-2017 to till 16-February-2018) (refer note 23(d)) (refer note 3 below)
	(b) Fern Healthcare Private Limited (From 15-December-2017 to till 16-February-2018) [refer note 23(d)] (refer note 3 below)
	(c) Modland Wears Private Limited (From 15-December-2018 to till 16-February-2018) [refer note 23(d)] (refer note 3 below) (d) Healthfore Technologies Limited (up to 16-February-2018) (refer note 3 below)
	(e) Religare Health Insurance Company (up to 16-February-2018) (refer note 3 below)
Enterprises significantly influenced by Holding Company	(a) Sunrise Medicare Private Limited ('SMPL')
	(b) International Hospital Limited ('IHL')
	(c) Fortis Health Management Limited
	(d) Fortis Hospital Management Limited ('FHML')
	(e) Hospitalia Eastern Private Limited ('HEPL')
	(f) Escorts Heart and Super Speciality Hospital Limited ('EHSSHL')
Enterprises controlled by KMP or their relatives	(a) Fortis Nursing & Education Society (up to 13-February-2018)
	(b) Fortis Charitable Foundation (up to 13-February-2018)

The schedule of Related Party Transactions is as follows:

(Rupees in lacs)

Particulars	**Year Ended 31 March, 2018**	**Year Ended 31 March, 2017**
Operating income (including Income from medical services, Management fees from hospitals, Rental, Pharmacy income and other income)		
SRL Limited (Fellow Subsidiary)	75.19	6.03
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (fellow subsidiary) (up to February-16-2018) (refer note 3 below)	207.61	225.57
Fortis Malar Hospitals Limited (Subsidiary)	-	58.76
International Hospital Limited (Enterprises significantly influenced by Holding Company)	2.62	-
Religare Health Insurance Company (Enterprises significantly influenced by Holding Company)	139.03	-
Fortis Charitable Foundation (Enterprises controlled by KMP or their relatives) (up to February-13-2018)	892.44	
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	0.45	
Expense incurred by the Company on behalf of		
SRL Limited (Fellow Subsidiary)	4.17	44.65
International Hospital Limited (Enterprises significantly influenced by Holding Company)	1,057.20	420.91
Fortis Healthcare Limited (Holding Company)	295.03	766.16
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	66.37
Birdie and Birdie Realtors Private Limited (Subsidiary)	-	70.36
Fortis Malar Hospitals Limited (Subsidiary)	1.64	13.59
Medsource Healthcare Private Limited (Fellow Subsidiary)	-	2.97
Fortis Health Management Limited (Enterprises significantly influenced by Holding Company)	0.43	7.18
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	1.13	1.13
Stellant Capital Advisory Services Private Limited (Subsidiary)	-	154.52
Fortis Health Management (East) Limited (Subsidiary)	33.08	-
Expense incurred on behalf of the Company by		
Fortis Healthcare Limited (Holding Company)	131.85	238.72
SRL Limited (Fellow Subsidiary)	160.92	6.54

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(Rupees in lacs)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	106.19	93.85
Fortis Hospotel Limited (Fellow Subsidiary)	965.88	1,159.91
International Hospital Limited (Enterprises significantly influenced by Holding Company)	1,408.42	1,749.63
Escorts Heart and Super Speciality Hospital Limited (Enterprises significantly influenced by Holding Company)	480.01	492.88
Lalitha Healthcare Private Limited (Subsidiary)	-	0.34
Stellant Capital Advisory Services Private Limited (Subsidiary)	4.95	-
Birdie and Birdie Realtors Private Limited (Subsidiary)	7.94	52.65
Fortis Health Management (East) Limited (Subsidiary)	106.10	-
Fortis Malar Hospitals Limited (Subsidiary)	1.94	-
Interest income on loans to		
Fortis Emergency Services Limited (Subsidiary)	61.26	10.69
Fortis C-Doc Healthcare Limited (Joint venture)	182.44	134.84
Fortis Health Management (East) Limited (Subsidiary)	-	102.06
Fortis Cancer Care Limited (Subsidiary)	33.86	5.83
Birdie and Birdie Realtors Private Limited (Subsidiary)	40.00	306.90
Stellant Capital Advisory Services Private Limited (Subsidiary)	107.06	358.68
Fortis La Femme Limited (Fellow Subsidiary)	0.01	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest income for the period 05-January-2018 to 31-March-2018)	464.65	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest income for the period 05-January-2018 to 31-March-2018)	511.52	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest income for the period 05-January-2018 to 31-March-2018)	439.91	-
Provision made for interest income on loans to		
Fortis C-Doc Healthcare Limited (Joint venture)	182.44	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest income for the period 05-January-2018 to 31-March-2018)	1,572.68	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest income for the period 05-January-2018 to 31-March-2018)	1,445.88	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest income for the period 05-January-2018 to 31-March-2018)	1,241.61	-
Interest converted into Loan (Loan Given)		
Fortis Cancer Care Limited (Subsidiary)	351.51	171.56
Fortis C-Doc Healthcare Limited (Joint venture)	132.15	80.43
Fortis Health Management (East) Limited (Subsidiary)	100.02	16.43
Interest expense on loan taken from		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	129.90	626.66
Fortis Healthcare Limited (Holding Company)	6,076.51	10,200.14
Fortis Hospotel Limited ((Enterprises significantly influenced by Holding Company) (up to 12-October-2016)	-	509.86
Fortis Hospotel Limited (Fellow Subsidiary w.e.f. 13-October-2016)	3,489.25	1,580.59

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Fortis Hospitals Limited New Delhi

(Rupees in lacs)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
SRL Limited (Fellow Subsidiary)	37.95	28.70
Fortis La Femme Limited (Fellow Subsidiary)	3.64	-
Gagandeep Singh Bedi (Director)	0.85	-
Ashish Bhatia (Whole Time Director) (Up to 19-January-2018)	0.01	-
Sale of linen		
Fortis Healthcare Limited (Holding Company)	306.18	16.65
Sale of fixed assets		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	104.60
Fortis Hospotel Limited ((Enterprises significantly influenced by Holding Company) (up to 12 October, 2016)	-	22.07
Fortis Healthcare Limited (Holding Company)	-	2.92
Purchase of fixed assets		
Fortis Healthcare Limited (Holding Company)	-	577.74
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	108.13	-
Healthfore Technologies Limited (Enterprises significantly influenced by KMP or their relatives) (refer note 3)	206.77	-
Loans given		
Fortis Health Management (East) Limited (Subsidiary)	-	36.43
Fortis Emergency Services Limited (Subsidiary)	208.00	-
Fortis C-Doc Healthcare Limited (Joint Venture)	135.00	360.43
Fortis Cancer Care Limited (Subsidiary)	164.12	-
Stellant Capital Advisory Services Private Limited (Subsidiary)	135.00	-
International Hospital Limited (Enterprises significantly influenced by Holding Company)	-	858.98
Sunrise Medicare Private Limited (Enterprises significantly influenced by Holding Company)	-	3.92
Fortis Malar Hospitals Limited (Subsidiary)	-	2.25
Fortis La Femme Limited (Fellow Subsidiary)	45.00	-
Assignment of loan and interest accrued to		
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	18,400.00	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	15,507.00	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	13,336.00	-
Interest accrued on loan to Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest accrued for the period 01-August-2017 to 04-January-2018)	1,108.03	-
Interest accrued on loan to Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest accrued for the period 01-August-2017 to 04-January-2018)	933.82	-
Interest accrued on loan to Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018) (Interest accrued for the period 01-August-2017 to 04-January-2018)	803.08	-

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(Rupees in lacs)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Loans received back		
Fortis Malar Hospitals Limited (Subsidiary)	-	2.25
Stellant Capital Advisory Services Private Limited (Subsidiary)	135.00	8,919.07
Fortis Healthcare Limited (Holding Company)	-	0.74
Fortis La Femme Limited (Fellow Subsidiary)	45.00	-
Fortis C-Doc Healthcare Limited (Joint Venture)	36.00	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	7,000.00	-
Interest converted into Loan (Loan taken)		
Fortis Healthcare Limited (Holding Company)	9,996.13	6,207.68
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	27.01	-
Loans taken		
Fortis Healthcare Limited (Holding Company)	72,337.14	210,790.00
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	3,650.00	1,675.00
Fortis Hospotel Limited (Fellow Subsidiary w.e.f. 13 October, 2016)	-	48,624.14
SRL Limited (Fellow Subsidiary)	-	330.00
Fortis La Femme Limited (Fellow Subsidiary)	405.00	-
Gagandeep Singh Bedi (Director)	100.00	-
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	145.00	-
Ashish Bhatia (Whole Time Director) (Up to 19-Jan-2018)	10.00	-
Loans repaid		
Fortis Healthcare Limited (Holding Company)	98,180.82	215,662.75
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	5,352.01	28,973.00
Fortis La Femme Limited (Fellow Subsidiary)	405.00	-
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	145.00	-
Gagandeep Singh Bedi (Director)	100.00	-
Ashish Bhatia (Whole Time Director) (Up to 19-January-2018)	10.00	-
Investment in equity shares of FESL purchase from		
RHC Holding Private Limited (Ultimate Holding)(up to 16-February-2018)	2.55	-
Investment in CCPS of EHIRCL purchased from		
International Hospital Limited (Enterprises significantly influenced by Holding Company)	-	35,669.00
Investment in equity shares of FGHML purchased from		
Fortis Healthcare International Limited (Fellow subsidiary)	-	2,946.71
Investment made during the year		
Stellant Capital Advisory Services Private Limited (Subsidiary)	-	8,891.75
Fortis Global Healthcare (Mauritius) Limited (Subsidiary)	-	2,946.71
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	35,669.00
Fortis Emergency Services Limited (Subsidiary)	2.55	-
Consultation fees to doctors		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	202.95	164.59
Fortis C-Doc Healthcare Limited (Joint Venture)	104.31	104.92
Pathology laboratory expenses		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	3.78	5.91
SRL Limited (Fellow Subsidiary)	8,787.98	8,435.71

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(Rupees in lacs)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Hospital Service fee expense		
Escorts Heart and Super Speciality Hospital Limited (Enterprises significantly influenced by Holding Company)	5,049.17	5,008.53
Fortis Hospotel Limited ((Enterprises significantly influenced by Holding Company)(up to 12 October, 2016)	-	4,066.91
Fortis Hospotel Limited (Fellow Subsidiary w.e.f. 13 October, 2016)	15,955.51	11,294.14
International Hospital Limited (Enterprises significantly influenced by Holding Company)	26,049.69	25,781.84
Purchase of medical consumables		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	0.32	0.15
Medsource Healthcare Private Limited (Fellow Subsidiary)(up to February-16-2018) (refer note 3 below)	868.47	1,223.19
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (fellow subsidiary) (up to February-16-2018) (refer note 3 below)	285.81	116.08
Lalitha Healthcare Private Limited (Subsidiary)	-	25.00
Fortis Healthcare Limited (Holding Company)	-	25.38
Fortis Emergency Services Limited (Subsidiary)	-	82.07
Purchase of SEIS (Scrips)		
Fortis Malar Hospitals Limited (Subsidiary)	28.90	-
Travel and conveyance expenses		
Fortis Emergency Services Limited (Subsidiary)	66.75	116.99
Rent paid		
Escorts Heart Centre Limited (Fellow subsidiary) (up to 16-February-2018) (refer note 3 below)	-	76.72
Interest Payment on delayed payment of Hospital service Management Fee		
Escorts Heart and Super Speciality Hospital Limited (Enterprises owned or significantly influenced by Holding Company)	74.81	-
Fortis Hospotel Limited (Fellow Subsidiary w.e.f 13 October, 2016)	509.48	-
International Hospital Limited (Enterprises owned or significantly influenced by Holding Company)	303.58	-
Sitting Fees		
Preetinder Singh Joshi (Director)	0.47	1.29
Sabina Vaisoha (Director)	1.40	1.98
Lt. Gen. Tejinder Singh Shergill (Director)	0.24	-
Collection on behalf of company by		
International Hospital Limited (Enterprises significantly influenced by Holding Company)	21.70	328.34
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	38.66	184.24
Fortis Healthcare Limited (Holding Company)	1,031.58	530.19
Collection by Company on behalf of		
International Hospital Limited (Enterprises or significantly influenced by Holding Company)	1.54	0.23
Fortis Healthcare Limited (Holding Company)	152.32	61.48
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	107.40	59.51
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	0.29	0.94
Fortis Health Management Limited (Enterprises significantly influenced by Holding Company)	32.06	3.06
Fortis Charitable Foundation (Enterprises significantly influenced by Holding Company)	9.25	3.52

Fortis Hospitals Limited New Delhi

(Rupees in lacs)

Particulars	Year Ended 31 March, 2018	Year Ended 31 March, 2017
Fortis Malar Hospitals Limited (Subsidiary)	119.76	-
Compulsorily convertible preference shares issued (including securities premium)		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	35,000.00
Allowance for doubtful loan		
Fortis Cancer Care Limited (Subsidiary)	164.12	301.66
Fortis Emergency Services Limited (Subsidiary)	208.00	3,374.00
Fortis Health Management (East) Limited (Subsidiary)	921.46	-
Fortis C-Doc Healthcare Limited (Joint Venture)	1,442.72	-
Birdie and Birdie Realtors Private Limited (Subsidiary)	6,988.25	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	11,400.00	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	15,507.00	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	13,336.00	-
Allowance for Interest accrued on loan		
Fortis C-Doc Healthcare Limited (Joint Venture)	180.61	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	1,572.68	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	1,445.33	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. 15-December-2018 to 16-February-2018)	1,241.61	-
Provision for balance recoverable		
Fortis Charitable Foundation (Enterprises controlled by KMP or their relatives)	458.09	-
Corporate Guarantees given to banks for loans availed by the Company by (refer note 1 below)		
Fortis Healthcare Limited (Holding Company)	5,500.00	37,500.00
Corporate guarantee given to banks withdrawn for loans taken by the Company by		
Fortis Healthcare Limited (Holding Company)	-	2,000.00

(Rupees in lacs)

Balance outstanding at the year-end	As at 31 March, 2018	As at 31 March, 2017
Loans recoverable (gross of provision)		
Birdie and Birdie Realtors Private Limited (Subsidiary)	12,275.00	12,275.00
Fortis C-Doc Healthcare Limited (Joint Venture)	1,442.72	1,211.57
Fortis Health Management (East) Limited (Subsidiary)	921.45	821.43
Fortis Cancer Care Limited (Subsidiary)	3,002.55	2,838.43
Stellant Capital Advisory Services Private Limited (Subsidiary)	1,046.85	505.93
Provision against loans recoverable		
Birdie and Birdie Realtors Private Limited (Subsidiary)	6,988.25	-
Fortis C-Doc Healthcare Limited (Joint Venture)	1,442.72	-
Fortis Health Management (East) Limited (Subsidiary)	921.45	-

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(Rupees in lacs)

Balance outstanding at the year-end	As at 31 March, 2018	As at 31 March, 2017
Fortis Cancer Care Limited (Subsidiary)	2,572.55	2,408.43
Loans payable		
Fortis Healthcare Limited (Holding Company)	45,995.14	61,842.69
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	1,675.00
Fortis Hospotel Limited (Fellow Subsidiary)	48,624.14	48,624.14
SRL Limited (Fellow Subsidiary)	330.00	330.00
Interest accrued on loans recoverable (Net of provision)		
Birdie and Birdie Realtors Private Limited (Subsidiary)	33.70	10.90
Fortis C-Doc Healthcare Limited (Joint Venture)	-	132.14
Fortis Health Management (East) Limited (Subsidiary)	-	100.02
Stellant Capital Advisory Services Private Limited (Subsidiary)	105.99	351.51
Interest accrued on loans payable		
Fortis Healthcare Limited (Holding Company)	6,070.43	9,996.13
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	27.01
Fortis Hospotel Limited (Fellow Subsidiary)	4,562.87	1,451.63
SRL Limited (Fellow Subsidiary)	8.42	8.42
Balance recoverable		
Fortis Healthcare Limited (Holding Company)	-	383.42
Escorts Heart and Super Speciality Hospital Limited (Enterprises significantly influenced by Holding Company)	-	34.64
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	48.41	3.23
Fortis Health Management Limited (Enterprises significantly influenced by Holding Company)	-	45.21
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	267.17
Fortis C-Doc Healthcare Limited (Joint Venture)	3.92	0.28
Fortis Cauvery (Partnership)	-	13.25
International Hospital Limited (Enterprises significantly influenced by Holding Company)	157.52	55.93
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (fellow subsidiary) (up to February-16-2018) (refer note 3 below)	-	247.14
Hospitalia Eastern Private Limited (Enterprises significantly influenced by Holding Company)	1,781.00	1,696.21
Fortis Health Management (East) Limited (Subsidiary)	10.70	-
Lalitha Healthcare Private Limited (Fellow Subsidiary)	490.19	490.19
Balance payable		
SRL Limited (Fellow Subsidiary)	7,894.66	1,030.83
Fortis Healthcare Limited (Holding Company)	298.25	11,129.82
Escorts Heart and Super Speciality Hospital Limited (Enterprises significantly influenced by Holding Company)	1,425.44	44.02
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	439.73	27.01
Medsource Healthcare Private Limited (Fellow Subsidiary) (up to February-16-2018) (refer note 3 below)	-	36.37
RWL Healthworld Limited (formerly known as Religare Wellness Limited) (fellow subsidiary) (up to February-16-2018) (refer note 3 below)	-	16.57
International Hospital Limited (Enterprises significantly influenced by Holding Company)	5,842.07	2,562.70
Fortis Hospotel Limited (Fellow Subsidiary)	8,051.06	1,451.63
Fortis Emergency Services Limited (Subsidiary)	33.46	1.09
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	-	0.01

(Rupees in lacs)

Balance outstanding at the year-end	**As at 31 March, 2018**	**As at 31 March, 2017**
Fortis Malar Hospitals Limited (Subsidiary)	165.79	-
Technology renewal fund advance		
International Hospital Limited (Enterprises significantly influenced by Holding Company)	668.50	764.83
Technology renewal fund payable		
International Hospital Limited (Enterprises significantly influenced by Holding Company)	64.91	39.91
Fortis Hospotel Limited (Fellow Subsidiary)	59.50	46.50
Corporate guarantee given for loans availed by (see note 1 below)		
Lalitha Healthcare Private Limited (Subsidiary)	-	1,700.00
Corporate guarantee given to banks for loans availed by the Company by (see note 1 below)		
Fortis Healthcare Limited (Holding Company)	90,720.00	85,220.00

Notes:

1) 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.

2) Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Holding Company, Fortis Healthcare Limited ('FHL') w.e.f. May 10, 2017 since its shareholding was reduced to 34.33% in FHL. However, Mr. Malvinder Mohan Singh, Executive Chairman of FHL till his resignation on February 8, 2018 (accepted by the Board of FHL in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore, by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent Company of FHL till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh from FHL, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the Company till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.

3) Transactions with these parties have been shown for the full year due to practical difficulties in ascertaining the transactions for part of the year. The closing balances have not been reported as the relationship ceased to exist at the balance sheet date.

4) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 26 (d) (iv) and (ix) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

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7) Leases

(a) Assets taken on operating lease:

Hospital/ Office premises, medical equipment's and other premises are obtained on operating lease. The total lease payments in respect of such leases recognised in the statement of profit and loss (gross of capitalisation) for the year ended 31 March, 2018 are Rupees 3,570.88 lacs (year ended 31 March, 2017 Rupees 3,437.15 lacs).

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

(Rupees in lacs)

Minimum lease payments:	**As at 31 March, 2018**	**As at 31 March, 2017**
Not later than one year	556.71	730.50
Later than one year but not later than five years	1,323.73	730.86
Later than five years	5,126.65	5,301.77
Total	**7,007.09**	**6,763.13**

(b) Assets given on operating lease

The Company has sub-leased some portion of hospital premises and certain medical equipment and computers. The total lease income received / receivable in respect of the leases recognised in the statement of profit and loss for the year ended 31 March, 2018 is Rupees 289.34 lacs (year ended 31 March, 2017 Rupees 312.00 lacs).

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

(Rupees in lacs)

Particulars	**As at 31 March, 2018**	**As at 31 March, 2017**
Minimum lease payments:		
Not later than one year	194.06	142.71
Later than one year but not later than five years	306.17	131.48
Later than Five years	-	-
Total	**500.23**	**274.19**

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

(Rupees in lacs)

Particulars	**As at 31 March, 2018**			**As at 31 March, 2017**		
	Gross carrying value	**Accumulated depreciation**	**Carrying value**	**Gross carrying value**	**Accumulated depreciation**	**Carrying value**
Medical Equipments	1,348.29	255.01	1,093.28	1,014.28	220.97	793.31
Computers	0.44	0.44	-	0.44	0.44	-
Total	**1,348.73**	**255.45**	**1,093.28**	**1,014.72**	**221.41**	**793.31**

(c) Assets taken on finance lease

(i) The Company has finance leases for Cath lab equipments. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:-

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(Rupees in lacs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Minimum Lease Payments	Present value of MLP	Minimum Lease Payments	Present value of MLP
Not later than one year	40.22	37.03	41.88	22.43
Later than one year but not later than five years	-	-	31.41	15.59
Later than five years	-	-	-	-
Total minimum lease payments	**40.22**	**37.03**	**73.29**	**38.02**
Less: amounts representing finance charges	(3.19)		(35.27)	
Present value of minimum lease payments	**37.03**	**37.03**	**38.02**	**38.02**

(ii) The Company has a long-term lease of building for one of its hospital, since the lease period consumes majority of the life of building, the lease is treated as embedded lease. The said embedded lease has further been segregated into operating and finance lease. Future minimum lease payments (MLP) under such finance leases together with the present value of the net MLP are as follows:

(Rupees in lacs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Minimum Lease Payments	Present value of MLP	Minimum Lease Payments	Present value of MLP
Not later than one year	60.82	14.23	57.02	30.78
Later than one year but not later than five years	260.87	55.37	253.59	182.18
Later than five years	1,993.70	606.13	2,061.78	446.34
Total minimum lease payments	**2,315.39**	**675.73**	**2,372.39**	**659.30**
Less: amounts representing finance charges	(1,639.66)		(1,713.09)	
Present value of minimum lease payments	**675.73**	**675.73**	**659.30**	**659.30**

8) Borrowings

(i) Secured Loans

Non-current borrowings

(Rupees in lacs)

Particulars	Note	As at 31 March, 2018		As at 31 March, 2017	
		Non-Current	Current maturities	Non-Current	Current maturities
Term loan from Bank	(a)	24,258.87	9,405.89	30,587.50	7,149.69
Vehicle Loan	(b)	30.13	12.26	-	-
Buyers Credit	(c)	-	-	-	86.77
Finance lease obligations	(d)	-	37.03	15.59	22.42
Deferred payment liabilities	(e)	332.80	108.86	78.35	139.17
Total		**24,621.80**	**9,564.04**	**30,681.44**	**7,398.05**

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Current borrowings:

(Rupees in lacs)

Particulars	Note	As at 31 March, 2018	As at 31 March, 2017
Bank overdraft	(f)	17,982.39	15,664.19
Bill discounting	(g)	1,715.39	2,000.00
Total		**19,697.78**	**17,664.19**

a) The company has taken following term loan from banks:

- Term loan of Rupees 15,000 lacs have been taken in two Tranches from ICICI Bank, Rupees 10,300 lacs were received during the year ended March 31, 2013 and rest Rupees 4,700 lacs were received during the year ended on March 31, 2014. 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 + 1.25% (weighted average effective rate of interest is 12.22%). Term Loan is repayable in 18 structured quarterly installments beginning at the end of seven quarters from first drawdown dated March 29, 2013.

Year	Rupees 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 outstanding as at 31 March, 2018 is Rupees 4,763.44 lacs (as at 31 March, 2017 Rupees 8,299.71 lacs).

- During the year ended on 31 March, 2015, the Company had availed loan of Rupees 12,500 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.

  During the year ended 31 March 2016, the Company has also availed medical equipment loan of Rupees 2,500 lacs which is secured by exclusive charge on assets (medical equipment) purchased from this loan. Both these loans are further secured by corporate guarantee issued by Fortis Healthcare Limited and carried interest rate of base rate of the bank+1.25% and MCLR+0.85% respectively. 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). Further, during the year ended 31 March 2017, the company has availed medical equipment loan of Rupees 2,500 lacs which is secured by exclusive charge on assets (medical equipment) purchased from this loan. Both the medical equipment loan is repayable in 18 structured quarterly installments within a period of 60 months with repayment being start after 3 months from the date of disbursement (i.e. moratorium period of 3 months). The facility outstanding as at 31 March, 2018 is Rupees 8,242.00 lacs (as at 31 March, 2017 Rupees 11,050.91 lacs).

- During the year ended on 31 March, 2017, the Company has availed loan of Rupees 22,500.00 lacs from Yes Bank which is secured by exclusive charge over Land and Building of Fortis Hospitals Limited- Ludhiana and Birdie & Birdie Realtors Private Limited. Further these loans are secured by corporate guarantee issued by Fortis Healthcare Limited and carried interest rate of base rate of the MCLR+0.50%. Term Loan is repayable in 20 structured quarterly installments within a period of 84 months with repayment being start after 24 months from the date of disbursement (i.e. moratorium period of 24 months). The facility outstanding as at 31 March, 2018 is Rupees 20,659.32 lacs (as as at March 31, 2017 18,386.56).

b) During the current year, the Company has taken vehicle loan which is secured against hypothecation of the vehicle financed and carries interest rate of 7.90% p.a.. The loan is repayable in equated monthly installments over four years. Amount of Rupees 42.39 lacs is outstanding as at 31 March, 2018.

c) Buyer's credit facility from HDFC Bank was taken in the year 2012-13 for finance of various medical equipment's to be imported. It carried interest @ (3% - 3.5%) + 6 months LIBOR and was repayable within 3 years from the date of import of medical equipment.

Out of total, facility amounting to Rupees 639.26 lacs carried interest at 2.55% to 2.79% and was secured against each specific asset against which the facility was availed. The loan has been fully repaid during the current year.

d) Finance lease obligation was used for financing Cath lab 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 liabilities consists of the following:

- Deferred payment facility was taken in the financial year 2011-2012 and carried interest @ 9% per annum for the first year and SBI base rate + 0.50% for subsequent years. Deferred credit payment facility was secured by first charge by way of hypothecation of specific equipment of the Company. The loan was 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. Outstanding amount of deferred payment liability as at 31 March 2018 is Rupees. Nil (as at 31 March, 2017 Rupees 80.41).

- Deferred payment facility taken in the financial year 2014-15 against purchase of medical equipment. The amount is repayable in 60 structured monthly installments commencing from July 2014 and does not carry any interest. Outstanding amount of deferred payment liability as at 31 March 2018 is Rupees 73.44 lacs. (as at 31 March, 2017 Rupees 132.18).

- During the current year, the Company has taken deferred payment facility from Philips India Limited carrying an interest @ 7.88% p.a. The facility is secured by hypothecation of specific equipment of the Company. The loan is repayable in 84 equated monthly installments commencing from September, 2017. Outstanding amount of deferred payment liability as at 31 March 2018 is Rupees 368.22 lacs.

f) The Company has taken the following overdraft facilities:

- Bank overdraft facility limit of Rupees 2,000.00 lacs was taken from Axis Bank Limited chargeable to interest at 3 months MCLR Plus 2.45% p.a. secured against the first paripassu charge on current assets of the Company. The balance in the overdraft facility as at 31 March, 2018 is Rupees Nil (as at the 31 March, 2017 Rupees 1,706.38 lacs).

- Bank overdraft facility of Rupees 10,000.00 lacs taken from Lakshmi Vilas Bank chargeable to interest at 10.25%, secured against the first paripassu charge on stock, book debts and other current assets of the Company. The balance in the overdraft facility as at 31 March, 2018 is Rupees 9,972.07 lacs (as at the 31 March, 2017 Rupees 9,957.81 lacs).

- Bank overdraft facility of Rupees 4,000.00 lacs taken from HDFC Bank chargeable to interest at Base Rate+1.90%, secured against the first paripassu charge on moveable fixed assets and current assets of the Company. The facility is further secured by corporate guarantee issued by the holding Company, Fortis Healthcare Limited. The balance in the overdraft facility as at 31 March, 2018 is Rupees 2,742.32 lacs (as at the 31 March, 2017 Rupees 4,000.00 lacs).

- Bank overdraft facility from Yes Bank for Rupees 5,500.00 lacs chargeable to interest at MCLR+.05%, secured against exclusive charge on Land and Building of Ludhiana Hospital, exclusive charge on Land and Building in Birdie & Birdie Realtors Private Limited, first paripassu charge on current assets, second paripassu charge on movable fixed assets, pledge on 30% shares of Fortis Hospitals Limited, Escorts Heart Institute & Research Centre Limited, Fortis Hospotel Limited held by the Holding Company, Fortis Healthcare Limited and Corporate Guarantee of the Holding Company, Fortis Healthcare Limited. The balance in the overdraft facility as at 31 March, 2018 is Rupees 5,268.00 lacs.

g) Bills discounted as at 31 March, 2018 Rupees 1,715.39 lacs (as at 31 March, 2017 Rupees 2,000 lacs) carries interest @ Base Rate + 1.15%. The said facility is secured against the exclusive charge on the bills submitted and further charge on the moveable fixed assets and mortgage on certain hospital properties. The facility is further secured by way of first paripassu charge on the current assets and Corporate Guarantee of the Holding Company, Fortis Healthcare Limited.

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(ii) Unsecured Loans

Non-current borrowings

(Rupees in lacs)

Particulars	Note	As at 31 March, 2018		As at 31 March, 2017	
		Non-Current	Current	Non-Current	Current
Finance lease obligations	(a)	661.50	14.23	628.54	30.77
Loan from Holding Company	(b)	45,995.14	-	61,842.69	-
Non-convertible debentures	(c)	48,624.14	-	48,624.14	-
Total		**95,280.78**	**14.23**	**111,095.37**	**30.77**

Current borrowings

(Rupees in lacs)

Particulars	Note	As at 31 March, 2018	As at 31 March, 2017
Escorts Heart Institute & Research Centre Limited	(d)	-	1,675.00
SRL Limited	(e)	330.00	330.00
Total		**330.00**	**2,005.00**

a) Finance lease obligation is outstanding against lease of hospital premises as per agreement dated November 21, 2011. The said lease is effective for a period of 29 years and 11 months. The lease was bifurcated between operating and finance lease based on criteria provided in IND AS 17. The finance lease portion was discounted and the present value of the balance payable against finance lease portion as on reporting date was shown as finance lease obligation.

b) The loan from Holding company ('FHL') was taken initially during the financial year 2011-12 and has been extended during the previous years through various addendums. The loan carried interest at 11.50% to 13.75% p.a. during its term. Currently, the interest rate is 11.50% p.a. and the loan is repayable after 31 March, 2019 as per the addendum entered during the year. Interest accrued of Rupees 9,996.13 lacs as at 31 March, 2017 has been converted into loan during the year.

c) Non-convertible debentures (NCDs) were issued during the previous year to Fortis Hospotel Limited as per agreement dated July 8, 2016. NCDs are redeemable after 10 years subject to extension of 5 years at the option of the subscriber. These NCDs carry floating rate of interest based on the performance of the company as below:

Sr. No.	Level of EBIT	Rate of Interest
1	Less than 3,000 crore	9.30%
2	3,000 crore to 3,250 crore	18%, provided additional 8.7% from closing date to the beginning of the year for which EBIT is more than 3,000 crore
3	3,250 crore to 3,500 crore	20%, provided additional 2% from closing date to the beginning of the year for which EBIT is more than 3,250 crore
4	more than 3,500 crore	22%, provided additional 2% from closing date to the beginning of the year for which EBIT is more than 3,500 crore

The interest accrued on the above NCDs is payable at the time of maturity or at early repayment date, as mutually agreed between the parties.

d) The loan from Escorts Heart Institute and Research Centre Limited ('EHIRCL') was taken during the year ended 31 March, 2016 and carried interest at 11.00% to 11.50% p.a. The loan has been repaid during the current year.

e) The loan from SRL Limited ('SRL') was taken during the year ended 31 March 2017 and carries interest at 11.50% p.a. The loan was initially repayable on 31 March, 2018 which has been extended to 31 March, 2019 as per the addendum entered during the year.

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9) Commitments:

(Rupees in lacs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
(a) Estimated amount of contracts remaining to be executed on capital account [net of capital advances as at 31 March, 2018 of Rupees 243.88. lacs (as at 31 March, 2017 Rupees 800.08 lacs)].	2,471.47	3,733.66

(b) For commitments related to lease arrangements, refer note 7.

(c) The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of services, employee's benefits. The Company does not have any long-term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.

(d) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(e) For commitments in relation to Hospital service and management fees (refer Note 10).

10) Hospital service and management fees

The company has entered into seperate Hospital and Medical Service Agreement (HMSA) with RHT Health Trust group of companies and Fortis Hospotel Limited (being fellow subsidiary) wherein these companies provides and maintains the clinical establishments along with other service like out-patient diagnostics and radio diagnostic to the company (together known as Clinical establishments). The term of individual HMSA is 15 years and the company is required to pay a composite service fee i.e. base and variable fee. The base fee is fixed at the beginning of each year and increase 3% year on year. The variable fee is based on a percentage of company's net operating revenue in accordance with the HMSA.

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

(Rupees in lacs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Minimum lease payments :		
Not later than one year	33,400.73	32,427.89
Later than one year but not later than five years	143,928.28	139,736.19
Later than five years	161,992.54	199,585.36

The Company has also provided guarantee to these companies as terms of HMSA. The Bank Guarantees which had been provided by the Holding Company in favour of the RHT entities and Fortis Hospotel Limited for the financial year ended 31 March 2018, expired on the 30 April 2018, and are yet to be renewed. Further, the Holding Company has given an undertaking to pledge its holdings of 64,120,915 shares in Lanka Hospitals Corporation Plc ("Lanka"), representing 28.66% of the total number of issued shares of Lanka held through Fortis Healthcare International Pte. Ltd., a fellow subsidiary, in favour of the RHT Entities and Fortis Hospotel Limited to secure the payment obligations of the Company under the HMSAs.

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11a) Contingent liabilities (not provided for):

[In addition, refer other litigations and claims assessed as contingent liabilities described in Note 11(b) below]

(Rupees in lacs)

Description	As at 31 March, 2018	As at 31 March, 2017
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.	8,222.46	6,649.70
Financial guarantee given to bank in respect of financial assistance availed by fellow subsidiary of the Company. During the current year, the fellow subsidiary has repaid the loan to the bank and subsequently, the guarantee has been revoked.	-	1,700.00
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 filed a petition to VAT Tribunal in the month of October 2014. The Tribunal granted a stay and ordered the Company to pay Rs. 10 lacs on Ad Hoc basis which will be refunded in case the judgment is in the favour of the Company. The affidavit in opposition was submitted by the West Bengal Sales tax department and the Company submitted its affidavit in reply to the Tribunal. During the current year, the case has been decided in favour of the Company by the Tribunal.	-	157.08
A spot verification proceedings/TDS Survey u/s 133A (2A) of the I.T. Act, 1961 was conducted at two offices of the Company. Consequent to the same, the department has raised demands for the FY 2015-16 and FY 2016-17 in case of TDS deductible/deducted for retainer/consultant doctors on the ground that these retainer doctors are the employees of the company and TDS should have been deducted u/s 192 instead of section 194J. The company has filed an appeal before the CIT(A), which is pending disposal. Based on management assessment, the Company believes that it has good chance of success in this case.	920.00	-
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 granted stay on the matter. Based on management assessment, the Company believes that it has good chances of success in this case.	502.18	502.18

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Description	As at 31 March, 2018	As at 31 March, 2017
The Company was issued a Show cause notice dated 16 December, 2015 raising demand of 5.82 crores for the period 2010-11 and 2011-12 alleging that FHsL was engaged in rendition of taxable (healthcare services to employee of any business entity or to a person covered by health insurance scheme) as well as exempted services (other healthcare services) and was liable to reverse CENVAT credit availed as per provisions of Rule 6(3) of the CENVAT Credit Rules, 2004. Further, extended period of limitation was also invoked. The Company had filed a reply to show cause notice which was adjudicated by Commissioner, Service Tax vide order dated 17 January, 2017 and the demand was made against the Company for Rupees 582.65 lakhs Plus penalty of Rupees 582.65 lakhs and further penalty of Rupees 0.10 lakhs under provision to Section 77(2) of the Finance Act,1994. The Company filed an appeal under CESTAT which is yet to be heard. Based on Management assessment, the Company believes that there are good chances of success in this case.	1,165.39	1,165.39

11b) Other litigations and claims assessed as contingent liabilities and not provided for

A third party (to whom the ICDs were assigned – refer Note 24 below) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Holding Company (together "the Defendants") and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Holding Company is liable for claims owed by the Claimant to the certain party. In connection with this, the Hon'ble District Court passed an ex-parte order directing that any transaction undertaken by the Defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer Note 26(d)(vii) below).

The Holding Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Holding Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with certain party.

In addition to the above, the Holding Company has also received four notices from the Claimant claiming (i) Rs. 1,800.00 lacs as per notices dated 30 May, 2018 and 1 June, 2018 (ii) Rupees 21,582.00 lacs as per notice dated 4 June, 2018; and (iii) and Rupees 1,962.00 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Holding Company denying any liability whatsoever.

Separately, a certain party has also has also alleged rights to invest in the Holding Company. It has also alleged failure on part of the Holding Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Allegations made by the aforesaid party has been duly responded to by the Holding Company denying (i) execution of any binding agreement with the certain party and, (ii) liability of any kind whatsoever. The Holding Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

Based on advice of external legal counsel, the Management believes the claims are without legal basis and are not tenable and accordingly no adjustment has been made in the Standalone Ind AS Financial Statements with respect to these claims.

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12. Employee Benefits Plan:

Defined Contribution Plan

The Company's contribution towards its provident fund is a defined contribution retirement plan for qualifying employees. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" which is recognized by the income tax authority and rest payment is made to provident fund commissioner.

The Company recognised Rupees. 1,818.88 lacs (previous year Rupees 1,618.06 lacs) for Provident Fund and Employee state insurance contribution in the statement of profit and loss account. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

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 recognised in the statement of profit and loss, other comprehensive income and the funded status and amounts recognised in the balance sheet for the respective plans:

Expense recognized in Statement of Profit and Loss is as follows:

(Rupees in lacs)

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
Employee benefits expense				
Current Service cost	398.18	40.83	308.68	24.38
Past Service Cost	19.78	-	-	-
Total	**417.96**	**40.83**	**308.68**	**24.38**
Net Interest Cost on defined benefit liability/ (assets)	135.17	4.21	94.97	(3.36)
Total amount recognised in the statement of profit and loss	**553.13**	**45.04**	**403.65**	**21.02**

Amount recognized in statement of other comprehensive income is as follows:

(Rupees in lacs)

Particulars	Year ended 31 March, 2018		Year ended 31 March, 2017	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
Actuarial loss/(gain) due to DBO experience	(56.89)	(22.19)	44.59	9.42
Actuarial loss/(gain) due to DBO assumption	(54.98)	(7.16)	158.78	114.48
Total	**(111.87)**	**(29.35)**	**203.37**	**123.90**
Return on plan assets (greater)/less than discount rate	-	(0.98)	-	(0.57)
Actuarial loss/(gain) recognised in OCI	**(111.87)**	**(30.33)**	**203.37**	**123.33**

Balance sheet

(Rupees in lacs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
Details of Provision for Gratuity as at year-end				
Present value of defined benefit obligation	2,229.61	346.00	1,951.89	370.93
Fair value of plan assets	-	277.94	-	307.76
Net asset/ (liability)	**(2,229.61)**	**(68.06)**	**(1,951.89)**	**(63.17)**
Non-current	(2,025.92)	(68.06)	(1,770.18)	(63.17)
Current	(203.69)	-	(181.71)	-

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

(Rupees in lacs)

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	Gratuity (Unfunded)	Gratuity (Funded)	Gratuity (Unfunded)	Gratuity (Funded)
Opening defined benefit obligation	1,951.89	370.93	1,300.69	224.32
Current Service cost	417.96	40.83	308.68	24.38
Interest Cost on benefit obligation	135.17	24.66	94.97	16.70
Actuarial loss/ (gain) recognised during the year	(111.87)	(29.35)	203.37	123.90
Benefits paid	(173.45)	(61.61)	(187.26)	(17.60)
Liability assumed/ deleted on transfer of employees	9.91	0.54	231.44	(0.77)
Liability deleted on slump sale	-	-	-	-
Plan Amendment Cost	-	-	-	-
Closing defined benefit obligation	**2,229.61**	**346.00**	**1,951.89**	**370.93**

Change in fair value of assets are as follows:

(Rupees in lacs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
	Gratuity Funded	Gratuity Funded
Opening fair value of plan assets	307.76	230.66
Interest income on plan assets	20.45	20.06
Expected return	0.98	0.57
Contributions by employer	10.36	74.07
Benefits paid	(61.61)	(17.60)
Closing fair value of plan assets	**277.94**	**307.76**

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

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

Particulars	As at 31 March, 2018 (Unfunded)	As at 31 March, 2017 (Unfunded)
Discount rate	7.50%	7.25%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	8.00%	8.00%
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	10.00%-30.00%	10.00%-30.00%
Up to 40 years	5.00%-25.00%	5.00%-25.00%
Up to 50 years	3.00%-20.00%	3.00%-20.00%
Above 50 years	2.00%-10.00%	2.00%-10.00%

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In Case of other locations

Particulars	As at 31 March, 2018		As at 31 March, 2017	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Discount rate	7.50%	7.50%	7.25%	7.25%
Expected rate of return on plan assets	-	7.50%	-	8.25%
Expected rate of salary increase	7.50%	7.50%	7.50%	7.50%
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	18.00%	18.00%	18.00%	18.00%
Up to 44 years	6.00%	6.00%	6.00%	6.00%
Above 44 years	2.00%	2.00%	2.00%	2.00%

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

(Rupees in lacs)

	Year ended March 31, 2018		Year ended March 31, 2017	
Particulars	**Increase**	**Decrease**	**Increase**	**Decrease**
Change in discount rate by 0.50%	(117.12)	126.84	(118.28)	109.07
Change in Salary escalation rate by 1%	260.42	(226.55)	227.22	(207.21)
Change in withdrawal rate by 5%	(59.18)	80.82	(71.12)	80.32

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumption may be correlated.

13. Financial Instruments

i) Capital Management

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

The capital structure of the Company consists of net debt (borrowings as detailed in notes 5(xix), 5(xxii) and 5(xx) offset by cash and bank balances) and total equity of the company. The company is not subject to any externally imposed capital requirements.

The Company's Board reviews the capital structure of the Company on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at 31 March, 2018 is 1,018.79% (previous year 153.12%).

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Gearing ratio

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

(Rupees in lacs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Debt*	160,370.54	180,604.97
Cash and bank balances [refer note 5(xiv) & 5(xv)]	(2,485.68)	(48,686.95)
Net debt	157,884.86	131,918.02
Total equity	15,497.30	86,150.68
Net debt to equity ratio	1,018.79%	153.12%

*Debt is defined as long-term and short-term borrowings (including interest accrued and excluding derivative, financial guarantee contracts and contingent consideration).

ii) Categories of financial instruments

(Rupees in lacs)

Financial assets	As at 31 March, 2018	As at 31 March, 2017
Measured at amortised cost		
(a) Cash and bank balances (including other bank balances)	2,485.68	48,686.95
(b) Loans	8,930.15	28,792.64
(c) Trade Receivables	22,231.93	24,478.44
(d) Other Financial assets	7,047.50	10,230.00
Total	**40,695.26**	**112,188.03**

Financial liabilities	As at 31 March, 2018	As at 31 March, 2017
Measured at amortised cost		
(a) Borrowings	139,930.36	161,446.00
(b) Trade payables	59,159.71	38,286.28
(c) Other financial liabilities	23,773.69	28,026.53
Total	**222,863.76**	**227,758.81**

At the end of the reporting period, there are no significant concentrations of credit risk for financial assets designated at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk for such financial assets.

iii) Financial risk management objectives

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

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

Market Risk

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

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a) Foreign currency risk management

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

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

Particulars	Currency	31-March-18		31-March-17	
		Foreign Currency in lacs	Equivalent Rupees in lacs	Foreign Currency in lacs	Equivalent Rupees in lacs
Import trade payables including capital creditors	USD	2.74	178.19	1.32	85.48
Buyers Credit	USD	-	-	1.22	79.19
Buyers Credit	EURO	-	-	0.11	7.59

b) Foreign currency sensitivity analysis

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

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

If increase by 5%	Currency Impact USD	
Particulars	As at 31 March, 2018	As at 31 March, 2017
Impact on profit or loss for the year	8.91	8.23
Impact on total equity as at the end of the reporting period	8.91	8.23

If increase by 5%	Currency Impact EURO	
Particulars	As at 31 March, 2018	As at 31 March, 2017
Impact on profit or loss for the year	-	0.38
Impact on total equity as at the end of the reporting period	-	0.38

If decrease by 5%	Currency Impact USD	
Particulars	As at 31 March, 2018	As at 31 March, 2017
Impact on profit or loss for the year	(8.91)	(8.23)
Impact on total equity as at the end of the reporting period	(8.91)	(8.23)

If decrease by 5%	Currency Impact EURO	
Particulars	As at 31 March, 2018	As at 31 March, 2017
Impact on profit or loss for the year	-	(0.38)
Impact on total equity as at the end of the reporting period	-	(0.38)

c) Interest rate risk management

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

The Company's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

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Interest rate sensitivity analysis

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

If increase by 50 basis point	Interest Impact	
Particulars	**As at 31 March, 2018**	**As at 31 March, 2017**
Impact on profit or loss for the year	(216.84)	(188.69)
Impact on total equity as at the end of the reporting period	(216.84)	(188.69)

If decrease by 50 basis point	Interest Impact	
Particulars	**As at 31 March, 2018**	**As at 31 March, 2017**
Impact on profit or loss for the year	216.84	188.69
Impact on total equity as at the end of the reporting period	216.84	188.69

d) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company takes due care while extending any credit as per the approval matrix approved by Board of Directors. Refer to note 24, 26(d)(ii) and 26(d)(vi).

e) Liquidity risk management

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

Liquidity and interest risk tables

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

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

(Rupees in lacs)

Particulars	Weighted Average EIR (%)	Within 1 year	1-2 years	> 2 years	Total	Carrying amount
As at 31 March, 2018						
Borrowings	7.88%-12.22%	32,160.27	7,857.42	22,028.07	62,045.76	53,846.59
Borrowings from related party	11.50%	330.00	-	45,995.14	46,325.14	46,325.14
NCDs	6.98%	-	-	48,624.14	48,624.14	48,624.14
Finance Lease	11%	101.04	60.82	2,193.75	2,355.61	712.76
Trade payables	-	59,159.71	-	-	59,159.71	59,159.71
Other financial liabilities	-	3,562.12	-	10,633.30	14,195.42	14,195.42
Total		**95,313.14**	**7,918.24**	**129,474.40**	**232,705.78**	**222,863.76**

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Particulars	Weighted Average EIR (%)	Within 1 year	1-2 years	> 2 years	Total	Carrying amount
As at 31 March, 2017						
Borrowings	10.88%-12.22%	28,851.13	11,748.51	27,003.15	67,602.79	55,705.66
Borrowings from related party	11.75%	2,005.00	-	61,842.69	63,847.69	63,847.69
NCDs	6.98%	-	-	48,624.14	48,624.14	48,624.14
Finance Lease	11.00%	98.90	88.74	2,254.57	2,442.21	697.33
Trade payables	-	38,286.29	-	-	38,286.29	38,286.29
Other financial liabilities	-	10,350.10	26.08	9,996.13	20,372.31	20,372.31
Total		**79,591.42**	**11,863.33**	**149,720.68**	**241,175.43**	**227,733.42**

14. Fair value measurement

Financial assets measured at amortised cost

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

15. Earnings per share

Particulars	Unit	As at 31 March, 2018	As at 31 March, 2017
Loss as per statement of profit and loss	Rupees in lacs	**(70,748.69)**	(17,001.62)
Earning used in calculation of basic earnings per share	Rupees in lacs	**(70,748.69)**	**(17,001.62)**
Weighted average number of equity shares in calculating Basic EPS	Numbers	40,300,577	40,300,577
Basic/ Diluted earnings per share	Rupees	**(175.55)**	**(42.19)**

16. The Company has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Company is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

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

Particulars	31 March, 2018	31 March, 2017
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	-	-
-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	-	-

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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. The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements. This has been relied upon by the auditors.

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

(Rupees in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance	
	31 March, 2018	31 March, 2017	31 March, 2018	31 March, 2017
Subsidiaries (A)				
Fortis Health Management (East) Limited (see note 1 and 2)	921.45	821.43	921.45	821.43
Fortis Cancer Care Limited (see note 1 and 2)	3,002.55	2,838.43	3,002.55	2,838.43
Birdie and Birdie Realtors Private Limited (see note 1 and 2)	12,275.00	12,275.00	12,275.00	12,275.00
Stellant Capital Advisory Services Private Limited	1,046.85	9,651.56	1,046.85	505.93
Fortis Emergency Services Limited (see note 1 and 2)	3,582.00	3,374.00	3,582.00	3,374.00
Total (A)	**20,827.85**	**26,551.99**	**20,827.85**	**19,814.79**
Joint Venture (B)				
Fortis C-Doc Healthcare Limited (see note 2)	1,442.72	1,211.58	1,442.72	1,211.58
Total (B)	**1,442.72**	**1,211.58**	**1,442.72**	**1,211.58**

The loans have been given to the subsidiaries to meet the working capital requirements of these companies. The particulars of loans given as required to be disclosed by Section 186 (4) of Companies Act 2013 are as below:

(Rupees in lacs)

Name of the party	Rate of Interest	Due date	Secured/ unsecured	31 March 2018	31 March 2017
Fortis Health Management (East) Limited (see note 1 and 2)	12.50%	31-March-2020	Unsecured	921.45	821.43
Fortis Emergency Services Limited (see note 1 and 2)	11.75%	31-March-2019	Unsecured	3,582.00	3,374.00
Fortis Cancer Care Limited (see note 1 and 2)	10.00%	31-March-2020	Unsecured	3,002.55	2,838.43
Birdie and Birdie Realtors Private Limited (see note 1 and 2)	14.00%	31-March-2020	Unsecured	12,275.00	12,275.00
Stellant Capital Advisory Services Private Limited	11.75%	31-March-2020	Unsecured	1,046.85	505.93
Fortis C-Doc Healthcare Limited (see note 2)	13.00%	31-March-2020	Unsecured	1,442.72	1,211.58
Total				**22,270.57**	**21,026.37**

Notes:

1. The company has not recognised interest as per the agreed rate. Interest has been recognized only to the extent of the ability of the subsidiary to pay the interest.
2. Interest accrued related to above loans of Rupees 451.53 lacs as at 31 March, 2017 has been converted into loan during the year.
3. Balances as at year-end are before provisions made on account of inability of the party to repay the same (also see note 20 below). Below are the details:

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(Rupees in lacs)

Particulars	As at 31 March, 2018			As at 31 March, 2017		
	Gross	Provision	Net	Gross	Provision	Net
Subsidiaries (A)						
Fortis Health Management (East) Limited	921.45	921.45	-	821.43	-	821.43
Fortis Cancer Care Limited	3,002.55	2,572.55	430.00	2,838.43	2,408.43	430.00
Birdie and Birdie Realtors Private Limited	12,275.00	6,988.25	5,286.75	12,275.00	-	12,275.00
Fortis Emergency Services Limited	3,582.00	3,582.00	-	3,374.00	3,374.00	-
Stellant Capital Advisory Services Limited	1,046.85	-	1,046.85	505.93	-	505.93
Total (A)	**20,827.85**	**14,064.25**	**6,763.60**	**19,814.79**	**5,782.43**	**14,032.36**
Joint Venture (B)						
Fortis C-Doc Healthcare Limited	1,442.72	1,442.72	-	1,211.58	-	1,211.58
Total (B)	**1,442.72**	**1,442.72**	**-**	**1,211.58**	**-**	**1,211.58**

19. During the year, in Intangible assets under development the Company has capitalised the following expenses. Expenses disclosed under the respective notes are gross of amount capitalised by the Company.

(Rupees in lacs)

Particulars	As at 31 March, 2018	As at 31 March, 2017
Opening Balance (A)	**842.76**	**200.08**
Employee benefits (B)		
Salaries, wages and bonus	314.09	493.09
Total (B)	**314.09**	**493.09**
Other expenses (C)		
Contractual manpower	37.77	-
Power, fuel and water	1.38	7.11
Rent	6.88	49.12
Travel and conveyance	13.52	87.73
Communication expenses	2.18	5.63
Total (C)	**61.73**	**149.59**
Total (E) (A+B+C)	**1,218.58**	**842.76**
Less: Capitalized during the year (F)	-	-
Balance carried forward to Intangible assets under development (G =E-F)	**1,218.58**	**842.76**

20. Exceptional loss / (Gain)

(a) During the year ended 31 March, 2016, Statutory bonus amounting to Rupees 695.05 lacs was recorded as an exceptional item which represented the amount accrued towards incremental bonus payable to existing and deemed employees by the Company for the period from 01 April, 2015 to 31 December, 2015 due to amendment of The Payment of Bonus (Amendment) Act, 2015 with retrospective effect from 01 April, 2014 for which notification was issued in January, 2016. During the year ended 31 March, 2017, excess provision amounting to Rupees 15.71 lacs was reversed.

(b) The Company had advanced a loan to its subsidiary company i.e. Fortis Cancer Care Limited. Further this subsidiary company has made an investment in its step down subsidiary company i.e. Lalitha Healthcare Private Limited and has also given a loan.

During the previous years, the subsidiary Company i.e. Fortis Cancer Care Limited had impaired its investment and the loan in its subsidiary company i.e. Lalitha Healthcare Private Limited as it was of the view that there is a permanent diminution in the value of these investments and loans on account of closure of operation by Lalitha Healthcare Private Limited.

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Consequently, the Company during the previous years also recorded a provision against the loan advanced to Fortis Cancer Care Limited in view of inability of Fortis Cancer Care Limited to generate surplus for payments.

During the current year, the Company has impaired its investment in the subsidiary of Rupees 5.00 lacs (Previous year Rupees Nil) and has provided Rupees 164.12 lacs (Previous year Rupees 301.66 lacs) as doubtful towards recoverable loan balance.

(c) The Company has an investment aggregating to Rupees 5.00 lacs in Fortis Emergency services limited which is a wholly owned subsidiary. The Company has also advanced an amount of Rupees 3,582.00 lacs as unsecured loan as at 31 March, 2018.

Considering the uncertainty in recoverability of the loan with no current foreseeable chances of recovery from the subsidiary, the Company during the previous year had provided an amount of Rupees 3,374.00 lacs as doubtful towards the loan recoverable till 31 March, 2017.

During the current year, the Company has impaired the investment in the subsidiary of Rupees 5.00 lacs (Previous year Rupees Nil) and has also provided the remaining outstanding loan of Rupees 208.00 lacs (Previous year Rupees 3,374 lacs) as doubtful.

(d) The Company has made an allowance of doubtful assets against the Inter corporate deposits recoverable of Rupees 44,502.62 lacs (as at March 31, 2017 Rupees Nil) including interest accrued thereon of Rupees 4,259.62 lacs (as at March 31, 2017 Rupees Nil). Refer note 24 for further details.

(e) The Company has made a provision against the loan recoverable from a body corporate of Rupees 2,375.00 lacs along with outstanding interest recoverable till 31st March 2018 of Rupees 174.02 lacs. Refer note 25 for further details.

(f) The Company has an investment aggregating to Rupees 7,725.00 lacs in Birdie & Birdie Realtors Private Limited which is a wholly owned subsidiary. The Company has also advanced an unsecured loan of Rupees 12,275.00 lacs. The subsidiary owns a freehold property in New Delhi. The Management performed impairment testing through an independent valuation of the freehold property owned by the subsidiary as at 31 March, 2018. Based on the independent valuation and considering the current circle rate of freehold property held by the subsidiary has recorded an impairment of Rupees 6,988.25 lacs by making a provision of Rupees 6,988.25 lacs (Previous year Rupees Nil) as doubtful towards the outstanding loan recoverable.

(g) The Company has investment aggregating to Rupees 622.85 lacs in Fortis C-Doc Healthcare Limited which is a Joint venture. The Company has also advanced an unsecured loan of Rupees 1,623.34 lacs (Including interest accrued). During the current year the management based on its impairment test for the investment and outstanding loan has made a provision on the investment held and the outstanding loan balance as the Joint venture has been persistently making losses. Considering the recoverability of the investment and uncertainty in recoverability of loan with no current foreseeable chances of recovery, the Company has impaired investment of Rupees 622.85 lacs (Previous year Rupees Nil) and has provided Rupees 1,623.34 lacs (Previous year Rupees Nil) as doubtful towards loan balance.

(h) The Company has an investment aggregating to Rupees 4.40 lacs in Fortis Health Management (East) Limited which is a wholly owned subsidiary. The Company has also advanced an unsecured loan of Rupees 921.45 lacs. During the current year the management based on its impairment test on investment and loan outstanding has made a provision on the investment held and the outstanding loan balance as the subsidiary has been persistently making losses. Considering the recoverability of the investment and loan in doubt with no current foreseeable chances of recovery of the amount, the Company has impaired investment of Rupees 4.40 lacs (Previous year Rupees Nil) and has provided Rupees 921.45 lacs (Previous year Rupees Nil) as doubtful towards the outstanding loan balance.

21. During the year ended 31 March, 2013, Escorts Heart Institute and Research Centre Limited ('EHIRCL') had issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of Rupees 10 each at a premium of Rupees 7,456.98 per CCPS to Kanishka Healthcare Limited ('KHL') with a maturity period of 15 years aggregating to Rupees 30,000 lacs. During the year ended 31 March, 2013, KHL merged with International Hospitals Limited ('IHL'). During the previous year ended 31 March, 2017, the company purchased these CCPS from IHL.

The Company uses judgement while classifying its investment. The Company while making classification assessment of the investment in CCPS of EHIRCL has referred to the criteria of significant influence given in Ind AS 28 Investment in Associates and Joint Ventures and primarily concluded that the Company meets the criteria of significant influence in EHIRCL and therefore, has classified these investment as investment in Associate. In terms of Ind AS 27 separate financial statements the Company has measured these investment in Associate at cost.

22. 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.

23. The Board of Directors of the Holding Company in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust ("RHT") into the Holding Company and its subsidiaries. The Holding Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately Rupees 465,000 lacs ("the Proposed Transaction"). The exclusivity period to execute definitive agreements for the Proposed Transaction was 60 days commencing from the date of the Term Sheet. On January 12, 2018, the parties to the Term Sheet mutually agreed to extend the exclusivity period by an additional period of 31 days from January 12, 2018.

On February 12, 2018, parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent enumerated in the definitive agreement(s) which includes regulatory approvals and any other approvals as may be required. The Holding Company and RHT are in process of applying for regulatory approvals. Requisite approval of the shareholders of the Holding Company have been obtained.

24. Inter Corporate deposits (ICDs) by the Company
(Also refer to Note 26(d) (i) to (viii) of the Standalone Ind AS Financial Statements)

The Company had placed Secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies ('borrowers') aggregating to Rupees 49,414.00 lacs on July 1, 2017 for a term of 90 days (of which Rupees 40,243.00 lacs remained outstanding as of March 31, 2018). Further, the Company received intimation that the borrowers became a part of the Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018 when the shareholding of the Promoter Group in the Company reduced to 0.77%.

In terms of agreements dated September 30, 2017, the Company assigned the outstanding ICDs to a third party ('Assignee Company'). Such assignments were subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a charge on the present and future assets of the Borrowers.

As at March 31, 2018, ICDs aggregating to Rupees 44,502.62 lacs (as at March 31, 2017 Rupees Nil) including interest accrued thereon of Rupees 4,259.62 lacs (as at March 31, 2017 Rupees Nil) remained outstanding.

On failure to meet repayment obligations by the Borrowers, the Company initiated legal action to recover the outstanding ICDs, including interest thereon. The Company has accrued for the interest on the ICDs for the purpose of including the same in the legal claim on the borrowers.

In view of the uncertainty in realisability of the security and/or collection of the amounts, the amounts due, including interest accrued, aggregating to Rupees 44,502.62 lacs as at March 31, 2018 has been provided for in the Standalone Ind AS Financial Statements.

Reference is invited to Note 26 regarding the findings in the Investigation Report which indicate that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of the Company of such policies.

Reference is also invited to Note 11(b) under 'Other litigations and claims assessed as contingent liabilities and not provided for', regarding a case filed by the Assignee Company.

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25. Recoverability of certain advances made
(Also refer to Note 26[d][ix] of the Standalone Ind AS Financial Statements)

The Company, had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of Rupees 10,000.00 lacs, a balance of Rupees 2,375.00 lacs is outstanding as of March 31, 2018. Post-dated cheques received from the entity have been dishonoured, and the Company has initiated legal proceedings in this regard. The Company has accrued for the interest amounting to Rupees 174.02 lacs upto March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company has recorded provisions aggregating to Rupees 2,549.02 lacs towards the amounts due, including interest, in the Standalone Ind AS Financial Statements.

26. Investigation initiated by the erstwhile Audit and Risk Management Committee of Holding Company:

(a) There were reports in the media and enquiries from, *inter alia,* the stock exchanges received by the Holding Company about certain inter-corporate loans ("ICDs") given by the Company. The erstwhile Audit and Risk Management Committee of the Holding Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm.

(b) The terms of reference of the investigation, *inter alia,* comprised: (i) ICDs amounting to a total of Rupees 49,414.00 lacs (principal), placed by the Company, with three borrowing companies as on July 1, 2017 (refer Note 24 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 24 and 11(b) above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 25 above); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Holding Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (refer Note 37(c) above); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from a promoter group company, and subsequent repayment of loan by said subsidiary to the promoter group company.

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

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

i. The Investigation Report, on the basis of documents / emails reviewed and interviews conducted, revealed that the ICDs were not given under the normal treasury operations of the Company/Holding Company including under the treasury policy and the mandate of the Treasury Committee; and were not specifically authorized by the Board of the Company. All ICDs from December 2011 were repaid until March 31, 2016. However, from the first quarter of the financial year 2016-17, it has been observed that a roll-over mechanism was devised whereby, the ICDs were repaid by cheque by the borrower companies at the end of each quarter and fresh ICDs were released at the start of succeeding quarter under separately executed ICD agreements. Further, in respect of the roll-overs of ICDs placed on July 1, 2017 with the borrower companies, the Company utilized the funds received from the Holding Company for the purposes of effecting roll-over.

ii. In respect of ICDs granted, the Investigation Report revealed that there were certain systemic lapses and override of controls including shortcomings in executing documents and creating a security charge. To clarify, the charge was later created in February 2018 for the ICDs granted on July 1, 2017, while the Company/ Holding Company was under financial stress.

iii. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the promoters of the Company.

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

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

vi. There were certain systemic lapses in respect to the assignment of the ICDs from the Company to a third party in September 2017 (and subsequent termination of the arrangement in January 2018), viz., no diligence was undertaken in relation to the assignment, it was not approved by the Treasury Committee and was antedated. The Board of Company took note of the same only in February 2018.

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

viii. During the year, the Holding Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("**EHIRCL**")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of Rupees 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of Rupees 794.50 lacs to a promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to the Company.

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

(e) Other Matters:

In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Holding Company and certain subsidiaries of Holding Company. It has been noted that the Company acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, the Company advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to the Company.

(f) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 26 (d) (iv) and (ix) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors of the Holding Company on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors of the Holding Company and the information available through the known shareholding pattern in the entities.

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Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

(g) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in the Standalone Ind AS Financial Statements.

(h) With respect to the other matters identified in the Investigation Report, the Board of the Holding Company will appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. Towards this end, they will also evaluate internal organizational structure and reporting lines, the delegation of powers of the Board or any committee thereof, the roles of authorized representatives and terms of reference of executive committees and their functional role. We will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report, including *inter alia*, initiating an internal enquiry.

(i) The regulatory authorities are currently undertaking their own investigation (refer Note 27 below), and it is likely that they may make their determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report on the basis of facts, including those facts that the independent investigator would not have had access to, given their limited role and limitations stated in the Investigation Report. Accordingly, in light of the foregoing, the Board of Directors at this juncture is unable to make a determination on whether a fraud has occurred. That said, the Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a final determination on these matters and to undertake the remedial action, as required under, and to ensure compliance with, applicable law and regulations.

Except for the findings of the Investigation Report, including matters on internal control described above, and inability of the Board of Directors to, at this juncture (as stated above), make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

In the event other exposures were to come to light, the Holding Company / Company are committed to appropriately addressing the same, including making additional provisions where required.

(j) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

27. Investigation by Various Regulatory Authorities:

(a) The Holding Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Holding Company. In the aforesaid letter, SEBI has summoned the Holding Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of Rupees 473 Crores reported in the media. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. SEBI has also appointed forensic auditors to conduct a forensic audit, who are also in the process of collating information from the Holding Company and certain of its subsidiaries (including the Company). The Holding Company/its subsidiaries (including the Company) are in the process of furnishing all the requisite information and documents requested by SEBI and its forensic auditors.

(b) The Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, *inter alia*, had also sought information in relation to the Holding Company. All requisite information in this regard has been duly shared by the Holding Company with the ROC.

(c) The Holding Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Holding Company, its material subsidiaries, joint ventures and associates (including the Company). The Holding Company in the

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process of submitting all requisite information in this regard with SFIO and has in this regard requested SFIO for additional time to submit the information.

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

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

28. Proposed Investment in the Holding Company

The Holding Company is undergoing a bid process to find a suitable buyer to invest into the Company. The Board of the Holding Company in its meeting held on May 29, 2018 decided to initiate a fresh, time-bound process. The details of the process have been disclosed on National Stock Exchange and BSE Ltd. Pursuant to the above, the Board of Directors of the Holding Company have received binding bids on July 3, 2018. The binding bids will be evaluated by the Board of Directors of the Holding Company in consultation with its advisors.

29. Investment and Loan to Fortis Emergency Services Limited

(Also refer to Note 26[e] of the Standalone Ind AS Financial Statements)

The Company earlier held 49% stake in Fortis Emergency Services Limited (FESL). On 28 July 2017, as a part of its strategic initiative the Company acquired the balance 51% stake in FESL. From a valuation perspective though FESL had an enterprise value of 1,718.00 lacs Rupees (basis One year EBITDA multiple) , post adjustment of its unsecured debt of around Rupees 5,281.00 lacs & certain working capital adjustments, the equity value of FESL was net negative of Rupees 3,563.00 lacs. The Company bought the balance 51% equity stake of FESL at a consideration of Rupees 0.25 lacs and took over the unsecured debt of Rupees 208.00 lacs resulting in a payment over the fair value of Rupees 208.25 lacs. The Company has long-term business objective to increase the revenue from Ambulance business. Since, the acquisition of FESL by Fortis Hospitals Limited was with the intent and the long term objective of deriving value in the Ambulance business being run by FESL, therefore the acquisition of FESL at the aforesaid equity consideration along with aforesaid debt taken over was decided accordingly.

30. Going Concern Assumption

The Company has incurred a net loss of Rupees 70,748.69 lacs during the year ended March 31, 2018 consequent to various events during the year, which necessitated creating one-time provisions in the financial statements (refer Note 20). These events have adversely impacted the Company's working capital position and its credit rating. Further, the Company's current liabilities exceeded its current assets by Rupees 64,420.35 lacs as at March 31, 2018.

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

1. Continued support from the Holding Company for a minimum of 12 months from the date of signing off of these financial statements;
2. In June 2018, the Holding company has secured new line of credit aggregating to Rupees 12,500 lacs. Further, the Holding Company is in process of securing additional line of credit of Rupees 34,000 lacs;
3. The Company along with the Holding Company has access to unencumbered assets that can be offered as security for any additional funding requirements in the future; and

Accordingly, the Company's financial statement have been prepared on a going concern basis.

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Additionally, the Board of Directors of the Holding Company have, initiated measures to obtain capital infusion through a bidding process.

For and on behalf of the Board of Directors
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Deloitte Haskins & Sells LLP
Chartered Accountants

COL. HARINDER S. CHEHAL
Director
DIN: 5148823

GAGANDEEP SINGH BEDI
Director
DIN: 06881468

MEETU GULATI
Company Secretary
Membership No.: A24618

Place : Gurugram
Date : 06 JUL 2018

Fortis Hospitals Limited
New Delhi