

Fortis Health Management (East) Limited
Balance Sheet as at March 31, 2015

	Notes	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	4(i)	500,000	500,000
Reserves and surplus	4(ii)	(39,024,862)	(21,704,479)
		(38,524,862)	(21,204,479)
Non-current liabilities			
Long-term borrowings	4(iii)	74,107,839	54,933,934
Other long-term liabilities	4(iv)	6,805,361	3,373,452
Long-term provisions	4(v)	402,000	188,000
		81,315,200	58,495,386
Current liabilities			
Trade payables	4(vi)	7,801,235	5,829,635
Other current liabilities	4(vii)	14,956,663	24,559,544
Short-term provisions	4(viii)	626,000	349,000
		23,383,898	30,738,179
	TOTAL	66,174,236	68,029,086
ASSETS			
Non-current assets			
Fixed assets			
Tangible assets	4(ix)(a)	32,957,605	35,781,417
Intangible assets	4(ix)(b)	678,177	-
Long-term loans and advances	4(x)	7,208,623	9,407,818
		40,844,405	45,189,235
Current assets			
Inventories	4(xi)	799,056	791,588
Trade receivables	4(xii)	3,125,858	2,174,721
Cash and bank balances	4(xiii)	16,211,555	6,204,655
Short-term loans and advances	4(xiv)	3,642,668	5,316,213
Other current assets	4(xv)	1,550,694	8,352,674
		25,329,831	22,839,851
	TOTAL	66,174,236	68,029,086

Summary of significant accounting policies 3

The accompanying notes are an integral part of the financial statements

As per our report of even date

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

**For and on behalf of the Board of Directors of
Fortis Health Management (East) Limited**

per Sandeep Sharma
Partner
Membership No.: 93577

Gagandeep Singh Bedi **Rakesh Laddha**
Director Director
DIN: 06881468 DIN: 06987522

Place : Gurgaon
Date : May 26, 2015

Place : Gurgaon
Date : May 26, 2015

Fortis Health Management (East) Limited
Statement of Profit and loss for the year ended March 31, 2015

	Notes	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
INCOME			
Revenue from operations	4(xvi)	111,915,559	90,996,414
Other income	4(xvii)	24,918	26,317
Total revenue		111,940,477	91,022,731
EXPENSES			
Purchase of medical consumables and drugs	4(xviii)	12,670,446	11,628,485
Increase in inventories of medical consumables and drugs	4(xix)	(7,468)	(43,870)
Employee benefits expense	4(xx)	18,190,526	15,439,162
Other expenses	4(xxi)	72,708,821	64,659,612
Total expenses		103,562,325	91,683,389
Profit/(loss) before interest, tax, depreciation and amortization (EBITDA)		8,378,152	(660,658)
Finance costs	4 (xxii)	8,037,959	4,319,129
Profit/(loss) before depreciation and amortization		340,193	(4,979,787)
Depreciation and amortization expense	4 (xxiii)	16,901,657	7,462,328
Loss for the year		(16,561,464)	(12,442,115)
Loss per share [Nominal value of shares ₹ 10/- each (Previous year ₹ 10/- each)]			
Basic and diluted	4 (xxiv)	(331.23)	(248.84)
Summary of significant accounting policies	3		

The accompanying notes are an integral part of the financial statements

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Firm Registration Number: 301003E
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Fortis Health Management (East) Limited
Cash Flow Statement for the year ended March 31, 2015

	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
A. Cash flow from operating activities		
Net loss before tax	(16,561,464)	(12,442,115)
Depreciation and amortization expense	16,901,657	7,462,328
Interest expense	7,697,997	3,891,910
Operating Profit/(loss) before working capital changes	8,038,190	(1,087,877)
Movements in working capital :		
Decrease/(Increase) in trade receivables	(951,137)	2,464,876
Increase in inventories	(7,468)	(43,870)
Decrease in loans and advances	3,924,558	4,576,102
Decrease/(Increase) in other assets	6,801,980	(6,400,699)
(Decrease)/Increase in trade payables, other liabilities and provisions	(5,988,881)	7,810,234
Net cash flows generated from operating activities (A)	11,817,242	7,318,766
B. Cash flows from investing activities		
Purchase of fixed assets	(16,718,159)	(26,165,663)
Net cash flows used in investing activities (B)	(16,718,159)	(26,165,663)
C. Cash flows from financing activities		
Proceeds from long-term borrowings	21,273,452	26,600,000
Repayments of long-term borrowings	(2,099,547)	(2,377,625)
Interest paid	(4,266,088)	(518,458)
Net cash flows generated from financing activities (C)	14,907,817	23,703,917
Net increase in cash and cash equivalents (A + B + C)	10,006,900	4,857,020
Total cash and cash equivalents at the beginning of the year	6,204,655	1,347,635
Cash and cash equivalents at the end of the year	16,211,555	6,204,655
Components of cash and cash equivalents:		
Cash in hand	312,272	100,306
Balances with banks on current accounts	15,899,283	6,104,349
Total cash and cash equivalents	16,211,555	6,204,655

Summary of significant accounting policies

3

As per our report of even date

For S.R. Batliboi & Co. LLP

Firm Registration Number: 301003E

Chartered Accountants

per Sandeep Sharma

Partner

Membership No.: 93577

**For and on behalf of the Board of Directors of
Fortis Health Management (East) Limited**

Gagandeep Singh Bedi

Director

DIN: 06881468

Rakesh Laddha

Director

DIN: 06987522

Place : Gurgaon

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Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

1. Nature of operations

Fortis Health Management (East) Limited ('the Company' or 'FHM(E)L') was incorporated on April 13, 2011 to carry on the business of promotion, maintenance, management, operation and conduct of healthcare and related services and providing consultancy for establishment of healthcare services. The Company started its operations from June 1, 2011.

2. Basis of preparation

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

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

As at March 31, 2015, the Company has share capital of ₹ 500,000 and accumulated losses of ₹ 39,024,862. Additional funds would be made available from Fortis Healthcare Limited ('FHL'), the holding company of Fortis Hospitals Limited immediate holding company, for which FHL has provided appropriate assurances to the management. Management, based on continuing financial and operational support from FHL, has prepared these financial statements on a going concern basis and does not consider need for any adjustments to the carrying value of assets and liabilities. FHL has provided the management a letter of support for continuing financial and operational support.

3. Summary of significant accounting policies

a. Use of estimates

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

Change in Estimate

Till the year ended March 31, 2014, depreciation was being provided as per rates prescribed under Schedule XIV of the Companies Act, 1956. Schedule II to the Companies Act 2013 prescribes useful lives for fixed assets which, in many cases, are different from lives prescribed under the erstwhile Schedule XIV.

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

Where the asset has zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, is charged to the opening balance of deficit in the statement of profit & loss, as a result an amount of ₹758,919 has been charged to the opening balance of surplus in the statement of profit and loss. The carrying amount of other assets whose remaining useful life is not nil on April 01, 2014, is depreciated over their revised remaining useful life.

Had the Company continued to depreciate the assets at the earlier rates, depreciation and loss for the year would have been lower by ₹530,716.

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

b. Tangible fixed assets

Fixed assets are stated at cost net of accumulated depreciation and impairment loss, if any. The cost comprises purchase price, borrowing costs if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for the intended use. Any trade discounts and rebate are deducted in arriving at purchase price.

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

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

c. Depreciation on tangible fixed assets

- i) Depreciation on fixed assets is calculated on a straight-line basis using the rates arrived at based on the useful lives estimated by the management. The Company has considered the following lives as per Schedule II to the Companies Act, 2013 to provide depreciation on its fixed assets.

S.No.	Assets	Useful Lives
1	Plant & machinery	15 years
2	Medical equipments	13 years
3	Furniture and fittings	10 years
4	Computers	3 years
5	Office equipments	5 years

- ii) Depreciation on asset taken on finance are provided over the period of lease 12 years or over the useful lives of the respective fixed assets, whichever is lower.

d. Change in Accounting Policies

- i) The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset. Due to application of Schedule II to the Companies Act, 2013, the Company has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. This change in accounting policy did not have any material impact on financial statements of the Company for the current year.
- ii) Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than ₹5,000/- in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the current year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company has changed its accounting policy for depreciation of assets costing less than ₹5,000/-. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management has decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014. The change in accounting for depreciation of assets costing less than ₹5,000/- did not have any material impact on financial statements of the Company for the current year.

Fortis Health Management (East) Limited

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

e. Intangible assets

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

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

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

Software

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

f. Impairment of tangible and intangible assets

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

ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

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

g. Borrowing cost

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

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

h. Leases

Where the Company is the lessee

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

Fortis Health Management (East) Limited

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

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

Where the Company is the lessor

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

i. Inventories

Inventory of Medical consumables and drugs are valued at lower of cost and net realizable value. Cost is determined on FIFO basis.

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

j. Revenue recognition

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

Operating Income

Operating income is recognised as and when the medical services are rendered / pharmacy items are sold. Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods.

Income from Rent

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

Interest

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

k. Foreign currency transactions and balances

i) Initial recognition

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

ii) Conversion

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

Fortis Health Management (East) Limited

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

iii) Exchange differences

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

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

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

I. Retirement and other employee benefits:

i) Contributions to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme for certain employees, the contributions for these employees are charged to the statement of profit and loss of the year when an employee renders the related service. There are no other obligations other than the contribution payable to the fund.

ii) Gratuity

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

iii) Compensated absences

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

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. 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.

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

iv) Actuarial gain/losses

Actuarial gains/losses are recognised in the statement of profit and loss as they occur.

m. Income taxes

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

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

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

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

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

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

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

n. Earnings per share

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

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

o. Provisions

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

p. Cash and cash equivalents

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

q. Measurement of EBITDA

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

r. 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.

s. Segment reporting

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

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
4(i) Share capital		
Authorised shares (Nos.)		
5,000,000 (Previous year 5,000,000) Equity shares of ₹ 10 each	50,000,000	50,000,000
Total authorised share capital	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and fully paid up shares (Nos.)		
50,000 (Previous year 50,000) Equity shares of ₹ 10 each full paid up	500,000	500,000
Total issued, subscribed and fully paid up share capital	<u>500,000</u>	<u>500,000</u>

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

Equity Shares

Particulars	March 31, 2015		March 31, 2014	
	Number	Value ₹	Number	Value ₹
At the beginning of the year	50,000	500,000	50,000	500,000
Outstanding at the end of the year	50,000	500,000	50,000	500,000

(b) Terms/ rights attached to equity shares

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

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

(c) Shares held by holding company / ultimate holding company

Equity Shares

Name of Shareholder	March 31, 2015		March 31, 2014	
	Number	Value ₹	Number	Value ₹
Fortis Hospitals Limited*	44,000	440,000	44,000	440,000

*including 6 equity shares held by its nominees

Fortis Health Management (North) Limited (FHMNL) was the holding company till March 31, 2013. FHMNL has merged with Fortis Hospitals Limited and the Scheme of Amalgamation has been approved and sanctioned by the Hon'ble High Court vide its Order dated July 22, 2013 with the appointed date of April 1, 2012.

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

Equity Shares

Name of Shareholder	March 31, 2015		March 31, 2014	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited*, the holding company	44,000	88%	44,000	88%
Dr. Alok chopra	3,000	6%	3,000	6%
Dr. Ashwani chopra	3,000	6%	3,000	6%

*including 6 equity shares held by its nominees

As per record of the company, including its register of shares holders/members and other declaration received from shareholders regarding beneficial interest, the above shareholding represents both legal and beneficial ownership of shares.

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
4(ii) Reserves and surplus		
Deficit in the statement of profit & loss		
Balance as per last financial statement	(21,704,479)	(9,262,364)
Add: Loss for the year	(16,561,464)	(12,442,115)
Less: Depreciation (refer note 3(a))	(758,919)	-
Net deficit in statement of profit & loss	(39,024,862)	(21,704,479)
4(iii) Long-term borrowings		
Unsecured		
Finance lease obligation*	10,415,976	12,515,523
Loan from holding company**	63,691,863	42,418,411
	74,107,839	54,933,934
<p>* The interest rate implicit in the lease is 12.5% p.a. The gross investment in lease i.e., lease obligation plus interest is payable in monthly installments of ₹ 250,000 each over the period of 12 years. **The loan from holding company carries interest at 12.50% p.a. and is repayable on March 31, 2017.</p>		
4(iv) Other long-term liabilities		
Interest accrued but not due on borrowings	6,805,361	3,373,452
	6,805,361	3,373,452
4(v) Long-term provisions		
Provision for employees benefits		
Provision for gratuity (refer note 7)	402,000	188,000
	402,000	188,000
4(vi) Trade payables		
Trade payables (refer note 11 for details of dues to micro and small enterprises)	7,801,235	5,829,635
	7,801,235	5,829,635
4(vii) Other current liabilities		
Current maturities of long-term borrowings	2,099,548	2,377,595
Payable to related parties	10,728,200	11,971,057
Capital creditors	-	1,151,400
Advances from patients	850,500	7,844,308
Statutory payables	1,278,415	1,215,184
	14,956,663	24,559,544
4(viii) Short-term provisions		
Provision for employees benefits		
Provision for gratuity (refer note 7)	2,000	2,000
Provision for leave encashment	624,000	347,000
	626,000	349,000

Note 4(ix)(a): Tangible assets

(in ₹)

Particulars	Assets taken under finance lease					Sub-total	Owned assets					Sub-total	Total
	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments		Office equipments	Computers	Furniture and fittings	Medical equipments	Leasehold Improvements		
Gross block													
At April 1, 2013	3,292,394	12,876,362	978,036	539,836	1,065,106	18,751,734	54,325	-	-	-	-	54,325	18,806,059
Additions	-	-	-	-	-	-	1,991,293	478,450	278,176	10,791,939	11,185,331	2,591,874	27,317,063
At March 31, 2014	3,292,394	12,876,362	978,036	539,836	1,065,106	18,751,734	2,045,618	478,450	278,176	10,791,939	11,185,331	2,591,874	46,123,122
Additions	-	-	-	-	-	-	315,747	60,550	228,021	5,987,727	8,111,323	-	14,703,368
At March 31, 2015	3,292,394	12,876,362	978,036	539,836	1,065,106	18,751,734	2,361,365	539,000	506,197	16,779,666	19,296,654	2,591,874	60,826,490
Depreciation													
At April 1, 2013	349,668	2,142,402	69,518	172,464	145,065	2,879,117	260	-	-	-	-	260	2,879,377
Charge for the year	631,651	4,768,281	103,056	191,330	186,287	5,880,605	41,933	3,050	8,482	174,634	1,324,042	29,582	7,462,328
At March 31, 2014	981,319	6,910,683	172,574	363,794	331,352	8,759,722	42,193	3,050	8,482	174,634	1,324,042	29,582	10,341,705
Charge for the year (refer note 3(a))	738,244	4,263,783	321,053	176,042	631,422	6,130,544	541,824	186,522	42,406	1,104,967	9,347,012	173,905	17,527,180
At March 31, 2015	1,719,563	11,174,466	493,627	539,836	962,774	14,890,266	584,017	189,572	50,888	1,279,601	10,671,054	203,487	27,868,885
Net block													
At March 31, 2014	2,311,075	5,965,679	805,462	176,042	733,754	9,992,012	2,003,425	475,400	269,694	10,617,305	9,861,289	2,562,292	25,789,405
At March 31, 2015	1,572,831	1,701,896	484,409	-	102,332	3,861,468	1,777,348	349,428	455,309	15,500,065	8,625,600	2,388,387	32,957,605

Note 4(ix)(b): Intangible assets

(in ₹)

Particulars	Software	Total
Gross block		
At April 1, 2013	-	-
Additions	-	-
At March 31, 2014	-	-
Additions	811,573	811,573
At March 31, 2015	811,573	811,573
Depreciation		
At April 1, 2013	-	-
Charge for the year	-	-
At March 31, 2014	-	-
Charge for the year	133,396	133,396
At March 31, 2015	133,396	133,396
Net block		
At March 31, 2014	-	-
At March 31, 2015	678,177	678,177

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
4(x) Long-term loans and advances		
Unsecured, considered good		
Capital advances	294,490	242,672
Security deposits	6,000,000	6,000,000
Advances recoverable in cash or in kind or for value to be received	-	2,640,873
Advance income tax	914,133	524,273
	7,208,623	9,407,818
4(xi) Inventories (valued at lower of cost and net realisable value)		
Medical consumables and drugs	799,056	791,588
	799,056	791,588
4(xii) Trade receivables		
Outstanding for a period exceeding six months from the date they are due for payment		
Unsecured, considered Good	704,459	265,167
Considered doubtful	1,017,628	858,976
	1,722,087	1,124,143
Provision for bad and doubtful receivables	1,017,628	858,976
	704,459	265,167
Other receivables		
Unsecured, considered good	2,421,399	1,909,554
	3,125,858	2,174,721
4(xiii) Cash and bank balances		
Cash and cash equivalents		
Balances with banks		
- on current accounts	15,899,283	6,104,349
Cash on hand	312,272	100,306
	16,211,555	6,204,655
4(xiv) Short-term loans and advances		
Unsecured, considered good		
Advances recoverable in cash or in kind or for value to be received	3,642,668	5,316,213
	3,642,668	5,316,213
4(xv) Other current assets		
Unsecured, considered good		
Accrued operating income	1,550,694	8,352,674
	1,550,694	8,352,674

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015 (in ₹)	March 31, 2014 (in ₹)
4(xvi) Revenue from operations		
Sale of services		
In patient	93,163,935	74,796,784
Out patient	17,123,404	14,253,819
	110,287,339	89,050,603
Less: Trade discounts	1,222,980	829,189
	109,064,359	88,221,414
Other operating income		
Income from rent (refer note 6(c))	2,851,200	2,775,000
	2,851,200	2,775,000
	111,915,559	90,996,414
4(xvii) Other income		
Miscellaneous Income	24,918	26,317
Total	24,918	26,317
4(xviii) Purchase of medical consumables and pharmacy		
Purchase of medical consumables and drugs	12,670,446	11,628,485
	12,670,446	11,628,485
4(xix) Increase in inventories of medical consumables and drugs		
Inventory at the beginning of the year	791,588	747,718
Inventory at the end of the year	799,056	791,588
	(7,468)	(43,870)
4(xx) Employee benefits expense		
Salaries, wages and bonus	15,614,093	13,442,471
Gratuity expense (refer note 7)	214,000	94,000
Leave encashment	373,873	277,679
Contribution to provident and other funds	1,296,422	1,251,483
Staff welfare expenses	649,684	373,529
Recruitment & training	42,454	-
	18,190,526	15,439,162

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

	March 31, 2015	March 31, 2014
	(in ₹)	(in ₹)
4(xxii) Other expenses		
Contractual manpower	1,109,668	683,679
Power, fuel and water	4,220,310	3,549,944
Housekeeping expenses including consumables	3,989,289	3,005,752
Patient food and beverages	1,538,336	1,517,756
Pathology laboratory expenses	12,584,798	9,929,512
Radiology expenses	311,060	188,485
Consultation fees to doctors	15,856,903	10,676,666
Professional charges to doctors	13,589,971	13,168,202
Repairs and maintenance		
- Building	266,440	2,102,782
- Plant and machinery	142,688	217,055
- Others	649,343	857,141
Rent		
- Hospital building (refer note 6(b))	14,668,020	14,668,020
- Others	65,742	41,090
Legal and professional fee	539,680	394,038
Travel and conveyance	476,726	658,513
Rates and taxes	18,213	5,465
Printing and stationary	457,416	299,623
Communication expenses	636,527	578,965
Insurance	-	25,281
Marketing & business promotion	481,527	507,000
Payment to auditors		
As auditor		
-Audit fee	375,000	337,080
-Tax Audit Fee	75,000	168,540
-Out of Pocket Expenses	15,351	32,124
Provision for doubtful debts	158,652	849,593
Miscellaneous expenses	482,161	197,306
	72,708,821	64,659,612
4 (xxii) Finance costs		
Interest on finance lease	622,406	307,574
Interest on loan	7,075,591	3,584,336
Bank charges	339,962	427,219
	8,037,959	4,319,129
4 (xxiii) Depreciation and amortization expense		
Depreciation of tangible assets	17,527,180	7,462,328
Amortisation of intangible assets	133,396	-
	17,660,576	7,462,328
Less: Adjusted with opening balance of surplus in the statement of profit and loss (refer note 3(a))	758,919	-
	16,901,657	7,462,328
4 (xxiv) Earnings/ (losses) per share (EPS)		
Loss as per statement of profit and loss	(16,561,464)	(12,442,115)
Weighted average number of equity shares in calculating Basic and Diluted EPS	50,000	50,000
Basic and diluted EPS	(331.23)	(248.84)

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

5. Related party Disclosures

Names of related parties and related party relationship

Related Parties where control exists:-		
(a)	Ultimate Holding Company	RHC Holding Private Limited (holding of Fortis Healthcare Holdings Private Limited)
(b)	Holding Company	Fortis Healthcare Holdings Private Limited (holding of Fortis Healthcare Limited)
		Fortis Healthcare Limited (holding company of Fortis Hospitals Limited)
		Fortis Hospitals Limited
(c)	Fellow Subsidiaries (parties with whom transactions have taken place)	SRL Limited (SRL) (Subsidiary of Fortis Healthcare Limited) SRL Diagnostics Private Limited (SRLDPL) (Subsidiary of SRL)
(d)	Individuals having control over voting power	Mr. Malvinder Mohan Singh Mr. Shivinder Mohan Singh

Transactions during the year: (Amount in ₹)

Transaction details	2014-15	2013-14
Pathology laboratory expenses:		
SRL Limited (Fellow subsidiary)	7,389,545	5,483,897
SRL Diagnostics Private Limited (Fellow subsidiary)	4,744,980	3,813,602
Consultation fees to doctors		
Fortis Hospitals Limited (Holding Company)	114,725	235,755
Expenses incurred on behalf of company by related party :		
Fortis Hospitals Limited (Holding Company)	95,440	-
Interest expenses on loan taken from		
Fortis Hospitals Limited (Holding Company)	7,075,591	3,581,274
Loan taken		
Fortis Hospitals Limited (Holding Company)	21,873,452	27,218,411
Purchase of fixed assets		
Fortis Hospitals Limited (Holding Company)	-	1,332,424

Balance outstanding at the year ended : (Amount in ₹)

	2014-15	2013-14
Trade Payable		
SRL Limited (Fellow subsidiary company)	556,902	522,772
SRL Diagnostics Private Limited (Fellow subsidiary company)	470,322	447,732
Other current liabilities:		
Fortis Healthcare Limited (Holding Company)	2,035,256	2,988,278
Fortis Hospitals Limited (Holding Company)	8,692,944	8,982,779
Interest Accrued but not due on borrowings		
Fortis Hospitals Limited (Holding Company)	6,805,361	3,373,452
Long term Borrowings:		
Fortis Hospitals Limited (Holding Company)	63,691,863	42,418,411

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

6. Leases

a) Finance lease: Company as lessee

The Company has obtained certain fixed assets on finance lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is cancellable in nature. The total minimum lease payment during the year is ₹ 3,000,000 (Previous year 3,000,000) and total finance charges recognized in the statement of profit and loss for the year is ₹ 622,405 (Previous year ₹ 307,574).

Particulars	March 31, 2015	March 31, 2014
	Amount in ₹	Amount in ₹
Minimum lease payments :		
Not later than one year	3,000,000	3,000,000
Later than one year but not later than five years	12,000,000	12,000,000
Later than five years	13,808,331	16,808,331
Sub total	28,808,331	31,808,331
Less: Amounts representing finance charges	16,292,807	16,915,183
Present value of minimum lease payments	12,515,524	14,893,148
Present value of MLP :		
Not later than one year	2,099,547	2,377,595
Later than one year but not later than five years	6,213,911	7,036,732
Later than five years	4,202,066	5,478,821
Present value of minimum lease payments	12,515,524	14,893,148

b) Operating lease: Company as lessee

The Company has obtained hospital building on operating lease. In all the cases, the agreements are further renewable at the option of the Company. There is no escalation clause in the respective lease agreements. There are no restrictions imposed by lease arrangements and the rent is not determined based on any contingency. The lease is non-cancellable in nature. The total lease payment in respect of such leases recognized in the statement of profit and loss for the period is ₹ 14,668,020 (Previous Year ₹ 14,668,020).

Particulars	March 31, 2015	March 31, 2014
	Amount (in ₹)	Amount (in ₹)
Minimum lease payments :		
Not later than one year	8,556,345	14,668,020
Later than one year but not later than five years	-	8,556,345

c) Operating lease: Company as lessor

The Company has sub- leased some portion of hospital premises. In this case, the agreements are further renewable at the option of the Company. The lease is cancellable in nature. The total lease income received / receivable in respect of the above leases recognised in the statement of profit and loss for the year are ₹ 2,851,200 (Previous year ₹ 2,775,000).

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

7. Disclosures under Accounting Standard - 15 (Revised) on 'Employee Benefits':

Defined Benefit Plan

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 salary) for each completed year of service.

The Company also provides leave encashment benefit to its employees which is unfunded. The following table summaries the components of net benefit expenses recognised in the statement of profit and loss and the amounts recognized in the balance sheet.

Particulars	Gratuity	Gratuity
	(Unfunded)	(Unfunded)
	2014-2015	2013-2014
	(in ₹)	(in ₹)
Statement of profit and loss		
Net employee benefit expenses (recognized in Personnel Expenses)		
Current Service cost	222,000	279,000
Interest Cost on benefit obligation	18,000	8,000
Expected return on plan assets	-	-
Actuarial loss/(gain) recognised during the year	(26,000)	(193,000)
Past Service Cost	-	-
Net benefit expense	214,000	94,000
Actual return on plan assets	-	-
Balance sheet		
Details of Provision for Gratuity as at year end		
Present value of defined benefit obligation	404,000	1,90,000
Fair value of plan assets	-	-
Surplus/(deficit) of funds	(404,000)	(190,000)
Net asset/ (liability)	(404,000)	(190,000)
Changes in present value of the defined benefit obligation are as follows:		
Opening defined benefit obligation	190,000	96,000
Current Service cost	222,000	279,000
Interest Cost on benefit obligation	18,000	8,000
Benefits paid	-	-
Actuarial loss/(gain) recognised during the year	(26,000)	(193,000)
Closing defined benefit obligation	404,000	190,000

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

Particulars	As at March 31, 2015	As at March 31, 2014
Discount rate	7.75%	9.25%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (modified) ULT	Indian Assured Lives Mortality (2006-08) (modified) ULT

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

Withdrawal / Employee Turnover Rate		
Up to 30 years	18%	18%
Up to 44 years	6%	6%
Above 44 years	2%	2%

Experience history for the current and previous 4 periods are as follows:

(in ₹)

Particulars	Year ending				
	31-Mar-15	31-Mar-14	31-Mar-13	31-Mar-12*	31-Mar-11*
Defined benefit obligation at the end of the period	(404,000)	(190,000)	(96,000)	-	-
Plan assets at the end of the period	-	-	-	-	-
Surplus/ (deficit)	(404,000)	(190,000)	(96,000)	-	-
Experience gain/ (loss) adjustment on plan liabilities	84,000	169,000	-	-	-
Experience gain/ (loss) adjustment on plan assets	-	-	-	-	-
Actuarial gain/ (loss) due to change on assumptions	(58,000)	24,000	-	-	-

* Not Applicable.

8. Commitments

Description	As at March 31, 2015	As at March 31, 2014
	₹	₹
Estimated amount of contracts remaining to be executed on capital account and not provided [net of capital advances of ₹ 294,490 (Previous year ₹ 242,672)]	2,440,506	4,094,666

For commitments relating to lease arrangements, refer note 6.

9. Material consumed (including consumables)

Particulars	March 31, 2015	March 31, 2015	March 31, 2014	March 31, 2014
	% of total consumption	₹	% of total consumption	₹
Indigenous*	100%	13,309,686	100%	11,831,905
Imported	-	-	-	-
Total	100%	13,309,686	100%	11,831,905

*Including consumables of ₹ 646,708 (Previous year ₹ 247,290) debited to housekeeping expenses.

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

10. Value of imports calculated on CIF basis

Particulars	March 31, 2015	March 31, 2014
	₹	₹
Capital goods	3,299,618	2,662,564
Total	3,299,618	2,662,564

Fortis Health Management (East) Limited
Notes to financial statements for the year ended March 31, 2015

11. Details of dues to Micro, Small and Medium 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. The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements.

12. Previous Year Comparatives

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

As per the audit report of even date

For S.R. Batliboi & Co. LLP
Firm registration number: 301003E
Chartered Accountants

**For and on behalf of the Board of Directors of
Fortis Health Management (East) Limited**

per Sandeep Sharma
Partner
Membership No. 93577

Gagandeep Singh Bedi
Director
DIN 06881468

Rakesh Laddha
Director
DIN 06987522

Place: Gurgaon
Date: May 26, 2015

Place: Gurgaon
Date: May 26, 2015