

INDEPENDENT AUDITOR'S REPORT To The Members of Fortis Malar Hospitals Limited Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of Fortis Malar Hospitals Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2018, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and 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.

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 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 believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us 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 31st March 2018, its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Company as on 31st March, 2018 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.



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- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; Refer note 36 of the stand-alone financial statements.
 - ii. The company does not have any long term contracts including derivative contracts for which there were any material foreseeable losses;
 - iii. There were no amounts, which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)


Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
May 15, 2018



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

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

We have audited the internal financial controls over financial reporting of Fortis Malar 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.

Auditor's Responsibility

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

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

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



Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2018, based on the criteria for internal financial control over financial reporting established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)



Geetha Suryanarayanan
Partner
(Membership No.29519)

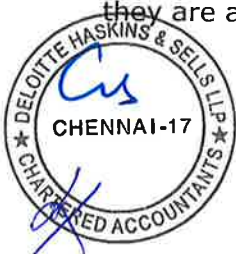
Chennai
May 15, 2018



ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has generally maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The plant and equipment 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 plant and equipments at reasonable intervals. According to the information and explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Discrepancies noticed on physical verification during the year have been properly dealt with in the book of account.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans as applicable 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 regular as per applicable stipulations.
 - (c) There is no overdue amount remaining outstanding as at the balance sheet date.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the 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. There were no deposits outstanding anytime during the year.
- (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, 2016, as amended and 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, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, Goods and Services Tax, cess and other material statutory dues in arrears as at March 31, 2018 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income tax which have not been deposited as on March 31, 2018 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Honourable High Court of Madras	FY 2009-2010	2,267,402	2,267,402

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid /provided managerial remuneration in accordance with the 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 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.



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- (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 and subsidiary 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. 117366W/W-100018)


Geetha Suryanarayanan
Partner
(Membership No.29519)

Chennai
May 15, 2018



Fortis Malar Hospitals Limited
Standalone Balance Sheet as on March 31, 2018
(Amount in Rs.)

Particulars	Notes	As at March 31, 2018	As at March 31, 2017
ASSETS			
Non-current Assets			
(a) Property, Plant and Equipment	5(a)	22,09,94,920	21,97,95,428
(b) Intangible Assets Under Development	5(b)	72,47,360	61,20,861
(c) Other Intangible Assets	5(c)	1,68,84,459	2,61,19,067
(d) Financial Assets			
(i) Investment in Subsidiary	6	5,00,000	5,00,000
(ii) Other Financial Assets	7	49,80,564	58,82,937
(e) Deferred Tax Assets (Net)	8	1,41,98,775	1,01,40,120
(f) Income Tax Assets	9	8,59,41,414	6,63,95,362
(g) Other Non-current Assets	10	23,96,965	33,02,309
Total Non-current Assets		35,31,44,457	33,82,56,084
Current Assets			
(a) Inventories	11	2,02,23,852	2,31,22,044
(b) Financial Assets			
(i) Trade Receivables	12	6,00,35,785	5,57,68,805
(ii) Cash and Cash Equivalents	13(a)	14,50,78,070	6,99,33,858
(iii) Bank Balances other than (ii) above	13(b)	17,13,726	40,73,269
(iv) Loans	14	81,35,00,000	70,04,33,576
(v) Other Financial Assets	15	6,83,23,339	8,71,81,300
(c) Other Current Assets	16	1,13,27,876	1,22,97,425
Total Current Assets		1,12,02,02,648	95,28,10,277
Total Assets		1,47,33,47,105	1,29,10,66,361
EQUITY AND LIABILITIES			
Equity			
(a) Equity Share Capital	17	18,69,95,090	18,67,95,090
(b) Other Equity	18	82,89,62,181	79,59,96,637
Total Equity		1,01,59,57,271	98,27,91,727
Liabilities			
Non-current Liabilities			
Provisions	19	1,33,31,000	61,85,000
Total Non-current Liabilities		1,33,31,000	61,85,000
Current Liabilities			
(a) Financial Liabilities			
(i) Trade Payables	20	24,97,10,706	14,05,68,346
(ii) Other Financial Liabilities	21	7,48,29,207	1,44,21,606
(b) Provisions	22	1,08,52,000	1,63,62,000
(c) Current Tax Liabilities (Net)	9	5,70,879	5,70,879
(d) Other Current Liabilities	23	10,80,96,042	13,01,66,803
Total Current Liabilities		44,40,58,834	30,20,89,634
Total Liabilities		45,73,89,834	30,82,74,634
Total Equity and Liabilities		1,47,33,47,105	1,29,10,66,361

See accompanying notes forming part of the standalone financial statements

In terms of our report attached.

 For Deloitte Haskins & Sells LLP
 Chartered Accountants


 Geetha Suryanarayanan
 Partner

 Place : Chennai
 Date : May 15, 2018


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


 Diljit Singh
 Chairman
 DIN 00135414


 Shashank Porwal
 Company Secretary

 Place : Chennai
 Date : May 15, 2018


 Meghraj Arvindrao Gore
 Whole Time Director
 DIN 07505123


 Vijayasrathy D
 Chief Financial Officer

Fortis Malar Hospitals Limited

Standalone Cash Flow Statement for the year ended March 31, 2018

(Amount in Rs.)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Cash flows from Operating Activities		
Profit Before Tax for the year	5,30,98,619	4,03,82,771
Adjustments for:		
Interest income recognised in Profit or Loss	(8,10,45,640)	(7,15,32,452)
Loss on disposal of Property, Plant and Equipment	-	1,53,375
Depreciation and amortisation	4,21,41,070	3,94,09,027
Allowance for Credit Losses	71,68,334	88,43,443
Liabilities no longer required written back	(8,00,000)	(2,65,653)
Provision for doubtful Advances	-	2,40,240
Interest on delayed payment of Income Tax	270	44,503
	2,05,62,653	1,72,75,254
Movements in Working Capital:		
(Increase)/decrease in Other Non current Financial Assets	9,02,373	3,10,733
(Increase)/decrease in Other Current assets	9,69,549	(2,29,150)
(Increase)/decrease in Other Non Current assets	9,05,344	5,81,734
(Increase)/decrease in Non Current Provisions	83,75,947	61,85,000
(Increase)/decrease in Trade and Other receivables	(1,14,35,314)	(44,92,093)
(Increase)/decrease in Inventories	28,98,192	29,92,465
(Increase)/decrease in Other Current financial assets	(2,47,23,537)	(1,29,63,966)
Increase/ (Decrease) in Trade Payables	10,99,42,360	(7,03,09,120)
Increase/ (Decrease) in Provisions	(55,10,000)	9,66,000
Increase/ (Decrease) in Financial Liabilities	6,04,07,601	15,60,011
Increase/ (Decrease) in Other Current Liabilities	(2,20,70,761)	3,78,84,727
Cash Generated from Operations	14,12,24,407	(2,02,38,405)
Income Taxes paid (Net)	(4,52,92,000)	(8,31,22,709)
Net Cash (used in) / Generated by Operating Activities	9,59,32,407	(10,33,61,114)
Cash Flows from Investing Activities		
Payments to acquire Fixed Assets	(3,52,32,453)	(3,56,43,147)
Proceeds on sale of Fixed Assets	-	8,435
Proceeds on sale of Assets held for sale	-	60,95,238
Interest Received	12,46,27,538	4,76,20,032
Inter Corporate Deposits placed with Related Parties	(20,00,00,000)	(12,50,00,000)
Inter Corporate Deposits repaid by Related Parties	8,69,33,577	4,25,00,000
Fixed Deposits not considered as Cash and Cash equivalents	23,59,543	21,62,37,238
Net cash (used in)/generated by investing activities	(2,13,11,795)	15,18,17,796
Cash flows from financing activities		
Proceeds from issue of Equity Instruments of the Company	5,24,000	15,39,250
Dividends paid on Equity Shares	-	(93,14,630)
Dividend Distribution Tax Paid on Equity Shares	-	(18,96,240)
Net Cash Used in Financing Activities	5,24,000	(96,71,620)
Net increase in Cash and Cash Equivalents	7,51,44,612	3,87,85,062
Cash and Cash Equivalents at the Beginning of the Year	6,99,33,858	3,11,48,796
Cash and Cash Equivalents at the end of the Year	14,50,78,470	6,99,33,858

See accompanying notes forming part of the standalone financial statements

For **Deloitte Haskins & Sells LLP**
Chartered Accountants

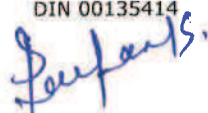

Geetha Suryanarayanan
Partner



Place : Chennai
Date : May 15, 2018

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


Daljit Singh
Chairman
DIN 00135414



Shashank Porwal
Company Secretary

Place : Chennai
Date : May 15, 2018


Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123



Vijayasathy D
Chief Financial Officer

1) Nature of operations

Fortis Malar Hospitals Limited (the 'Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and the Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company. The Company has its state of the art Hospital facility in Chennai. Also Refer Note 51.

2) Statement of Compliance

The financial statements of the Company have been prepared in accordance with IND AS notified under the Companies (Indian Accounting Standards) Rules, 2015 to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 (to the extent notified and applicable). The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

2.1 Standards issued but not yet effective:

In March 2018, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2018, notifying Ind AS 115, 'Revenue from Contracts' and amendments to Ind AS 21, Foreign currency transactions and advance consideration.

a) Amendment to Ind AS 21:

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. The amendment will come into force from April 1, 2018. The Company has evaluated the effect of this on the financial statements and the impact is not material.

b) Notification of Ind AS 115:

On March 28, 2018, Ministry of Corporate Affairs ("MCA") 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 effect on adoption of Ind AS 115 is expected to be insignificant.

3) Significant Accounting Policies

3.1 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.

3.2 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 group) 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.

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



3.3 Goodwill

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

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

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

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

3.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Company assessed its revenue arrangements against specific criteria to determine it is acting as principal or agent. The Company has concluded that it is acting as a principal in all its revenue arrangements.

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when all the significant risks and rewards of ownership of the goods are passed to the customers.

Inpatient and Outpatient Revenue

Inpatient and Outpatient revenue is recognized as and when the related services are rendered.

The Company collects sales taxes, value added taxes (VAT) and Goods & Service Tax (GST) on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Export benefits

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

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).



3.5 Leasing

Where the Company is the lessee

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

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

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.

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 capitalization.

All other borrowing 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.

Government grants are recognised in the profit or loss on a systematic basis over there periods in which the Company recognises as expense the related costs for which the grant was 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 they become receivable.



3.9 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans 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 categorized as follows:

- Service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- Net interest expense or income; and
- Remeasurement

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

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

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.

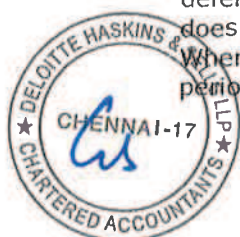
ii) Short-term and other long-term employee benefits:

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 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 and considered as defined contribution plan. The Company's contribution to provident fund are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

3.10 Share-based payment arrangements

Equity-settled ~~share-based~~ payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the statement of profit and loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled share option outstanding account.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

3.11 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 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.

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 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 reassess 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 realized, 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.

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.

iv) MAT Credit

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is **no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period**

3.12 Property, plant and equipment(PPE)

PPE are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

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.

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.



Depreciation on Property, Plant and Equipment (PPE) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 as follows:

PPE	Useful Lives
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and Fittings	10 years
Office Equipment	5 years
Vehicles	8 years

Depreciation commences when the assets are ready for their intended use.

Depreciation on leasehold improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.

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.

3.13 Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any.

Software

Cost of software and licenses, which are acquired, are capitalised and amortized on a straight line basis over a period of 3 to 6 years or the license period, whichever is lower.

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

An intangible asset is derecognised 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.

3.14 Impairment of tangible and intangible assets 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.

3.15 Inventories

Inventories of medical consumables and drugs are valued at lower of cost or net releasable value. Cost is determined on weighted average basis.

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.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, wherever necessary, based on the past experience of the Company and such allowances are adjusted against the carrying inventory value.

3.16 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).

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.

3.17 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.

3.18 Segment Reporting

Operating segments reflect the Company's management structure and the way the financial information is regularly reviewed by the Company's Chief operating decision maker (CODM). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

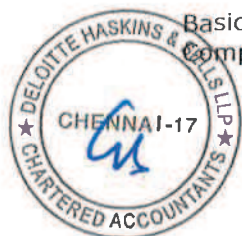
The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

3.19 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.

3.20 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.

3.21 Operating cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization 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.

3.22 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

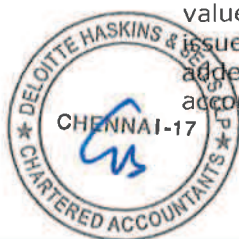
All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.23 Financial Instruments

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.



Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments (other than investments in subsidiary) to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

Equity instruments

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

3.24 Impairment of financial assets

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.

However, 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 measures the loss allowance at an amount equal to lifetime 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.

3.25 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 collateralized borrowing for the proceeds received.

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

3.26 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of 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 financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.27 Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.



4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

4.1 Critical Accounting Judgements

The Following are the critical judgments that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognised in the Standalone financial statements

- a. Note 50 disclosed in the notes to financial statements describes certain matters relating to order/notice received from Chennai Metropolitan Development Authority (CMDA). The Company, based on legal advice, believes that the above Order /Notice issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations as the Company has fair chance of success in its Appeal/Writ petition.

- b. Status of Composite scheme of Amalgamation and Arrangement:

Note 51 disclosed in the notes to financial statements describes the status of composite scheme of amalgamation and arrangement that include management assessment of Composite Scheme of Amalgamation which is subject to various judiciary, regulatory and other required approvals. Pending such approvals the directors of the company has assessed that the slump sale of hospital business has not been classified as held for sale and discontinued operations as on March 31, 2018 duly considering the requirement of Ind AS 105 regarding highly probable occurrence of transaction.

- c. Accounting for service agreement:

The Company has entered into Hospital and Medical Services Agreement ("HMSA") with Fortis Health Management Limited (FHML) (Group Company of RHT Health Trust Group of companies ('RHT')) wherein the FHML is required to provide, maintain and operate the Clinical Establishments (including infrastructure, fixtures and fittings etc.) in accordance with the agreement.

The clinical establishments owned by FHML are specifically customized 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 Fortis Health Management Limited's Clinical Establishment.

The term of the individual HMSA is 15 years and the Group 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 Companies' 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 Fortis Health Management Limited's for the expected cost inflation, being in line with general cost inflation; accordingly, the base fee has been recognized as an expense without factoring the inflationary increase of 3% year on year on a straight-lined over the lease term.

4.2 Key Sources of Estimation

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

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



In particular, information about significant areas of estimation and uncertainty in applying accounting policies that have the most significant effect on the amounts recognized in the financial statements are included in the following notes:

- a. Useful lives of Property, plant and equipment (Refer Note 3.12)
- b. Assets and obligations relating to employee benefits (Refer Note 3.9)
- c. Valuation and measurement of income taxes and deferred taxes (Refer Note 3.11)
- d. Expected Credit Loss:

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. 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.



Fortis Malar Hospitals Limited

Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

5(a) Property, Plant and Equipment

Particulars	Plant & Machinery	Medical Equipments	Furniture & Fittings	Computers	Office Equipments	Vehicles	Total
Gross Block							
As at April 1, 2016	1,47,66,219	20,28,24,873	1,70,16,968	55,43,115	20,05,156	-	24,21,56,331
Additions	14,87,674	2,55,86,102	16,11,292	21,10,109	7,30,077	82,11,660	3,97,36,914
Additions on acquisition of subsidiary	-	-	-	-	-	-	-
Disposals	(1,05,000)	(1,70,514)	-	-	-	-	(2,75,514)
Disposals on sale of subsidiaries	-	-	-	-	-	-	-
Other adjustments	-	(7,09,020)	-	-	-	-	(7,09,020)
Exchange translation adjustments	-	-	-	-	-	-	-
As at March 31, 2017	1,61,48,893	22,75,31,441	1,86,28,260	76,53,224	27,35,233	82,11,660	28,09,08,711
Additions	21,91,081	2,50,43,517	22,44,823	16,38,271	29,88,262	-	3,41,05,954
Disposals	-	-	-	-	-	-	-
Other adjustments#	-	-	-	27,32,202	-	-	27,32,202
As at March 31, 2018	1,83,39,974	25,25,74,958	2,08,73,083	1,20,23,697	57,23,495	82,11,660	31,77,46,867
Accumulated Depreciation							
As at April 1, 2016	13,05,962	1,96,58,543	17,87,976	52,97,360	64,034	-	2,81,13,875
Charge for the year	13,15,587	2,61,22,827	20,22,715	22,25,661	5,37,663	8,88,659	3,31,13,112
Disposals	(28,585)	(85,119)	-	-	-	-	(1,13,704)
As at March 31, 2017	25,92,964	4,56,96,251	38,10,691	75,23,021	6,01,697	8,88,659	6,11,13,283
Charge for the year	15,50,722	2,82,52,925	21,66,469	18,70,456	7,72,029	10,26,063	3,56,38,664
As at March 31, 2018	41,43,686	7,39,49,176	59,77,160	93,93,477	13,73,726	19,14,722	9,67,51,947
Net Block (As at March 31, 2017)	1,35,55,929	18,18,35,190	1,48,17,569	1,30,203	21,33,536	73,23,001	21,97,95,428
Net Block (As at March 31, 2018)	1,41,96,288	17,86,25,782	1,48,95,923	26,30,220	43,49,769	62,96,938	22,09,94,920
# Represents reclassification of assets. Also refer Note 5(c).							

5(b) Intangible Assets Under Development

Intangible Assets Under Development includes cost of development of software paid to M/s. Healthfore Technologies Rs.72,15,569 (Previous year Rs.60,15,570). Also Refer Note 33.



Fortis Malar Hospitals Limited**Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018****5(c). Other intangible assets****(Amount in Rs.)**

Particulars	Software
Gross Block	
As at April 1, 2016	3,42,30,467
Additions	14,34,697
Other adjustments	-
As at March 31,2017	3,56,65,164
Additions	-
Other adjustments#	(27,32,202)
As at March 31,2018	3,29,32,962
Amortization and impairment	
As at April 1, 2016	32,50,182
Charge for the year	62,95,915
As at March 31,2017	95,46,097
Charge for the year	65,02,406
As at March 31,2018	1,60,48,503
Net block	
As at March 31,2017	2,61,19,067
As at March 31,2018	1,68,84,459

Represents reclassification of assets. Also refer Note 5(a).



Fortis Malar Hospitals Limited

Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

6. Investments in Subsidiary

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Non Current		
Unquoted Investments (fully paid)		
Investments in Equity Instruments		
Malar Stars Medicare Limited [50,000 Equity Shares of Rupees 10 each]	5,00,000	5,00,000
Total Aggregate Unquoted Investments	5,00,000	5,00,000
Total Non Current Investments	5,00,000	5,00,000
6.1 Category-wise Investments		
Financial Assets Held at Cost		
Equity Instruments Held at Cost	5,00,000	5,00,000

7. Other Financial Assets

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Non current		
Unsecured, considered good		
Security Deposits	32,90,590	34,50,787
Advance to Related Parties (Refer Note 33)	16,89,974	24,32,150
Total	49,80,564	58,82,937

8. Deferred Tax (Net)

[Also Refer Note 41(iv)]

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Deferred Tax Assets		
Tax effect of Items constituting deferred tax assets:		
- Employee Benefits	1,10,87,376	1,10,77,079
- Allowance for Credit Losses/Others	1,17,60,665	96,82,040
	2,28,48,041	2,07,59,119
Deferred Tax Liabilities		
Tax effect of items constituting deferred tax liabilities:		
- Property Plant & Equipment	86,49,266	1,06,18,999
	86,49,266	1,06,18,999
Total	1,41,98,775	1,01,40,120

9. Tax Assets and Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Income Tax Assets		
Non-Current		
Advance Income Tax (net of provision for taxation)	8,59,41,414	6,63,95,362
	8,59,41,414	6,63,95,362
Current Tax Liabilities		
Income Tax Payable (net of advance tax)	5,70,879	5,70,879
	5,70,879	5,70,879



Fortis Malar Hospitals Limited**Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018****10. Other Non-current Assets****(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Unsecured		
Capital Advances	1,67,677	5,42,251
Prepaid Expenses	24,69,528	30,00,298
Sub-Total (B)	26,37,205	35,42,549
Provision for Doubtful Advances	(2,40,240)	(2,40,240)
Total	23,96,965	33,02,309
Note:		
-- Considered Good	23,96,965	33,02,309
-- Considered Doubtful	2,40,240	2,40,240
	26,37,205	35,42,549

11. Inventories**(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Medical Consumables and Drugs	2,02,23,852	2,31,22,044
Total	2,02,23,852	2,31,22,044

12. Trade Receivables**(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
(a) Unsecured, considered good	6,00,35,785	5,57,68,805
(b) Doubtful	2,87,93,780	2,16,25,446
	8,88,29,565	7,73,94,251
Less: Allowance for Credit Losses	(2,87,93,780)	(2,16,25,446)
	6,00,35,785	5,57,68,805

The average credit period is 30 days. No overdue interest is charged. Of the trade receivables balance as at March 31, 2018, Rs.5,01,52,236 is due from 3 third party service providers, 2 Government customers and 1 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables.

The Company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward-looking information. The expected credit loss allowance is based on the ageing of the days the receivables are due and the rates as given in the provision matrix. The provision matrix at the end of the reporting period is as follows:

(Amount in Rs.)

	As at March 31, 2018	As at March 31, 2017
Ageing of receivables		
Within the credit period	4,20,36,063	1,95,76,032
1-30 days past due	2,01,26,363	1,07,31,362
31-60 days past due	1,60,77,555	84,58,984
61-90 days past due	39,92,319	40,48,167
More than 90 days past due	65,97,265	3,45,79,706
	8,88,29,565	7,73,94,251



Fortis Malar Hospitals Limited**Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018****13(a) Cash and Cash Equivalents****(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Cash on hand	9,76,652	6,83,727
Balances with Banks		
- Current Accounts	11,41,01,418	67,50,131
- Deposits with original maturity of less than three months	3,00,00,000	6,25,00,000
Total	14,50,78,070	6,99,33,858

13(b) Other Bank Balances

Particulars	As at March 31, 2018	As at March 31, 2017
Unpaid Dividend Accounts	15,88,726	15,73,269
Deposits with original maturity of more than 3 months but less than 12 months - Free of Lien	1,25,000	25,00,000
Total	17,13,726	40,73,269

14. Loans**(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Intercompany deposits to related parties (Refer Note 45)	81,35,00,000	70,04,33,576
Total	81,35,00,000	70,04,33,576

15. Other Financial Assets**(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, considered good		
Security deposits	2,60,537	25,00,000
Interest accrued but not due on loans and deposits		
(i) Inter Corporate Deposits	-	4,36,70,447
(ii) Fixed Deposit with banks	29,058	2,99,075
Advances to Related Parties (Refer Note No. 33)	2,62,68,271	29,66,872
Loans & Advances to Employees	13,90,470	16,86,477
Contractually Reimbursable Expenses	16,21,565	27,68,421
Unbilled Revenue from Undischarged Patients	3,87,53,438	3,32,90,008
Total	6,83,23,339	8,71,81,300

16. Other Current Assets**(Amount in Rs.)**

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Unsecured, Considered Good		
Advance to Vendors	31,78,054	4,70,222
Prepaid Expenses	50,71,313	50,01,927
Served from India Scheme (SFIS) Licenses & Accrued Income	30,78,509	68,25,276
Total	1,13,27,876	1,22,97,425



Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

17. Share capital

Particulars	As at	As at
	March 31, 2018	March 31, 2017
Authorised Shares		
30,000,000 Equity shares of Rs.10/- each	30,00,00,000	30,00,00,000
Total authorised share capital	30,00,00,000	30,00,00,000
Issued		
18,714,759 (March 31, 2017: 18,694,759) Equity shares of Rs.10/- each	18,71,47,590	18,69,47,590
	18,71,47,590	18,69,47,590
Subscribed and Paid Up		
18,684,259 (March 31, 2017: 18,664,259) Equity Shares of Rs. 10/- each fully paid up	18,68,42,590	18,66,42,590
30,500 (March 31, 2017: 30,500) Equity Shares of Rs. 10 each (Rs. 5 paid up) Forfeited	1,52,500	1,52,500
Total	18,69,95,090	18,67,95,090

Notes :

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

Equity Shares

Particulars	Year Ended March 31, 2018		Year Ended March 31, 2017	
	Number	Amount in Rs.	Number	Amount in Rs.
At the beginning of the year	1,86,94,759	18,67,95,090	1,86,36,009	18,62,07,590
Issued during the year: Employee Stock Option Plan (ESOP)	20,000	2,00,000	58,750	5,87,500
Outstanding at the end of the year	1,87,14,759	18,69,95,090	1,86,94,759	18,67,95,090

During the year ended 31 March 2018, 20,000 Equity Shares of Rs. 10 each at a premium of Rs. 16.20 each were allotted to eligible employees under the Company's Employees Stock Option Scheme (ESOP). The balance outstanding employee stock options as at 31 March 2018 is 140,000. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

The Company has only one class of equity shares having par value of Rs.10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of Interim dividend.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	Number	In Rupees	Number	In Rupees
Fortis Hospitals Limited, the Holding Company (Equity Shares of Rs.10 each)	1,17,52,402	11,75,24,020	1,17,52,402	11,75,24,020

(d) Details of shares held by each shareholder holding more than 5% shares:

Equity Shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	1,17,52,402	62.90%	1,17,52,402	62.97%

(e) As at 31 March 2018, 140,000 equity shares (As at 31 March 2017 160,000 equity shares) of Rs. 10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 37).

(f) Refer Note 51 for equity shares that are issuable upon the Composite scheme of Arrangement and Amalgamation becoming effective.



Fortis Malar Hospitals Limited

Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
18. Other Equity		
Reserve and Surplus		
(A) Securities Premium Account		
Opening balance	9,44,67,320	9,35,15,570
Add : Premium on shares issued during the year	3,24,000	9,51,750
Closing balance	9,47,91,320	9,44,67,320
(B) Surplus in the statement of profit and loss		
Opening balance	70,15,29,317	68,69,42,136
Add: (a) Profit for the year	3,14,11,597	2,82,02,428
(b) Remeasurement gain / (Loss) of defined employee benefit plans (net of taxes)	12,29,947	(24,04,377)
	73,41,70,861	71,27,40,187
Less: Appropriations :		
(a) Final equity dividend distributed		
[amount per share Rupees Nil (Previous year Rupees 0.50)]	-	(93,14,630)
(b) Dividend distribution tax on dividend	-	(18,96,240)
Net Surplus in the Statement of Profit and Loss	73,41,70,861	70,15,29,317
Total (A+B)	82,89,62,181	79,59,96,637



Fortis Malar Hospitals Limited

Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

19. Provisions

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Non-Current		
Provision for Gratuity	1,33,31,000	61,85,000
Total	1,33,31,000	61,85,000

20. Trade Payables

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
- Dues of Micro and small enterprise (Refer Note 44)	-	33,55,751
- Dues to other vendors (other than acceptances)	24,97,10,706	13,72,12,595
Total	24,97,10,706	14,05,68,346

21. Other Financial Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Security Deposits	5,98,000	4,78,000
Unpaid Equity Dividend	15,88,726	15,73,269
Capital Creditors	88,90,176	1,08,76,826
Payable to Related Parties (Refer Note No. 33)	6,37,52,305	14,93,511
Total	7,48,29,207	1,44,21,606

22. Provisions

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Current		
Provision for Gratuity	-	61,85,000
Provision for Compensated Absences	1,08,52,000	1,01,77,000
Total	1,08,52,000	1,63,62,000

23. Other Current Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Advance from Patients/Amounts Unclaimed by Patients	9,59,38,703	12,30,42,513
Statutory Payables (PF, ESI, TCS, TDS, Service Tax, VAT, GST etc.)	1,21,57,339	71,24,290
Total	10,80,96,042	13,01,66,803



Fortis Malar Hospitals Limited
Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018
24. Revenue from Operations
(Amount in Rs.)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Sale of Services (Refer Note below)		
In-Patient	1,30,25,92,847	1,18,51,75,321
Out-Patient	18,37,88,110	18,54,51,499
Sub Total (a)	1,48,63,80,957	1,37,06,26,820
(b) Sales of Medical Consumables and Drugs		
Medical Consumables and Drugs (Also Refer Note 43)	16,661	2,97,57,268
Sub Total (b)	16,661	2,97,57,268
(c) Other Operating Revenue		
Income from Served From India Scheme (SFIS)	30,37,957	23,37,276
Other Operating Income	24,91,544	28,77,402
Sub Total (c)	55,29,501	52,14,678
Total (a)+(b)+(c)	1,49,19,27,119	1,40,55,98,766

Note:

Discounts and deductions amounting to Rs. 63,45,264 (Year Ended March 31, 2017- Rs.1,30,16,710) are netted against Sale of In-Patient and Out-Patient Services.

25. Other Income
(Amount in Rs.)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
(a) Interest Income on		
- Bank Deposits	12,50,665	71,81,963
- Inter Corporate Deposits	7,94,36,409	6,39,28,734
- Interest on Income Tax Refund	-	4,21,755
- Interest on Financial Assets carried at Amortised Cost	3,58,566	4,94,187
Sub Total (a)	8,10,45,640	7,20,26,639
(b) Other Non-Operating Income		
- Income from Film Shooting	-	30,90,000
- Liabilities no longer required written back	8,00,000	2,65,653
- Bad Receivables written off in earlier years recovered	-	2,44,008
Sub Total (b)	8,00,000	35,99,661
Total (a)+(b)	8,18,45,640	7,56,26,300



Fortis Malar Hospitals Limited**Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018****26. Increase / (decrease) in inventories of medical consumables and drugs****(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Inventory at the beginning of the year	2,31,22,044	2,61,14,509
Inventory at the end of the year (Also Refer Note 43)	2,02,23,852	2,31,22,044
Total	28,98,192	29,92,465

27. Employee Benefits Expense**(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Salaries, Wages and Bonus	18,61,50,526	17,16,02,838
Contribution to Provident and Other Funds (Refer Note 38)	1,38,35,380	1,12,08,699
Staff Welfare Expenses	1,54,53,758	1,50,40,111
Total	21,54,39,664	19,78,51,648

28. Finance Costs**(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Credit Card / Bank charges	38,46,293	45,36,332
Interest on delayed payment of Income Tax	270	44,503
Total	38,46,563	45,80,835

29. Depreciation and Amortisation Expense**(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Depreciation of Tangible Assets	3,56,38,664	3,31,13,112
Amortisation of Intangible Assets	65,02,406	62,95,915
Total	4,21,41,070	3,94,09,027



Fortis Malar Hospitals Limited**Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018****30. Other Expenses****(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Contractual Manpower	1,06,28,886	1,64,60,224
Power, Fuel and Water	2,82,43,731	2,73,93,944
Housekeeping Expenses including Consumables	60,04,593	60,38,879
Patient Food and Beverages	1,22,30,045	1,24,43,512
Pathology Laboratory Expenses	6,35,43,427	6,01,15,686
Consultation Fees to Doctors	12,68,98,497	13,48,14,790
Professional Charges to Doctors	29,88,86,387	28,88,20,609
Clinical Establishment Fee (Refer Note 30.2 below)	21,20,13,065	20,03,16,786
Repairs and Maintenance		
- Building	15,31,175	1,08,447
- Plant and Machinery	1,87,26,308	2,30,81,662
- Others	70,14,321	53,56,757
Rent		
- Equipments	43,36,918	51,39,562
- Hospital Buildings, Offices and Labs	39,39,600	35,15,725
- Others	78,34,935	65,01,799
Legal and Professional Fee	94,38,617	1,21,83,364
Subscription Fee	11,25,650	13,87,475
Travel and Conveyance	1,27,03,710	90,88,221
Rates and Taxes	2,00,600	2,48,750
Printing and Stationery	51,59,906	65,78,936
Communication Expenses	38,79,726	84,82,924
Directors' Sitting Fees	16,12,500	15,79,875
Insurance	63,32,571	51,36,741
Marketing and Business Promotion	7,52,59,475	4,83,51,705
Loss on Sale of Assets	-	1,53,375
Auditors' Remuneration (Refer Note 30.1 below)	13,68,100	11,60,062
Allowance for Credit Losses	71,68,334	88,43,443
Provision for Doubtful Advances	-	2,40,240
Corporate Social Responsibility Expenses (Refer Note 49)	18,76,333	49,24,462
Miscellaneous Expenses	6,61,820	33,81,344
Total	92,86,19,230	90,18,49,299
30.1 Payments to Auditors		
For Statutory Audit	7,50,000	7,50,000
For Tax Audit	50,000	50,000
For Other Services	2,60,000	2,00,000
For GST	1,90,800	1,56,899
For reimbursement of expenses	1,17,300	3,163
	13,68,100	11,60,062

30.2 Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Company in accordance with the agreement. Also refer Note 33



Fortis Malar Hospitals Limited**Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018****31. Income tax recognised in profit or loss****(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Current Tax (including prior years)		
In respect of the current year	2,46,03,959	2,17,43,342
In respect of prior year	16,15,771	26,96,705
	2,62,19,730	2,44,40,047
Deferred Tax		
In respect of the current year	(67,34,578)	(1,21,56,822)
Adjustments to deferred tax attributable to changes in tax rates and laws	22,01,870	(1,02,882)
Total	(45,32,708)	(1,22,59,704)

32. Other Comprehensive Income**(Amount in Rs.)**

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [Refer Note 38(II)(a)]	17,04,000	(35,92,000)
	17,04,000	(35,92,000)



Fortis Malar Hospitals Limited
Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018
33. Related party disclosures
Names of related parties and related party relationship

Description of Relationship	Year Ended March 31, 2018	Year Ended March 31, 2017
Ultimate Holding Company	Fortis Healthcare Limited	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited	Fortis Hospitals Limited
Subsidiary Company	Malar Stars Medicare Limited	Malar Stars Medicare Limited
Associate of the Holding Company	Healthfore Technologies Limited	Healthfore Technologies Limited
	Fortis Health Management Limited	Fortis Health Management Limited
Fellow Subsidiary or Entities Under Common Control	SRL Limited	SRL Limited
	Lalitha Healthcare Private Limited	Lalitha Healthcare Private Limited
	Escorts Heart Institute and Research Centre	Escorts Heart Institute and Research Centre Limited
Key Management Personnel	RWL Healthworld Limited	RWL Healthworld Limited
	Mr. Meghraj Gore, Whole time Director	Mr. Raghunath P, Whole time Director (Until September 30, 2016)
		Mr. Meghraj Gore, Whole time Director (Effective from October 1, 2016)
	Mr. Vijayasarathy D, Chief Financial Officer (Effective from May 23, 2017)	Mr. Akshaya Kumar Singh, Chief Financial Officer (Until February 27, 2017)
	Mrs. Trapti Kushwaha (Company Secretary) (From May 23, 2017 until Sep 07, 2017)	Mr. Sumit Goel (Company Secretary) (Until May 1, 2017)
	Mr. Shashank Porwal (Company Secretary) (Effective from January 23, 2018)	

The schedule of Related Party Transactions is as follows:
(Amount in Rs.)

Transaction	Related Party	Financial Year 2017-2018	Financial Year 2016-2017
INCOME			
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	6,17,93,357	6,17,93,357
	Escorts Heart and Research Institute Limited	1,76,43,052	21,35,377
Sale of Medical Consumables & Drugs	RWL Healthworld Limited	-	15,31,342
Sale of Medical Consumables & Drugs	Fortis Healthcare Limited	72,84,000	-
EXPENSES			
Pathology Laboratory and Radiology Expenses	SRL Limited	6,19,44,504	5,88,87,178
Professional Charges to Doctors	Malar Stars Medicare Limited	36,57,000	36,57,000
	SRL Limited	5,30,640	4,82,400
Contractual Manpower	SRL Limited	10,43,736	4,82,588
Clinical Establishment Fee	Fortis Health Management Limited	21,20,13,065	20,03,16,786
Communication Expenses/ R & M IT	Healthfore Technologies Limited	2,23,407	2,58,218
Reimbursement of Expenses	Fortis Healthcare Limited	-	10,72,672
Recovery of Expenses Incurred on behalf of Other Companies	Fortis Healthcare Limited	24,17,657	63,96,321
	Fortis Hospitals Limited	1,94,079	-
	Malar Stars Medicare Limited	66,14,859	79,40,759
	SRL Limited	16,042	-
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited	5,29,059	2,26,915
	Fortis Hospitals Limited	1,64,835	5,61,800
	Fortis Health Management Limited	2,68,91,976	2,66,00,940
	RWL Healthworld Limited	2,27,057	-
Managerial Remuneration	Mr. Raghunath. P	-	22,65,876
	Mr. Meghraj Arvindrao Gore	1,08,83,112	42,23,970
	Mr. Akshaya Kumar Singh	-	15,62,421
	Mr. Vijayasarathy. D	20,61,929	-
OTHERS			
Collections done by Related party on behalf of the Company	Fortis Healthcare Limited	37,70,618	-
	Fortis Hospitals Limited	1,19,76,085	-
Sale of SFIS (Scrips)	Fortis Hospitals Limited	28,89,512	-
Collections done on behalf of related	RWL Healthworld Limited	26,90,965	-
Inter Corporate Deposits given	Escorts Heart and Research Institute Limited	20,00,00,000	12,50,00,000
Inter Corporate Deposits repaid	Escorts Heart and Research Institute Limited	7,00,00,000	4,25,00,000
Inter Corporate Deposits repaid	Malar Stars Medicare Limited	1,69,33,576	-
Advance for Purchase of Intangible Assets - Software	Healthfore Technologies Limited	11,99,999	24,20,054



Fortis Malar Hospitals Limited

Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

33. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	Year Ended March 31, 2018	Year Ended March 31, 2017	
BALANCES AT THE END OF THE YEAR			
Trade Payable	SRL Limited	3,46,10,889	85,32,486
	Fortis Health Management Limited	5,97,61,083	43,52,825
	Malar Stars Medicare Limited	8,22,825	-
	Healthfore Technologies Ltd.	33,582	2,61,644
Other Financial Liabilities	Fortis Healthcare Limited	-	14,89,511
	Fortis Health Management Limited	-	5,65,201
Prepaid Expense	Fortis Health Management Limited	8,40,656	9,36,784
Intangible Assets Under Development	Healthfore Technologies Ltd.	72,15,569	60,15,570
Contractually Reimbursable Expenses	Fortis Healthcare Limited	16,21,565	27,68,421
	Malar Stars Medicare Limited	-	29,66,872
Other Financial Assets - Current	Fortis Healthcare Limited	96,89,008	-
	Fortis Hospitals Limited	1,65,79,263	-
	Fortis Health Management Limited	5,00,000	-
	Fortis Health Management Limited	16,89,974	24,32,150
Other Financial Assets - Non-Current	Fortis Health Management Limited	16,89,974	24,32,150
Inter Corporate Deposits Placed	Malar Stars Medicare Limited	60,10,00,000	61,79,33,576
	Escorts Heart and Research Institute Limited	21,25,00,000	8,25,00,000
Interest Accrued But not Due	Malar Stars Medicare Limited	-	4,17,48,608
	Escorts Heart and Research Institute Limited	-	19,21,839

Notes:

- The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual Invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2018 and 31 March 2017 there are no further amounts payable to / receivable from them, other than as disclosed above.
- Also Refer Note 43 for transactions entered with RWL Healthworld Limited and Note 51 for proposed scheme of Composite scheme of Arrangement and Amalgamation with SRL Limited.

34. Leases

Assets taken on Operating Lease:

The Group has operating lease agreements primarily for medical equipments and office/nursing accommodation etc., the lease terms of which are for a period ranging between 11 months to 15 years. During the year ended March 31, 2018, an amount of Rs.16,111,453 (March 31, 2017 - Rs.15,117,086) was paid towards lease rentals and other charges for the office space/nursing accommodation and Rs.212,013,065 (March 31, 2017 - Rs.200,316,786) towards Clinical Establishment Fee (including variable fee).

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

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Minimum lease payments:		
Not later than one year	11,12,05,524	10,80,17,207
Later than one year but not later than five years	48,13,84,549	46,66,19,505
Later than five years	56,31,52,149	65,02,42,531

35. Commitments

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Estimated amount of contracts remaining to be executed on capital account, net of advances with regard to Tangible and Intangible Assets	85,09,563	1,46,64,877
Bank guarantee to Fortis Health Management Limited	3,15,00,000	3,15,00,000
Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	1,00,000	-

36. Contingent liabilities (not provided for) in respect of

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer Note below)	11,79,66,872	11,74,16,872

Note:

The above claims are pending with various Consumer Disputes Redressal Commissions and the Company has been advised by the legal counsel that there may not be any likely liability in respect of these matters and accordingly no provision has been recognized in these financial statements.



37. Employee Stock Option Plan

Employees (Including senior executives) of the Company and Its Subsidiary receive remuneration in the form of share based payment transactions, whereby employees render services as consideration for equity Instruments (equity-settled transactions).

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of the Company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme: The details of activity under the Plan have been summarized below:

Vesting Plan:

- o 25% of the option shall vest on the completion of 12 months from the grant date.
- o 25% of the option shall vest on the completion of 24 months from the grant date.
- o 25% of the option shall vest on the completion of 36 months from the grant date.
- o 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan:

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

Effective Date:

The plan was effective from 21 August 2009.

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (Rs.)	Number of options	Weighted Average Exercise Price (Rs.)
Outstanding at the beginning of the year	1,60,000	26.20	218,750	26.20
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(20,000)	26.20	(58,750)	26.20
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,40,000	26.20	160,000	26.20
Exercisable at the end of the year	1,40,000	26.20	160,000	26.20

The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Particulars	March 31, 2018	March 31, 2017
Grant Date share price (in Rupees)	26.20	26.20
Exercise Price (in Rupees)	26.20	26.20
Expected Volatility*	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5
Expected dividends	₹ 0.00	₹ 0.00
Average risk-free interest rate	7.50%	7.50%
Expected dividend rate	0%	0%

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



Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

38 Employee benefits**(I) Defined Contribution Plan**

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company's contribution to Provident Fund aggregating Rs. 91,92,358 (Previous Year: Rs. 84,59,699) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined Benefit Plans

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service subject to a maximum limit of Rupees 1,000,000 in terms of the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows
(Amount in Rs.)

Particulars	For the year ended	For the year ended
	March 31, 2018	March 31, 2017
Amounts recognised in Statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	30,38,000	23,85,000
Net Interest expense	8,49,000	3,64,000
Components of defined benefit costs recognised in profit or loss	38,87,000	27,49,000
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	(44,000)	(65,000)
Actuarial gains and loss arising from changes in financial assumptions	(7,22,000)	13,07,000
Actuarial gains and loss arising from experience adjustments	(9,38,000)	23,50,000
Components of defined benefit costs recognised in other comprehensive income	(17,04,000)	35,92,000
Total	21,83,000	63,41,000

(i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"

(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

(b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
1. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	2,67,82,000	2,63,79,000
2. Fair value of plan assets as at 31 March	1,54,51,000	1,40,09,000
3. (Surplus) / Deficit	1,33,31,000	1,23,70,000
4. Current portion of the above	-	61,85,000
5. Non current portion of the above	1,33,31,000	61,85,000

(c) Movement in the present value of the defined benefit obligation are as follows :

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	2,63,79,000	1,83,57,000
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	30,38,000	23,85,000
- Interest Expense (Income)	18,78,000	13,67,000
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	-	-
ii. Financial Assumptions	(7,22,000)	13,07,000
iii. Experience Adjustments	(9,38,000)	23,50,000
Benefit payments	(3,76,000)	(14,45,000)
Acquisitions Credit/(Cost)	85,000	20,58,000
Benefits from plan Assets	(5,62,000)	-
Present value of defined benefit obligation at the end of the year	2,87,82,000	2,63,79,000



(d) Movement in fair value of plan assets are as follows :

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	1,40,09,000	1,29,41,000
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	10,29,000	10,03,000
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial gains and loss arising from changes in financial assumptions	-	-
- Return on plan assets (excluding amount included in net interest expense)	44,000	65,000
Contributions by employer	9,31,000	-
Benefit payments	(5,62,000)	-
Fair value of plan assets at the end of the year	1,54,51,000	1,40,09,000

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Life Insurance Corporation of India	1,54,51,000	1,40,09,000

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
Discount rate	7.50%	7.25%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.25%
Withdrawal Rate		
Ages From 20 - 30	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%
Expected average remaining working life *	10 years	10 years
Mortality	IALM 2006-08(UIT)	IALM 2006-08(UIT)

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/others

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

(i) If the discount rate is 50 basis point higher (lower) the defined benefit obligation would decrease by Rs. 1,365,000 (increase by Rs. 1,471,000) (As at March 31, 2017 ; decrease by Rs. 1,412,000 (increase by Rs. 1,307,000).

(ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by Rs. 3,029,000 (decrease by Rs. 2,657,000) (As at March 31, 2017 ; increase by Rs. 2,904,000 (decrease by Rs. 2,537,000).

(iii) If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by Rs. 291,000 (increase by Rs. 307,000) (As at March 31, 2017 ; decrease by Rs. 470,000 (increase by Rs. 502,000).

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

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

(g) Experience Adjustments:

Experience Adjustments	(Amount in Rs.)				
	For the year ended March 31, 2018	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014
Defined Benefit Obligation	2,87,82,000	2,63,79,000	1,83,57,000	1,56,25,000	1,29,11,000
Fair value of plan assets	1,54,51,000	1,40,09,000	1,29,41,000	1,19,53,000	1,09,46,000
Surplus/(Deficit)	(1,33,31,000)	(1,23,70,000)	(54,16,000)	(36,72,000)	(19,65,000)
Experience adjustment on plan liabilities [(Gain)/Loss]	(9,38,000)	23,50,000	2,85,557	(14,43,000)	(25,08,000)
Assumptions adjustment on plan assets [(Gain)/(Loss)]	44,000	65,000	(1,18,000)	(2,15,000)	(34,000)



Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

39. Financial Instruments

(I) Capital Management

The Company manages its capital to ensure that it is able to continue as going concern while maximising the return to the stakeholders through the optimisation of the equity balance.

(II) Categories of Financial Instruments

(a) Financial Assets

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at Cost		
Investment in Subsidiary	5,00,000	5,00,000
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Security Deposits	32,90,590	34,50,787
- Advance to Related Parties	16,89,974	24,32,150
- Trade receivables	6,00,35,785	5,57,68,805
- Cash and Bank balances	14,67,91,796	7,40,07,127
- Loans	81,35,00,000	70,04,33,576
- Other financial assets	6,83,23,339	8,71,81,300

(b) Financial Liabilities

(Amount in Rs.)

Particulars	As at March 31, 2018	As at March 31, 2017
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Trade Payables	24,97,10,706	14,05,68,346
- Other Financial Liabilities	7,48,29,207	1,44,21,606

(III) Financial Risk Management Framework

The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The focus of the chief operating decision maker (CODM) is to assess the unpredictability of the financial environment and to mitigate potential adverse effects, if any, on the financial performance of the Company.

The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Liquidity Risk Management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Particulars	Weighted average interest rate %	With in 1 Year	1 to 2 Years	More than 2 Years	Total (Rs.)
		(Rs.)	(Rs.)	(Rs.)	
As at March 31, 2018					
- Trade Payables	NA	24,97,10,706	-	-	24,97,10,706
- Other Financial Liabilities	NA	7,48,29,207	-	-	7,48,29,207
Total		32,45,39,913	-	-	32,45,39,913
As at March 31, 2017					
- Trade Payables	NA	14,05,68,346	-	-	14,05,68,346
- Other Financial Liabilities	NA	1,44,21,606	-	-	1,44,21,606
Total		15,49,89,952	-	-	15,49,89,952

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in Rs.)

Particulars	Weighted average interest rate %	With in 1 Year	1 to 2 Years	More than 2 Years	Total (Rs.)
		(Rs.)	(Rs.)	(Rs.)	
As at March 31, 2017					
Non-interest bearing	NA	24,48,90,383	5,00,000	49,80,564	25,03,70,947
Fixed interest rate instruments	8.78%	84,37,60,537	-	-	84,37,60,537
Total		1,08,86,50,920	5,00,000	49,80,564	1,09,41,31,484
As at March 31, 2017					
Non-interest bearing	NA	15,19,57,232	5,00,000	58,82,937	15,83,40,169
Fixed interest rate instruments	8.78%	76,54,33,576	-	-	76,54,33,576
Total		91,73,90,808	5,00,000	58,82,937	92,37,73,745



40. Fair Value Measurement

This note provides information about how the Company determines fair value of various financial assets and liabilities

- (i) There are no financial assets and financial liabilities that are measured at fair value on a recurring basis.
- (ii) Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring):

(Amount in Rs.)

Particulars	As at March 31, 2018		As at March 31, 2017	
	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost:				
- Other financial assets (Non Current)	49,80,564	49,80,564	58,82,937	58,82,937
- Cash and Bank balances	14,67,91,796	14,67,91,796	7,40,07,127	7,40,07,127
- Trade receivables	6,00,35,785	6,00,35,785	5,57,68,805	5,57,68,805
- Loans	81,35,00,000	81,35,00,000	70,04,33,576	70,04,33,576
- Other financial assets	6,83,23,339	6,83,23,339	8,71,81,300	8,71,81,300
Total	1,09,36,31,484	1,09,36,31,484	92,32,73,745	92,32,73,745
Financial liabilities held at amortised cost:				
- Trade Payables	24,97,10,706	24,97,10,706	14,05,68,346	14,05,68,346
- Other financial liabilities	7,48,29,207	7,48,29,207	1,44,21,606	1,44,21,606
Total	32,45,39,913	32,45,39,913	15,49,89,952	15,49,89,952

(iii) Fair value hierarchy as at March 31, 2018

(Amount in Rs.)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other financial assets (Non Current)	-	-	49,80,564	49,80,564
- Cash and Bank balances	14,67,91,796	-	-	14,67,91,796
- Trade receivables	-	-	6,00,35,785	6,00,35,785
- Loans	-	-	81,35,00,000	81,35,00,000
- Other financial assets	-	-	6,83,23,339	6,83,23,339
Total	14,67,91,796	-	94,68,39,688	1,09,36,31,484
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	24,97,10,706	24,97,10,706
- Other financial liabilities	-	-	7,48,29,207	7,48,29,207
Total	-	-	32,45,39,913	32,45,39,913

(iv) Fair value hierarchy as at March 31, 2017

(Amount in Rs.)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other financial assets (Non Current)	-	-	58,82,937	58,82,937
- Cash and Bank balances	7,40,07,127	-	-	7,40,07,127
- Trade receivables	-	-	5,57,68,805	5,57,68,805
- Loans	-	-	70,04,33,576	70,04,33,576
- Other financial assets	-	-	8,71,81,300	8,71,81,300
Total	7,40,07,127	-	84,92,66,618	92,32,73,745
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	14,05,68,346	14,05,68,346
- Other financial liabilities	-	-	1,44,21,606	1,44,21,606
Total	-	-	15,49,89,952	15,49,89,952



Notes Forming Part of the Standalone Financial Statements for the Year ended March 31, 2018

41. Current Tax and Deferred Tax

(i) Income Tax Expense

Particulars	(Amount in Rs.)	
	For the year ended 31 March 2018	For the year ended 31 March 2017
Current Tax:		
Current Income Tax Charge	2,46,03,959	2,17,43,342
Prior year Income Tax Charge	16,15,771	26,96,705
Total	2,62,19,730	2,44,40,047
Deferred Tax		
Difference between book balance and tax balance of fixed assets	(19,69,733)	(62,52,399)
In respect of current year origination and reversal of temporary differences	(20,78,625)	(35,50,805)
Provision for compensated absences, gratuity and other employee benefits	(4,84,350)	(24,56,500)
Total	(45,32,708)	(1,22,59,704)
Total Tax Expense recognised in Statement of Profit and Loss	2,16,87,022	1,21,80,343

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

Particulars	As at March 31, 2018		As at March 31, 2017	
	Amount	Tax Amount	Amount	Tax Amount
Profit Before tax from Operations	5,30,98,619		4,03,82,771	
Income Tax using the Company's domestic Tax rate at 33.063% (for YE March 31, 2017 : 33.063%)#		1,75,55,996		1,33,51,755
Tax Effect of :				
Effect of expenses that are not deductible in determining taxable profit	18,86,603	3,13,385	49,24,462	16,28,175
Adjustments recognised in the current year in relation to the current tax of prior years		16,15,771		(26,96,705)
Effect of change in tax rate		22,01,870		(1,02,882)
Income Tax recognised in P&L from Operations	5,49,85,222	2,16,87,022	4,53,07,233	1,21,80,343

The tax rate used for the years 2017-2018 and 2016-2017 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the Indian Law.

(iii) Income Tax on Other Comprehensive Income

Particulars	(Amount in Rs.)	
	For the year ended March 31, 2018	For the year ended March 31, 2017
Deferred Tax		
Remeasurements of defined benefit plans	(4,74,053)	11,87,623
Total	(4,74,053)	11,87,623

(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance Sheet

Particulars	(Amount in Rs.)			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	1,10,77,079	4,84,350	(4,74,053)	1,10,87,376
Allowance for Credit Losses/Others	96,82,040	20,78,625	-	1,17,60,665
Total	2,07,59,119	25,62,975	(4,74,053)	2,28,48,041
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	1,06,18,999	(19,69,733)	-	86,49,266
Total	1,06,18,999	(19,69,733)	-	86,49,266
Net Tax Asset (Liabilities)	1,01,40,120	45,32,708	(4,74,053)	1,41,98,775

Particulars	(Amount in Rs.)			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee Benefits	74,32,956	24,56,500	11,87,623	1,10,77,079
Allowance for Credit Losses/Others	61,31,235	35,50,805	-	96,82,040
Total	1,35,64,191	60,07,305	11,87,623	2,07,59,119
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	1,68,71,398	(62,52,399)	-	1,06,18,999
Total	1,68,71,398	(62,52,399)	-	1,06,18,999
Net Tax Asset (Liabilities)	(33,07,207)	1,22,59,704	11,87,623	1,01,40,120



42. Earnings per share

Particulars	(Amount in Rs.)	
	For the Year Ended 31 March 2018	For the Year Ended 31 March 2017
Profit after Tax - Rs.	3,14,11,597	2,82,02,428
Weighted Average Number of Equity Shares (Nos.):		
Weighted average number of equity shares for calculating Basic EPS	1,87,12,732	1,86,69,307
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	79,050	82,700
WANES for Calculating Diluted EPS	1,87,91,782	1,87,52,007
Earnings Per Share (Basic) - In Rs.		
- Basic - in Rs.	1.68	1.51
- Diluted - in Rs.	1.67	1.50
Face Value Per Share - in Rs.	10.00	10.00

43. During the previous year, the Company had transferred its outpatient pharmacy inventories to RWL Healthworld Limited (a group entity under common control) based on carrying value of inventories as on date of transfer (i.e. January 3, 2017).

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

During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers.

Particulars*	(Amount in Rs.)	
	As at March 31, 2018	As at March 31, 2017
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	24,07,399	33,55,751
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management and relied upon by the auditors.

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

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

Name of the Party (Refer Note below)	Closing balance			
	March 31, 2018	March 31, 2018	March 31, 2017	March 31, 2017
	(current)	(non-current)	(current)	(non-current)
Malar Stars Medicare Limited	60,10,00,000	-	61,79,33,576	-
Escorts Heart Institute and Research Centre Limited	21,25,00,000	-	8,25,00,000	-
Total	81,35,00,000	-	70,04,33,576	-

Name of the Party	Rate of Interest	Due date for Interest	Secured/ unsecured	March 31, 2018	March 31, 2017
Malar Stars Medicare Limited	10.00%	On Maturity	Unsecured	60,10,00,000	61,79,33,576
Escorts Heart Institute and Research Centre Limited	11.50%	On Maturity	Unsecured	21,25,00,000	8,25,00,000

Particulars	Relation	Maximum amount outstanding during the year	
		March 31, 2018	March 31, 2017
Malar Stars Medicare Limited	Subsidiary	61,79,33,576	61,79,33,576
Escorts Heart Institute and Research Centre Limited	Fellow Subsidiary	21,25,00,000	8,25,00,000
Total		83,04,33,576	70,04,33,576

Note:
The above Inter-Corporate Deposits were given for meeting the working capital requirements.

46. Earnings in Foreign Exchange (on accrual basis)

Particulars	(Amount in Rs.)	
	Year ended March 31, 2018	Year ended March 31, 2017
Health care services rendered to international patients	9,97,42,140	7,87,75,441
Total	9,97,42,140	7,87,75,441

47. Expenditure in foreign currency (on accrual basis)

Particulars	(Amount in Rs.)	
	Year ended March 31, 2018	Year ended March 31, 2017
Facilitation fees	3,10,28,214	1,89,76,308
Subscription Fee	19,48,612	6,47,293
Travel and conveyance	19,96,782	16,87,380
Total	3,49,73,608	2,13,10,981

48. Value of imports calculated on CIF basis

Particulars	(Amount in Rs.)	
	Year ended March 31, 2018	Year ended March 31, 2017
Capital Goods	-	4,400,000



49. Corporate social responsibility

During the year, the Company incurred an aggregate amount of Rs. 18,76,333/- (Previous year : 49,24,462) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder.

The details of the CSR spend are given below:

Gross amount required to be spent by the Company during the year: Rs. 19,09,163/-

Amount spent by the Company during the year on:

Particulars	Paid in cash/ cheque	Amount Paid	Yet to be paid	(Amount in Rs.)
				Total
Fortis Foundation	RTGS	18,76,333	32,830	19,09,163
Total		18,76,333	32,830	19,09,163

50. Order / Notice Received from CMDA

The Company had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the year ended March 31, 2016, CMDA had issued an Order stating that the regularization application made by the Company would not be allowed. The Company had preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order.

On 3 May 2016 CMDA had served a Locking & Sealing and De-occupation Notice to the Company stating that in view of CMDA's Order dated 18 March 2016 referred above, the construction at the site of the Hospital premises is unauthorized and had called upon the Company to restore the land to its original position within 30 days from the date of the Notice. The Company appealed to the High Court of Judicature at Madras and obtained a stay order on 02 June 2016 directing CMDA not to proceed further, till the matter is disposed. As directed by the Hon'ble High Court, CMDA Officials Inspected the hospital premises and directed the Company to provide ramp facility for easy evacuation of patients. The Company has since ramped up its fire detection and safety measures, constructed horizontal walkways and also obtained a Certificate from an independent agency on the adequacy of measures taken for fire prevention and safety.

The Company, based on legal advice, believes that the above Order / Notices issued by CMDA is contestable and the same prima facie would not result in adverse impact on its operations as the Company has fair chance of success in the aforesaid Appeal / writ petition.

51. Status of Composite Scheme of Arrangement and Amalgamation

The Board of Directors of the Company at its meeting held on August 19, 2016 approved the proposal for the sale of its hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a Composite scheme of Arrangement and Amalgamation (the Scheme) between the Company, FHL and SRL Limited ("SRL"). Further, pursuant to the said Scheme, the diagnostic business of FHL (including investments held in SRL) shall get demerged into the Company in lieu of equity shares to be issued by the Company to the shareholders of FHL. The demerger shall be followed by SRL being merged with the Company as an integral part of the same Scheme and shares of the Company to be issued to the eligible shareholders of SRL. The Board of Directors of the Company, on December 14, 2017 by way of Resolution Passed by Circulation, approved the extension of the Long Stop Date to June 30, 2018 as per the Clause 61 of the Scheme. The Court heard the matter thrice since January 2018 and the next hearing is listed on May 25, 2018. The Scheme is subject to various judicial / regulatory and other required approvals. Pending such approvals, no effect of the proposed Scheme has been given in the Financial Statements.

52. Segment Reporting

The Company has a single operating segment, namely, health care services and the information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Further the company does not have any separate geographic segment other than India. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

53. Approval of Financial Statements

The financial statements were approved by the Board of Directors on May 15, 2018.

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


Daljit Singh
Chairman
DIN 00135414


Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123


Shashank Porwal
Company Secretary


Vijayarathiy D
Chief Financial Officer

Place : Chennai
Date : May 15, 2018

