

BSR & Co. LLP

Chartered Accountants

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Independent Auditors' Report

To the Members of Fortis Malar Hospitals Limited

Report on the Audit of Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of **Fortis Malar Hospitals Limited** (hereinafter referred to as the "Holding Company") and its subsidiary company Malar Stars Medicare Limited (Holding Company and its subsidiary company together referred to as "the Group"), which comprise the consolidated balance sheet as at 31 March 2019, and the consolidated statement of profit and loss (including other comprehensive income), consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated financial statements give the information required by the Companies Act, 2013 ("Act") in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group as at 31 March 2019, of its consolidated profit and other comprehensive income, consolidated changes in equity and consolidated cash flows for the year then ended.

Basis for Opinion

We conducted our audit in accordance with the Standards on Auditing (SAs) specified under section 143(10) of the Act. Our responsibilities under those SAs are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India, and we have fulfilled our other ethical responsibilities in accordance with the provisions of the Act. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.



B S R & Co. (a partnership firm with Registration No. BA61223) converted into B S R & Co. LLP (a Limited Liability Partnership with LLP Registration No. AAB-8181) with effect from October 14, 2013

Registered Office :
1st Floor, Lodha Excelus
Apollo Mills Compound
N.M. Joshi Marg, Mahalakshmi
Mumbai - 400 011

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Description of Key Audit Matter

I. Litigations and claims

See note 35 and note 47 to the consolidated financial statements

Key Audit Matter	How the matter was addressed in our audit
<p>The Group is subject to number of significant litigations and claims. These include those relating to claims made against the Holding Company on account of medical matters, regularization of certain deviations in the construction of the Hospital and tax matters etc. There is a high level of judgment required in assessing consequential impact and disclosures thereof on the consolidated financial statements.</p>	<p>In view of the significance of the matter we applied, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • Obtained understanding of the litigation, claims, provisions and contingent liabilities of the Group. • Read correspondence including those of subsequent period. • Evaluated management's judgement in respect of estimates of provision, exposures and contingencies. • In understanding, evaluating and challenging management's judgements, we considered: <ul style="list-style-type: none"> ○ the views of the Group's in-house legal counsel and, where applicable, external legal opinions ○ the updates to the status of the various litigations during the period under audit ○ outcome of previous claims and litigations ○ Deployed our tax specialists, the status of recent and current tax assessment and enquiries, judgmental positions taken in tax returns. • Discussed open matters with the management including but not limited to Group general counsel, tax teams, regional and financial teams. • Evaluated the appropriateness of disclosures in the financial statements.

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2. Related party transactions	
See note 32 to the consolidated financial statements	
Key Audit Matter	How the matter was addressed in our audit
<p>The Group have significant related party transactions which include inter-corporate deposits receivable as at 31 March 2019 from group companies amounting to Rs. 7,707.54 lakhs. We have identified this as our area of audit focus due the magnitude of the carrying amount, focus of external stakeholders and compliance with various regulations.</p> <p>Related party transactions require various approvals under SEBI listing requirements, Companies Act, 2013, etc. Also, disclosures in the financial statements is required to be made in accordance with accounting standards.</p>	<p>In view of the significance of the matter, we performed, amongst others, the following procedures:</p> <ul style="list-style-type: none"> • Obtained the list of related party relationships, significant related party transactions (RPT) and carried out assessment on the key controls to identify and disclose such relationship and relevant transactions in accordance with the accounting standard. • Evaluated compliance for such related party transactions including approvals with applicable laws and regulation. • Obtained confirmation from related party with respect to transactions and balances. • Evaluated the appropriateness of disclosures in the financial statements.

Other Information

The holding Company's Board of Directors is responsible for the other information. The other information comprises the information included in the holding Company's annual report, but does not include the consolidated financial statements and our auditor's report thereon. The holding Company's annual report is expected to be made available to us after the date of this auditor's report.

Our opinion on the consolidated financial statements does not cover the other information and we will not express any form of assurance conclusion thereon. In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

When we read the holding Company's annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and take necessary actions as required under applicable laws and regulations.

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Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

The Holding Company's management and Board of Directors are responsible for the preparation and presentation of these consolidated financial statements in term of the requirements of the Act that give a true and fair view of the consolidated state of affairs, consolidated profit/ loss and other comprehensive income, consolidated statement of changes in equity and consolidated cash flows of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of each company. and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective management and Board of Directors of the companies included in the Group are responsible for assessing the ability of each company to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The respective Board of Directors of the companies included in the Group is responsible for overseeing the financial reporting process of each company.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements (continued)

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances. Under section 143(3)(i) of the Act, we are also responsible for expressing our opinion on whether the company has adequate internal financial controls with reference to financial statements in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting in preparation of consolidated financial statements and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the appropriateness of this assumption. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of such entities or business activities within the Group to express an opinion on the consolidated financial statements, of which we are the independent auditors. We are responsible for the direction, supervision and performance of the audit of financial information of such entities.

We believe that the audit evidence obtained by us, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

We communicate with those charged with governance of the Holding Company and such other entity included in the consolidated financial statements of which we are the independent auditors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

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From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2018 included in these consolidated Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2018 dated 15 May 2018 expressed an unmodified opinion on those consolidated financial statements.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

- A. As required by Section 143(3) of the Act, based on our audit, we report, to the extent applicable, that:
- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.
 - b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books.
 - c) The consolidated balance sheet, the consolidated statement of profit and loss (including other comprehensive income), the consolidated statement of changes in equity and the consolidated statement of cash flows dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.
 - d) In our opinion, the aforesaid consolidated financial statements comply with the Ind AS specified under section 133 of the Act.
 - e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2019 taken on record by the Board of Directors of the Holding Company and the report of the statutory auditor's of its subsidiary company incorporated in India, none of the directors of the Group Companies is disqualified as on 31 March 2019 from being appointed as a director in terms of Section 164(2) of the Act.

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- f) With respect to the adequacy of the internal financial controls with reference to financial statements of the Holding Company and its subsidiary company and the operating effectiveness of such controls, refer to our separate report in "Annexure A".
- B. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The consolidated financial statements disclose the impact of pending litigations as at 31 March 2019 on the consolidated financial position of the Group. Refer note 35 to the consolidated financial statements.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts during the year ended 31 March 2019.
 - iii. There has been no amount which are required to be transferred to the Investor Education and Protection Fund by the Holding Company or its subsidiary company incorporated in India during the year ended 31 March 2019.
 - iv. The disclosures in the consolidated financial statements regarding holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016 have not been made in the consolidated financial statements since they do not pertain to the financial year ended 31 March 2019.
- C. With respect to the matter to be included in the Auditor's report under section 197(16):

In our opinion and according to the information and explanations given to us, the remuneration paid during the current year by the Holding Company and its subsidiary company, to its directors is in accordance with the provisions of Section 197 of the Act. The remuneration paid to any director by the Holding Company and its subsidiary company is not in excess of the limit laid down under Section 197 of the Act. The Ministry of Corporate Affairs has not prescribed other details under Section 197(16) which are required to be commented upon by us.

for **B S R & Co. LLP**
Chartered Accountants
Firm's Registration No: 101248W/W-100022


Amar Sunder
Partner
Membership No: 078305

Place: Chennai
Date: 6 May 2019

B S R & Co. LLP

Annexure A to the Independent Auditors' report on the consolidated financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2019

Report on the internal financial controls with reference to the aforesaid consolidated financial statements under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

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

Opinion

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended 31 March 2019, we have audited the internal financial controls with reference to consolidated financial statements of Fortis Malar Hospitals Limited (hereinafter referred to as "the Holding Company") and such company incorporated in India under the Companies Act, 2013 which is its subsidiary company as of that date.

In our opinion, the Holding Company and such company incorporated in India which is its subsidiary company, have, in all material respects, adequate internal financial controls with reference to consolidated financial statements and such internal financial controls were operating effectively as at 31 March 2019, based on the internal financial controls with reference to consolidated financial statements criteria established by such companies considering the essential components of such internal controls stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note").

Management's Responsibility for Internal Financial Controls

The respective Company's management and the Board of Directors are responsible for establishing and maintaining internal financial controls with reference to consolidated financial statements based on the criteria established by the respective Company considering the essential components of internal control stated in the Guidance Note. 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 the respective 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 (hereinafter referred to as "the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the internal financial controls with reference to consolidated financial statements based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls with reference to consolidated financial statements. 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 with reference to consolidated financial statements were established and maintained and if such controls operated effectively in all material respects.



Annexure A to the Independent Auditors' report on the consolidated financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2019.

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Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls with reference to consolidated financial statements and their operating effectiveness. Our audit of internal financial controls with reference to consolidated financial statements included obtaining an understanding of internal financial controls with reference to consolidated financial statements, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of the internal controls 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 consolidated 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 internal financial controls with reference to consolidated financial statements.

Meaning of Internal Financial controls with Reference to Consolidated Financial Statements

A company's internal financial controls with reference to consolidated financial statements 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 controls with reference to consolidated financial statements 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.

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B S R & Co. LLP

Annexure A to the Independent Auditors' report on the consolidated financial statements of Fortis Malar Hospitals Limited for the year ended 31 March 2019.

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Inherent Limitations of Internal Financial controls with Reference to consolidated Financial Statements

Because of the inherent limitations of internal financial controls with reference to consolidated financial statements, 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 with reference to consolidated financial statements to future periods are subject to the risk that the internal financial controls with reference to consolidated financial statements may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

for **B S R & Co. LLP**

Chartered Accountants

Firm's Registration No: 101248W/W-100022



Amar Sunder

Partner

Membership No: 078305

Place: Chennai

Date: 06 May 2019

Forts Malar Hospitals Limited
Consolidated Balance Sheet as on 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Note	As at 31 March 2019	As at 31 March 2018
ASSETS			
Non-current assets			
Property, plant and equipment	5(a)	2,062.26	2,209.95
Intangible assets	5(c)	122.43	168.84
Intangible assets under development	5(b)	72.97	72.47
Financial assets			
Other financial assets	6	78.72	49.81
Deferred tax assets (net)	40(iv)	186.59	143.42
Income tax assets	7	1,319.96	916.26
Other non-current assets	8	29.92	23.97
Total non-current assets		3,872.85	3,584.72
Current assets			
Inventories	9	164.81	202.24
Financial assets			
Trade receivables	10	966.22	600.36
Cash and cash equivalents	11	503.67	1,451.36
Bank balances other than above	12	160.78	17.14
Loans	13	7,707.54	8,255.00
Other financial assets	14	1,567.66	683.23
Other current assets	15	141.66	113.28
Total current assets		11,212.34	11,322.61
Total assets		15,085.19	14,907.33
EQUITY AND LIABILITIES			
Equity			
Equity share capital	16	1,875.70	1,869.95
Other equity	17	8,661.91	8,434.73
Total equity		10,537.61	10,304.68
Liabilities			
Non-current liabilities			
Provisions	18	160.72	138.14
Total Non-current liabilities		160.72	138.14
Current liabilities			
Financial liabilities			
Trade payables	19	2,352.74	2,513.24
Other financial liabilities	20	581.41	740.06
Provisions	21	112.83	109.20
Income tax liabilities	7	5.71	5.71
Other current liabilities	22	1,334.17	1,096.30
Total current liabilities		4,386.86	4,464.51
Total liabilities		4,547.58	4,602.65
Total equity and liabilities		15,085.19	14,907.33

Significant accounting policies 3


The notes referred to above form an integral part of consolidated financial statements

As per our report of even date attached

for **BSR & Co. LLP**

Chartered Accountants


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Amar Sunder
Partner
Membership No.: 078305

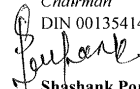
for and on behalf of the Board of Directors of

Forts Malar Hospitals Limited

CIN: 85110PB1989PLC045948


Daljit Singh
Chairman
DIN 00135414


C.K. Nageswaran
Whole Time Director
DIN 000823634


Shashank Porwal
Company Secretary
M No: A51957


Saravanan Venkatesan
Chief Financial Officer

Place : Chennai
Date : 6 May 2019

Place : Chennai
Date : 6 May 2019

Fortis Malar Hospitals Limited
Consolidated Statement of Profit and Loss for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Note	Year ended 31 March 2019	Year ended 31 March 2018
Revenue from operations	23	14,459.39	14,919.27
Other income	24	1,011.08	844.18
Total income		15,470.47	15,763.45
Expenses			
Purchases of medical consumables and drugs		3,302.36	3,277.29
Changes in inventories of medical consumables and drugs	25	37.43	28.98
Employee benefits expense	26	2,345.85	2,186.62
Finance costs	27	50.90	38.47
Depreciation and amortisation expense	28	438.31	421.41
Other expenses	29	9,016.55	9,251.54
Total expenses		15,191.40	15,204.31
Profit before tax		279.07	559.14
Tax expense	30		
Current tax		121.41	272.31
Deferred tax credit		(47.89)	(45.35)
Total tax expense		73.52	226.96
Profit for the year		205.55	332.18
Other comprehensive income	31		
Remeasurements of the defined benefit plans		17.03	17.57
Income tax relating to items that will not be reclassified to profit or loss		(4.71)	(4.88)
Total other comprehensive income		12.32	12.69
Total comprehensive income for the year		217.87	344.87
Total comprehensive income attributable to			
Owners of the Company		217.87	344.87
Non-controlling interests		-	-
Earnings per equity share (Face value of Rs. 10 each)	41		
Basic (in Rs.)		1.10	1.78
Diluted (in Rs.)		1.09	1.77
Significant accounting policies	3		

The notes referred to above form an integral part of consolidated financial statements

As per our report of even date attached

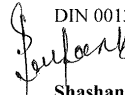
for **BSR & Co. LLP**
Chartered Accountants
Firm's Registration No. 101248W/W-100022


Amar Sunder
Partner

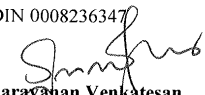
Membership No.: 078305

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L35110PB1989PLC045948


Daljit Singh
Chairman
DIN 00135414


Shashank Porwal
Company Secretary
M No: A51957


C.K. Nageswaran
Whole Time Director
DIN 0008236347


Saravanan Venkatesan
Chief Financial Officer

Place: Chennai
Date: 6 May 2019

Place: Chennai
Date: 6 May 2019

Fortis Malar Hospitals Limited
Consolidated Cash Flow Statement for the year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

Note	Year ended 31 March 2019	Year ended 31 March 2018
Cash flows from operating activities		
Profit before tax for the year	279.07	559.14
<i>Adjustments for:</i>		
Interest income recognised in profit or loss	(896.47)	(836.18)
Loss on sale of assets (net)	7.64	-
Depreciation and amortisation	438.31	421.41
Allowance for credit losses	1.99	71.68
Advances written off	16.22	-
Interest on delayed payment of income tax	-	0.00
Liabilities no longer required written back	(114.61)	(8.00)
	<u>(267.85)</u>	<u>208.05</u>
<i>Movements in working capital:</i>		
(Increase)/decrease in other current and non current financial assets	(537.26)	(271.47)
(Increase)/decrease in other current and non-current assets	(24.66)	18.58
(Increase)/decrease in trade and other receivables	(367.85)	(114.35)
(Increase)/decrease in inventories	37.43	28.98
(Increase)/decrease in provisions	38.53	29.56
Increase/ (decrease) in trade payables	(160.50)	1,106.37
Increase/ (decrease) in financial liabilities	(146.70)	615.71
Increase/ (decrease) in other current liabilities	352.48	(220.43)
Cash (used in) / generated from operations	<u>(1,076.38)</u>	<u>1,401.00</u>
Income taxes paid (net)	(520.40)	(521.88)
Net cash (used in) / generated by operating activities	<u>(1,596.78)</u>	<u>879.12</u>
Cash flows from investing activities		
Payments to acquire fixed assets	(270.59)	(368.45)
Proceeds on sale of fixed assets	0.34	-
Interest received	500.45	1,488.50
Inter corporate deposits placed with related parties	-	(2,000.00)
Inter corporate deposits repaid by related parties	547.46	700.00
Fixed deposits not considered as cash and cash equivalents	(143.64)	23.60
Net cash generated / (used in) by investing activities	<u>634.02</u>	<u>(156.35)</u>
Cash flows from financing activities		
Proceeds from issue of equity instruments of the Company	15.07	5.24
Net cash from financing activities	<u>15.07</u>	<u>5.24</u>
Net increase / (decrease) in cash and cash equivalents	<u>(947.69)</u>	<u>728.01</u>
Cash and cash equivalents at the beginning of the year	1,451.36	723.35
Cash and cash equivalents at the end of the year	<u>503.67</u>	<u>1,451.36</u>

Significant accounting policies 3

The notes referred to above form an integral part of consolidated financial statements

As per our report of even date attached


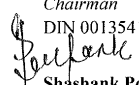
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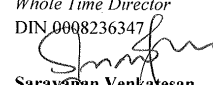

Amar Sunder
Partner

Membership No.: 078305

Place : Chennai
Date : 6 May 2019

for and on behalf of the Board of Directors of
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948


Daljit Singh
Chairman
DIN 00135414

Shashank Porwal
Company Secretary
M No: A51957
Place : Chennai
Date : 6 May 2019


C.K. Nageswaran
Whole Time Director
DIN 0008236347

Sarayanan Venkatesan
Chief Financial Officer

Fortis Malar Hospitals Limited

Notes forming part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

1. Nature of operations

Fortis Malar Hospitals Limited ('Fortis Malar' or the 'Parent 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 and its equity shares are listed on the Bombay Stock Exchange (BSE) in India. The Company has its state of the art Hospital facility in Chennai.

The Parent Company has one wholly owned subsidiary company, Malar Stars Medicare Limited ('Malar Stars' or 'the subsidiary'), which was incorporated on July 7, 2009 in Chennai and is engaged in providing medical and surgical and consultancy services to the Parent Company. The Parent Company and the subsidiary are hereinafter collectively referred to as "the Group".

2. Basis of preparation

a) Statement of compliance

These consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as per the Companies (Indian Accounting Standards) Rules, 2015 notified under Section 133 of Companies Act, 2013, (the 'Act') read together with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and the relevant amendment rules issues thereafter, pronouncements of regulatory bodies applicable to the Group and other provisions of the Act. The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those followed in the previous year.

The consolidated financial statements were authorised for issue by the Parent Company's Board of Directors on 6 May 2019.

b) Functional and presentation currency

These consolidated financial statements are presented in Indian Rupees (INR), which is also the Group's functional currency. All amounts have been rounded-off to the nearest lakhs, unless otherwise indicated.

c) Basis of measurement

The consolidated financial statements have been prepared on the historical cost basis except for the following items:

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Liabilities for cash-settled share-based payment arrangements	Fair value
Net defined benefit assets/(liability)	Fair value of plan assets, less present value of defined benefit obligations

d) Principles of consolidation:

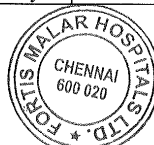
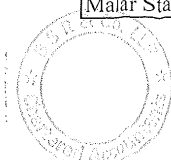
The consolidated financial statements relate to the Parent Company and its subsidiary. The consolidated financial statements have been prepared on the following basis:

The consolidated financial statements of the Parent Company and its subsidiary have been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating material intra-group balances, intra-group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

The consolidated financial statements have been prepared using uniform accounting policies for like transactions and other events in similar circumstances are presented to the extent possible, in the same manner as the Parent Company's separate financial statements.

The details of the subsidiary considered in the preparation of these consolidated financial statements are given below:

Name of the subsidiary	Country of incorporation	Relationship	Effective ownership interest as at the balance sheet date	
			31 March 2019	31 March 2018
Malar Stars Medicare Limited	India	Subsidiary	100%	100%



2. Basis of preparation (continued)

e) Use of estimates and judgements

In preparing these consolidated financial statements, management/directors has made the following judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

Judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

- a. Fair valuation of financial assets (refer note 39)

Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 31 March 2019 is included in the following notes:

- a. Useful lives of Property, plant and equipment (refer note 3.3)
- b. Measurement of defined benefit obligations: key actuarial assumptions; (refer note 3.7)
- c. Recognition and measurement of income taxes and deferred taxes (refer note 3.12)
- d. Recognition and measurement of provisions and contingencies: key assumptions about the likelihood and magnitude of an outflow of resources; (refer note 3.8, 3.15, 35 and 47)
- e. Expected credit loss: The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Parent Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Parent Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period.

f) Measurement of fair values

A number of the Group's accounting policies and disclosures require measurement of fair values, for both financial and non-financial assets and liabilities.

The Group has an established control framework with respect to the measurement of fair values.

The Group regularly reviews significant unobservable inputs and valuation adjustments. If third party information, is used to measure fair values, then the Group assesses the evidence obtained from the third parties to support the conclusion that these valuations meet the requirements of Ind AS, including the level in the fair value hierarchy in which the valuations should be classified. Significant valuation issues are reported to the Parent Company's audit committee

Fair values are categorised into different levels in a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

When measuring the fair values of an asset or a liability, the Group uses observable market data as far as possible. If the inputs used to measure the fair value of an asset or a liability fall into different levels of the fair value hierarchy, then the fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfer between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Further information about the assumptions made in measuring fair values is included in Note 38 – financial instruments.



3. Significant accounting policies

3.1 Foreign currency transactions

Transactions in foreign currencies are translated into the respective functional currencies of the Group at the exchange rates at the dates of the transactions or an average rate if the average rate approximates the actual rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into the functional currency at the exchange rate at the reporting date. Non-monetary assets and liabilities that are measured at fair value in a foreign currency are translated into the functional currency at the exchange rate when the fair value was determined. Non-monetary assets and liabilities that are measured based on historical cost in a foreign currency are translated at the exchange rate at the date of the transaction. Exchange differences are recognised in profit or loss, except exchange differences arising from the translation of the equity investments at fair value through OCI (FVOCI).

3.2 Financial instruments

i) Recognition and initial measurement

Trade receivables are initially recognised when they are originated. All other financial assets and financial liabilities are initially recognised when the Group becomes a party to the contractual provisions of the instrument.

A financial asset or financial liability is initially measured at fair value plus, for an item not at fair value through profit and loss (FVTPL), transaction costs that are directly attributable to its acquisition or issue.

ii) Classification and subsequent measurement

Financial assets

On initial recognition, a financial asset is classified as measured at

- amortised cost;
- Fair value through other comprehensive income (FVOCI) - equity investment; or
- FVTPL

Financial assets are not reclassified subsequent to their initial recognition, except if and in the period the Group changes its business model for managing financial assets.

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as FVTPL:

- the asset is held within a business model whose objective is to hold assets 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.

For the purposes of this assessment, 'principal' is defined as the fair value of the financial asset on initial recognition. 'Interest' is defined as consideration for the time value of money and for credit risk associated with the principal amount outstanding during a particular period of time and for other basic lending risks and costs (e.g. liquidity risk and administrative costs), as well as a profit margin.

On initial recognition of an equity investment that is not held for trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in OCI (designated as FVOCI - equity investment). This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortised cost as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Group may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortised cost as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.



3. Significant accounting policies (continued)

3.2 Financial instruments (continued)

Financial assets: Subsequent measurement and gains and losses

Equity investments at FVOCI	These assets are subsequently measured at fair value. Dividends are recognised as income in statement of profit and loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in OCI and are not reclassified to statement of profit and loss.
Financial assets at amortised cost	These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in profit or loss.

Financial liabilities: Classification, subsequent measurement and gains and losses

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

iii) Derecognition

Financial assets

The Group derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred or in which the Group neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control of the financial asset.

If the Group enters into transactions whereby it transfers assets recognised on its balance sheet, but retains either all or substantially all of the risks and rewards of the transferred assets, the transferred assets are not derecognised.

Financial liabilities

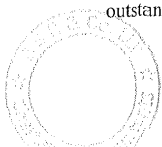
The Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire. The Group also derecognises a financial liability when its terms are modified and the cash flows under the modified terms are substantially different. In this case, a new financial liability based on the modified terms is recognised at fair value. The difference between the carrying amount of the financial liability extinguished and the new financial liability with modified terms is recognised in profit or loss.

iv) Offsetting

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

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

Cash and cash equivalent in the balance sheet comprise cash at banks and on hand and short-term deposits with an original maturity of three months or less, which are subject to an insignificant risk of changes in value. For the purpose of the statement of cash flows, cash and cash equivalents consist of cash and short-term deposits, as defined above, net of outstanding bank overdrafts as they are considered an integral part of the Group's cash management.



3. Significant accounting policies (continued)

3.3 Property, plant and equipment

i. Recognition and measurement

Items of property, plant and equipment are measured at cost, which includes capitalised borrowing costs, less accumulated depreciation and accumulated impairment losses, if any.

Cost of an item of property, plant and equipment comprises its purchase price, including import duties and non-refundable purchase taxes, after deducting trade discounts and rebates, any directly attributable cost of bringing the item to its working condition for its intended use and estimated costs of dismantling and removing the item and restoring the site on which it is located

Any gain or loss on disposal of an item of property, plant and equipment is recognised in profit or loss.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only if it is probable that the future economic benefits associated with the expenditure will flow to the Group.

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.

iii. Depreciation

Depreciation is calculated on cost of items of property, plant and equipment less their estimated residual values over their estimated useful lives using the straight-line method, and is generally recognised in the statement of profit and loss.

The estimated useful lives of items of property, plant and equipment for the current and comparative periods are as follows:

Asset	Management Useful life	Useful life as per Schedule II
Plant and machinery	15 years	15 years
Medical equipment	13 years	13 years
Computers	3 years	3 years
Furniture and fittings	10 years	10 years
Office equipment	5 years	5 years
Vehicles	8 years	8 years

Depreciation method, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

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.

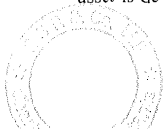
Depreciation on additions (disposals) is provided on a pro-rata basis i.e. from (upto) the date on which asset is ready for use (disposed of).

3.4 Intangible assets

i. Recognition and measurement

Intangible assets are initially measured at cost. Such intangible assets are subsequently measured at cost less accumulated amortisation and any accumulated impairment losses.

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. Significant accounting policies (continued)

3.4 Intangible assets (continued)

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure is recognised in profit or loss as incurred.

iv. Amortisation

Amortisation is calculated to write off the cost of intangible assets less their estimated residual values over their estimated useful lives using the straight-line method, and is included in depreciation and amortisation in statement of profit and loss.

Costs 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.

Amortisation method, useful lives and residual values are reviewed at the end of each financial year and adjusted if appropriate

3.5 Inventories

Inventories of medical consumables and drugs are valued at lower of cost or net realisable value. The cost of inventories is determined based on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

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 Group and such allowances are adjusted against the carrying inventory value.

3.6 Impairment

i) Impairment of financial instruments

In accordance with Ind AS 109, the Group applies Expected Credit Loss (“ECL”) model for measurement and recognition of impairment loss on financial assets measured at amortised cost. Loss allowance for trade receivables with no significant financing component is measured at an amount equal to lifetime expected credit losses. For all other financial assets, ECL are measured at an amount equal to the 12-month ECL, unless there has been a significant increase in credit risk from initial recognition in which case those are measured at lifetime ECL.

Loss allowance for financial assets measured at amortised cost are deducted from gross carrying amount of the assets.

The gross carrying amount of a financial asset is written off (either partially or in full) to the extent that there is no realistic prospect of recovery. This is generally the case when the Group determines that the debtor does not have assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off. However, financial assets that are written off could still be subject to enforcement activities in order to comply with the Group’s procedures for recovery of amounts due.



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3. Significant accounting policies (continued)

3.6 Impairment (continued)

ii) Impairment of non-financial assets

The Group assess at each reporting date whether there is any indication that the carrying amount may not be recoverable. If any such indication exists, then the asset's recoverable amount is estimated and an impairment loss is recognised if the carrying amount of an asset or Cash Generating Unit ('CGU') exceeds its estimated recoverable amount in the statement of profit and loss.

The Group's non-financial assets, inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing, assets that do not generate independent cash inflows are grouped together into cash-generating units (CGUs). Each CGU represents the smallest group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or CGUs.

Impairment loss recognised in respect of a CGU is allocated first to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets of the CGU (or groups of CGUs) on a pro-rata basis.

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

3.7 Employee benefits

i) Short-term employee benefits

Short-term employee benefit obligations are measured on an undiscounted basis and are expensed as the related service is provided. A liability is recognised for the amount expected to be paid e.g., under short-term cash bonus, if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee, and the amount of obligation can be estimated reliably.

ii) Defined benefit plans - Gratuity

A defined benefit plan is a post-employment benefit plan other than a defined contribution plan. The Group's net obligation in respect of defined benefit plans is calculated separately for each plan by estimating the amount of future benefit that employees have earned in the current and prior periods, discounting that amount and deducting the fair value of any plan assets.

The calculation of defined benefit obligation is performed annually by a qualified actuary using the projected unit credit method. When the calculation results in a potential asset for the Group, the recognised asset is limited to the present value of economic benefits available in the form of any future refunds from the plan or reductions in future contributions to the plan ('the asset ceiling'). In order to calculate the present value of economic benefits, consideration is given to any minimum funding requirements.

Remeasurements of the net defined benefit liability, which comprise actuarial gains and losses, the return on plan assets (excluding interest) and the effect of the asset ceiling (if any, excluding interest), are recognised in OCI. The Group determines the net interest expense (income) on the net defined benefit liability (asset) for the period by applying the discount rate used to measure the defined benefit obligation at the beginning of the annual period to the then-net defined benefit liability (asset), taking into account any changes in the net defined benefit liability (asset) during the period as a result of contributions and benefit payments. Net interest expense and other expenses related to defined benefit plans are recognised in Statement of profit or loss.

When the benefits of a plan are changed or when a plan is curtailed, the resulting change in benefit that relates to past service ('past service cost' or 'past service gain') or the gain or loss on curtailment is recognised immediately in profit or loss. The Group recognises gains and losses on the settlement of a defined benefit plan when the settlement occurs.



Fortis Malar Hospitals Limited

Notes forming part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

3. Significant accounting policies (continued)

3.7 Employee benefits (continued)

iii) Compensated absences

The Group has a policy on compensated absences which are both accumulating and non-accumulating in nature. The expected cost of accumulating compensated absences is determined by actuarial valuation performed by an independent actuary at each balance sheet date using the projected unit credit method on the additional amount expected to be paid/availed as a result of the unused entitlement that has accumulated at the balance sheet date. Expense on non-accumulating compensated absences is recognised in the period in which the absences occur.

iv) Share-based compensation

The grant date fair value of equity settled share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees unconditionally become entitled to the awards. The amount recognised as expense is based on the estimate of the number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market vesting conditions at the vesting date.

v) Contributions to provident fund

Eligible employees of the Group receive benefits from provident fund, which is a defined contribution plan. Both the eligible employees and the Group make monthly contributions to the Government administered provident fund scheme equal to a specified percentage of the eligible employee's salary. Amounts collected under the provident fund plan are deposited with in a government administered provident fund. The Group has no further obligation to the plan beyond its monthly contributions.

3.8 Provisions (other than for employee benefits)

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation. Provisions are determined by discounting the expected future cash flows (representing the best estimate of the expenditure required to settle the present obligation at the balance sheet date) at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance cost. Expected future operating losses are not provided for.

3.9 Revenue recognition

Sale of Services

Effective April 1, 2018, the Parent Company has applied Ind AS 115 which establishes a comprehensive framework for determining whether, how much and when revenue is to be recognised. Ind AS 115 replaces Ind AS 18 Revenue and Ind AS 11 Construction Contracts. The Parent Company has adopted Ind AS 115 using the cumulative effect method. The effect of initially applying this standard is recognised at the date of initial application (i.e. April 1, 2018). The standard is applied retrospectively only to contracts that are not completed as at the date of initial application and the comparative information in the statement of profit and loss is not restated – i.e. the comparative information continues to be reported under Ind AS 18 and Ind AS 11. Refer note 3.4 – Significant accounting policies – Revenue recognition in the Annual report of the Parent Company for the year ended 31 March 2018, for the revenue recognition policy as per Ind AS 18. The impact of the adoption of the standard on the consolidated financial statements of the Parent Company is insignificant.

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 Group and the revenue can be reliably measured.

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



Fortis Solar Hospitals Limited

Notes forming part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

3. Significant accounting policies (continued)

3.9 Revenue recognition (continued)

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when the Company satisfies a performance obligation by transferring a promised good to a patient. Pharmacy items are transferred when the patient obtains the control of that items.

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

Inpatient and Outpatient Revenue

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

The Parent 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 Parent Company. Hence, they are excluded from revenue.

Export benefits- Government grants

Income from ‘Service Export from India Scheme’ is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is receivable to the extent it is certain that economic benefits will flow to the Parent Company.

3.10 Recognition of dividend income, interest income or expense

Dividend income is recognised in profit or loss on the date on which the Parent Company’s right to receive payment is established.

Interest income or expense is recognised using the effective interest method.

The ‘effective interest rate’ is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortized cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortized cost of the liability. However, for financial assets that have become credit-impaired subsequent to initial recognition, interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset. If the asset is no longer credit-impaired, then the calculation of interest income reverts to the gross basis.

3.11 Leases

i. Determining whether an arrangement contains a lease

At inception of an arrangement, it is determined whether the arrangement is or contains a lease.

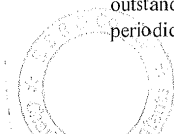
At inception or on reassessment of the arrangement that contains a lease, the payments and other consideration required by such an arrangement are separated into those for the lease and those for other elements on the basis of their relative fair values. If it is concluded for a finance lease that it is impracticable to separate the payments reliably, then an asset and a liability are recognised at an amount equal to the fair value of the underlying asset.

The liability is reduced as payments are made and an imputed finance cost on the liability is recognised using the incremental borrowing rate.

ii. Lease payments

Payments made under operating leases are generally recognised in profit or loss on a straight-line basis over the term of the lease unless such payments are structured to increase in line with expected general inflation to compensate for the lessor’s expected inflationary cost increases. Lease incentives received are recognised as an integral part of the total lease expense over the term of the lease.

Minimum lease payments made under finance leases are apportioned between the finance charge and the reduction of the outstanding liability. The finance charge is allocated to each period during the lease term so as to produce a constant periodic rate of interest on the remaining balance of the liability.



3. Significant accounting policies (continued)

3.12 Income tax

Income tax comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination or to an item recognised directly in equity or in other comprehensive income

i. Current tax

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to the tax payable or receivable in respect of previous years. The amount of current tax reflects the best estimate of the tax amount expected to be paid or received after considering the uncertainty, if any, related to income taxes. It is measured using tax rates (and tax laws) enacted or substantively enacted by the reporting date.

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

ii. Deferred tax

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

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

Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available against which they can be used. The existence of unused tax losses is strong evidence that future taxable profit may not be available. Therefore, in case of a history of recent losses, the Group recognises a deferred tax asset only to the extent that it has sufficient taxable temporary differences or there is convincing other evidence that sufficient taxable profit will be available against which such deferred tax asset can be realised. Deferred tax assets – unrecognised or recognised, are reviewed at each reporting date and are recognised/ reduced to the extent that it is probable/ no longer probable respectively that the related tax benefit will be realised.

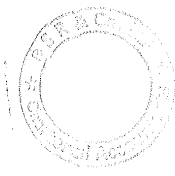
Deferred tax is measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the reporting date.

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

3.13 Borrowing costs

Borrowing costs are interest and other costs (including exchange differences relating to foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) incurred in connection with the borrowing of funds. Borrowing costs directly attributable to acquisition or construction of an asset which necessarily take a substantial period of time to get ready for their intended use are capitalised as part of the cost of that asset. Other borrowing costs are recognised as an expense in the period in which they are incurred



Fortis Malar Hospitals Limited

Notes forming part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

3. Significant accounting policies (continued)

3.14 Earnings per share

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

Basic earnings per share is computed using the weighted average number of equity shares outstanding during the period adjusted for treasury shares held. Diluted earnings per share is computed using the weighted average number of equity and dilutive equivalent shares outstanding during the period except where the results would be anti-dilutive.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earnings 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 year/period presented.

3.15 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 Group 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 Group does not recognize a contingent liability but discloses its existence in the consolidated financial statements.

4. Standards issued but not yet effective:

Ministry of Corporate Affairs ("MCA") through Companies (Indian Accounting Standards) Amendment Rules, 2019 and Companies (Indian Accounting Standards) Second Amendment Rules, has notified the following new standard and amendments to existing Ind AS standards which the Group has not applied as they are effective for annual periods beginning on or after 1 April 2019:

New Standard

Ind AS 116 – Leases

The Parent Company will recognise new assets and liabilities for its operating leases of hostel facility, medical equipment, etc. The nature of expenses related to those leases will now change because the Parent Company will recognise a depreciation charge for right-of-use assets and interest expense on lease liabilities. Previously, the Parent Company recognised operating lease expense on a straight-line basis, wherever applicable over the term of the lease, and recognised assets and liabilities only to the extent that there was a timing difference between actual lease payments and the expense recognised.

The Parent Company plans to apply Ind AS 116 initially on 1 April 2019, using the modified retrospective approach. Therefore, the cumulative effect of adopting Ind AS 116 will be recognised as an adjustment to the opening balance of retained earnings at 1 April 2019, with no restatement of comparative information. The Parent Company plans to apply the practical expedient to grandfather the definition of a lease on transition. This means that it will apply Ind AS 116 to all contracts entered into before 1 April 2019 and identified as leases in accordance with Ind AS 17.

The Parent Company is in the process of assessing the potential impact of the adoption of Ind AS 116 on accounting policies followed in its consolidated financial statements. Accordingly, the quantitative impact of adoption of Ind AS 116 on the consolidated financial statements in the period of initial application is not reasonably estimable as at present.



4. Standards issued but not yet effective (continued)

Amendments to the existing standards

Ind AS 12- Income Taxes

The amendment relating to income tax consequences of dividend clarify that an entity shall recognise the income tax consequences of dividends in profit or loss, other comprehensive income or equity according to where the entity originally recognised those past transactions or events. The Group does not expect any impact from this pronouncement. It is relevant to note that the amendment does not amend situations where the entity pays a tax on dividend which is effectively a portion of dividends paid to taxation authorities on behalf of shareholders. Such amount paid or payable to taxation authorities continues to be charged to equity as part of dividend, in accordance with Ind AS 12.

The amendment to Appendix C of Ind AS 12 specifies that the amendment is to be applied to the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates, when there is uncertainty over income tax treatments under Ind AS 12. It outlines the following: (1) the entity has to use judgement, to determine whether each tax treatment should be considered separately or whether some can be considered together. The decision should be based on the approach which provides better predictions of the resolution of the uncertainty (2) the entity is to assume that the taxation authority will have full knowledge of all relevant information while examining any amount (3) entity has to consider the probability of the relevant taxation authority accepting the tax treatment and the determination of taxable profit (tax loss), tax bases, unused tax losses, unused tax credits and tax rates would depend upon the probability. The Group does not expect any significant impact of the amendment on its consolidated financial statements.

Ind AS 19 – Employee benefits

The amendments clarify that if a plan amendment, curtailment or settlement occurs, it is mandatory that the current service cost and the net interest for the period after the re-measurement are determined using the assumptions used for the re-measurement. In addition, amendments have been included to clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The Group does not expect this amendment to have any significant impact on its consolidated financial statements.

Ind AS 23 – Borrowing costs

The amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings. The Group does not expect any impact from this amendment.



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Fortis Malar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

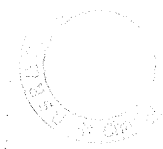
5(a). Property, plant and equipment

Particulars	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments	Vehicles	Total
Gross block/Deemed cost							
As at 1 April 2017	161.49	2,275.32	186.28	76.53	27.35	82.12	2,809.09
Additions	21.91	250.44	22.45	16.38	29.88	-	341.06
Disposals	-	-	-	-	-	-	-
Other adjustments#	-	-	-	27.32	-	-	27.32
As at 31 March 2018	183.40	2,525.76	208.73	120.23	57.23	82.12	3,177.47
Additions	-	207.15	23.86	3.94	3.06	-	238.01
Disposals	3.16	23.62	-	-	-	-	26.78
As at 31 March 2019	180.24	2,709.29	232.59	124.17	60.29	82.12	3,388.70
Accumulated depreciation							
As at 1 April 2017	25.93	456.95	38.11	75.23	6.02	8.89	611.13
Charge for the year	15.51	282.53	21.66	18.70	7.72	10.27	356.39
Disposals	-	-	-	-	-	-	-
As at 31 March 2018	41.44	739.48	59.77	93.93	13.74	19.16	967.52
Charge for the year	16.27	301.78	24.00	13.64	11.76	10.27	377.72
Disposals	1.95	16.85	-	-	-	-	18.80
As at 31 March 2019	55.76	1,024.41	83.77	107.57	25.50	29.43	1,326.44
Net block							
As at 31 March 2018	141.96	1,786.28	148.96	26.30	43.49	62.96	2,209.95
As at 31 March 2019	124.48	1,684.88	148.82	16.60	34.79	52.69	2,062.26

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 amounting to Rs.72.97 (Previous year Rs.72.47). Also refer note 32.



Fortis Malar Hospitals Limited

Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

5(c). Intangible assets

Particulars	Software
Cost block	
As at 1 April 2017	356.65
Additions	-
Deletions	-
Other adjustments#	(27.32)
As at 31 March 2018	329.33
Additions	14.18
Deletions	-
As at 31 March 2019	343.51
Accumulated amortization	
As at 1 April 2017	95.47
Charge for the year	65.02
Deletions	-
As at 31 March 2018	160.49
Charge for the year	60.59
Deletions	-
As at 31 March 2019	221.08
Net block	
As at 31 March 2018	168.84
As at 31 March 2019	122.43

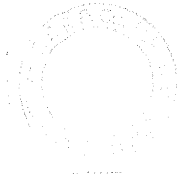
Represents reclassification of assets. Also refer Note 5(a).



Fortis Malar Hospitals Limited
 Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
 (All amounts are in Indian Rupees Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
6. Other financial assets		
Non-current		
Unsecured, considered good		
Security deposits	59.51	32.91
Advance to related parties (Refer Note 32)	19.21	16.90
	78.72	49.81
7. Income tax assets and liabilities		
Non-current		
Income tax assets		
Advance income tax (net of provision for taxation)	1,319.96	916.26
	1,319.96	916.26
Income tax liabilities		
Income tax payable (net of advance income tax)	5.71	5.71
	5.71	5.71
8. Other non-current assets		
Unsecured		
Capital advances	7.62	1.67
Prepaid expenses	24.70	24.70
	32.32	26.37
Provision for doubtful advances	(2.40)	(2.40)
	29.92	23.97
Note:		
- Considered good	29.92	23.97
- Considered doubtful	2.40	2.40
	32.32	26.37
9. Inventories		
Medical consumables and drugs	164.81	202.24
Total	164.81	202.24
10. Trade receivables		
Current		
Unsecured, considered good	966.22	600.36
Trade Receivables - credit impaired	419.33	417.34
Less: Allowance for expected credit loss	(419.33)	(417.34)
	966.22	600.36
The movement in allowance for expected credit loss is as follow:		
Balances at 1 April	417.34	307.21
Provision for the year (net)*	1.99	110.13
Balance at 31 March	419.33	417.34

* During the previous year Company netted provision amounting to Rs. 38.45 lakhs against revenue and is not shown separately in other expenses as part of allowance for credit losses.

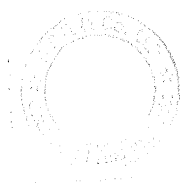


Fortis Malar Hospitals Limited

Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
11. Cash and cash equivalents		
Cash on hand	8.04	9.77
Balances with banks		
- Current accounts	292.63	1,141.59
- Deposits with original maturity of less than three months	203.00	300.00
	<u>503.67</u>	<u>1,451.36</u>
12. Bank balances other than above		
Unpaid dividend accounts	19.47	15.89
Deposits with original maturity of more than 3 months but less than 12 months	140.06	1.25
Held as margin money	1.25	-
	<u>160.78</u>	<u>17.14</u>
13. Loans		
Secured, considered good		
Intercorporate deposits to related parties (refer note 43)	7,707.54	-
Unsecured, considered good		
Intercorporate deposits to related parties (refer note 43)	-	8,255.00
Total	<u>7,707.54</u>	<u>8,255.00</u>
14. Other financial assets		
Current		
Unsecured, considered good		
Security deposits	2.61	2.61
Interest accrued but not due on loans and deposits		
(i) Inter corporate deposits	386.10	-
(ii) Fixed deposit with banks	6.49	0.29
Advances to related parties (Refer Note No. 32)	625.92	262.68
Loans and advances to employees	33.24	13.90
Contractually reimbursable expenses	-	16.22
Unbilled revenue from undischarged patients	513.30	387.53
	<u>1,567.66</u>	<u>683.23</u>
15. Other current assets		
Current		
Unsecured, considered good		
Advance to vendors	40.72	31.78
Prepaid expenses	40.16	50.71
Service Export from India scheme licenses and accrued income	60.78	30.79
	<u>141.66</u>	<u>113.28</u>



Fortis Malar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

16. Share capital

	As at 31 March 2019	As at 31 March 2018
Authorised Shares		
3,000,000 (31 March 2018: 30,000,000) Equity shares of Rs.10/- each	3,000.00	3,000.00
Total authorised share capital	3,000.00	3,000.00
Issued		
1,772,259 (31 March 2018: 18,714,759) Equity shares of Rs.10/- each	1,874.18	1,868.43
Subscribed and Paid Up		
1,741,759 (31 March 2018: 18,684,259) Equity Shares of Rs. 10/- each fully paid up*	1,875.70	1,869.95
	1,875.70	1,869.95

* include amount received on forfeited share amounting to Rs. 1.53 lakhs.

Notes:

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

Equity Shares

	Year ended 31 March 2019		Year ended 31 March 2018	
	Number	Amount in Rs.	Number	Amount in Rs.
At the beginning of the year	18,714,759	1,869.95	18,694,759	1,867.95
Issued during the year: Employee Stock Option Plan (ESOP)	57,500	5.75	20,000	2.00
Forfeited shares (refer note 16(f))	(30,500)	-	-	-
Outstanding at the end of the year	18,741,759	1,875.70	18,714,759	1,869.95

During the year ended 31 March 2019, 57,500 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 2019 is 78,750. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

The Parent 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 Parent 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 Parent Company, the holders of equity shares will be entitled to receive remaining assets of the Parent 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 31 March 2019		As at 31 March 2018	
	Number	In Rupees	Number	In Rupees
Fortis Hospitals Limited, the Holding Company (Equity Shares of Rs.10 each)	11,752,402	1,175.24	11,752,402	1,175.24

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

Equity Shares

Name of Shareholder	As at 31 March 2019		As at 31 March 2018	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.71%	11,752,402	62.80%

(e) Shares reserved for issue under options

As at 31 March 2019, 78,750 equity shares (As at 31 March 2018 140,000 equity shares) of Rs. 10/- each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 36).

(f) Forfeited shares

The holding Company had forfeited 30,500 equity shares of Rs. 10/- each which was Rs. 5/- partly paid up each share in the previous years due to non-payment of call money. The forfeited amount are included in equity share paid up capital.



Fortis Malar Hospitals Limited

Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
17. Other equity		
i) Reserve and surplus		
Securities premium account		
Opening balance	947.91	944.67
Add : Premium on shares issued during the year	9.31	3.24
Closing balance	<u>957.22</u>	<u>947.91</u>
Surplus in the statement of profit and loss		
Opening balance	7,498.54	7,166.36
Add: Profit for the year	205.55	332.18
Closing balance	<u>7,704.09</u>	<u>7,498.54</u>
ii) Other comprehensive income		
Opening balance	(11.72)	(24.41)
Remeasurement gain / (Loss) of defined employee benefit plans (net of		
Add: taxes)	12.32	12.69
Closing balance	<u>0.60</u>	<u>(11.72)</u>
Total	<u>8,661.91</u>	<u>8,434.73</u>

Nature and purpose of reserve

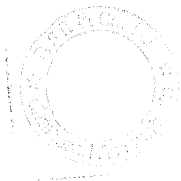
17.a Securities premium

Securities premium is used to record the premium received on issue of shares. It is utilised in accordance with the provisions of the Companies Act, 2013.

17.b Analysis of item of OCI (net of tax)

(i) Remeasurements of defined benefit liability (asset)

Remeasurements of defined benefit liability (asset) comprises actuarial gains and losses and return on plan assets (excluding interest income).



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Fortis Malar Hospitals Limited

Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	As at 31 March 2019	As at 31 March 2018
18. Provisions		
Non-current		
Provision for gratuity	160.72	138.14
Total	<u>160.72</u>	<u>138.14</u>
19. Trade payables		
Current		
Dues of micro enterprises and small enterprises (refer note 42)	46.47	-
Dues of creditors other than micro enterprises and small enterprises	2,306.27	2,513.24
Total	<u>2,352.74</u>	<u>2,513.24</u>
20. Other financial liabilities		
Current		
Security deposits	4.73	5.98
Unpaid equity dividend	19.47	15.89
Capital creditors	76.95	88.90
Payable to related parties (refer note no. 32)	480.26	629.29
Total	<u>581.41</u>	<u>740.06</u>
21. Provisions		
Current		
Provision for gratuity	0.30	0.68
Provision for compensated absences	112.53	108.52
Total	<u>112.83</u>	<u>109.20</u>
22. Other current liabilities		
Advance from patients/Amounts unclaimed by patients	1,207.83	959.39
Statutory payables	126.34	136.91
Total	<u>1,334.17</u>	<u>1,096.30</u>



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Fortis Malar Hospitals Limited

Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019

(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
23. Revenue from operations		
Sale of services (refer note below)		
In-Patient	12,668.44	13,025.92
Out-Patient	1,718.35	1,837.88
Revenue from contract with customers	14,386.79	14,863.80
Revenue disaggregation as per timing of transfer of service has been included above. The revenue recognized during the current year is the balancing number for transactions with customers after adjusting opening and closing balances of contract assets and liabilities		
Sales of medical consumables and drugs		
Medical consumables and drugs	0.04	0.17
	0.04	0.17
Other operating revenue		
Income from Service Export from India Scheme	30.00	30.38
Other operating income	42.56	24.92
	72.56	55.30
	14,459.39	14,919.27

Note:

Discounts and deductions amounting to Rs. 269.35 lakhs (31 March 2018- Rs.63.45 lakhs) are netted against Sale of In-Patient and Out-Patient Services.

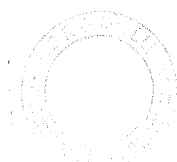
Contract Assets and liabilities

The following disclosure provide information about receivables, contract assets and liabilities from contract with customer:

Receivable which are included in trade receivable (refer note 10)	966.22	600.36
Unbilled revenue from undischarged patients (refer note 14)	513.30	387.53
Advance from patients/Amounts unclaimed by patients (refer note 22)	1,207.83	959.39

24. Other income

Interest Income on		
Bank deposits	18.53	12.51
Inter corporate deposits	874.22	820.08
Interest on financial assets carried at amortised cost	3.72	3.59
	896.47	836.18
Other non-operating income		
Liabilities no longer required written back	114.61	8.00
	114.61	8.00
	1,011.08	844.18



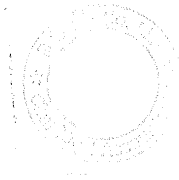
Fortis ~~M~~alar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
25. Change in inventories of medical consumables and drugs		
Inventory at the beginning of the year	202.24	231.22
Inventory at the end of the year	164.81	202.24
	<u>37.43</u>	<u>28.98</u>
26. Employee benefits expense		
Salaries, wages and bonus	2,034.72	1,892.68
Contribution to provident and other funds (Refer Note 37)	142.96	139.40
Staff welfare expenses	168.17	154.54
	<u>2,345.85</u>	<u>2,186.62</u>
27. Finance costs		
Credit card / bank charges	44.20	38.47
Others	6.70	-
	<u>50.90</u>	<u>38.47</u>
28. Depreciation and amortisation expense		
Depreciation of tangible assets	377.72	356.39
Amortisation of intangible assets	60.59	65.02
	<u>438.31</u>	<u>421.41</u>
29. Other expenses		
Contractual manpower	143.39	106.29
Power, fuel and water	318.75	282.44
Housekeeping expenses including consumables	66.40	60.04
Patient food and beverages	116.44	122.30
Pathology laboratory expenses	617.39	635.44
Consultation fees to doctors	1,167.34	1,250.69
Professional charges to doctors	2,815.85	2,970.58
Clinical establishment fee (Refer Note 45)	2,114.99	2,120.13
Repairs and maintenance		
- Building	2.87	15.31
- Plant and machinery	306.07	187.26
- Others	52.48	70.14
Rent		
- Equipments	54.85	43.36
- Hospital buildings, offices and labs	22.30	39.40
- Others	75.10	78.35
Legal and professional fee	100.85	94.80
Subscription fee	12.00	11.26
Travel and conveyance	81.24	127.03
Rates and taxes	4.07	2.31
Printing and stationery	53.61	51.60
Communication expenses	74.05	38.81
Directors' sitting fees	14.76	16.13
Insurance	70.09	63.33
Marketing and business promotion	668.60	752.59
Loss on sale of assets	7.64	-
Advances written off	16.22	-
Auditors' remuneration (Refer Note 44)	15.68	14.89
Allowance for credit losses	1.99	71.68
Corporate social responsibility expenses (Refer Note 46)	15.37	18.76
Miscellaneous expenses	6.17	6.62
	<u>9,016.55</u>	<u>9,251.54</u>



Fortis Malar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

	Year ended 31 March 2019	Year ended 31 March 2018
30. Tax expense		
Current tax (including prior years)		
In respect of the current year	121.41	255.06
In respect of prior year	-	17.25
	<u>121.41</u>	<u>272.31</u>
Deferred tax		
In respect of the current year	(47.89)	(72.11)
Adjustments to deferred tax attributable to changes in tax rates and laws	-	26.76
	<u>(47.89)</u>	<u>(45.35)</u>
Total tax expense	<u>73.52</u>	<u>226.96</u>
31. Other comprehensive income		
Items that will not be reclassified to profit or loss		
Remasurements of the defined benefit plans [Refer Note 37(II)(a)]	17.03	17.57
	<u>17.03</u>	<u>17.57</u>



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Fortis Malar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

32. Related party disclosures

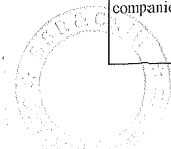
Names of related parties and related party relationship

Description of Relationship

Ultimate Holding Company	IHH Healthcare Berhad, Malaysia (effective from 13 November 2018)
Immediate Holding Company	Integrated Healthcare Holdings Limited (effective from 13 November 2018) Parkway Pantai Limited, Singapore (effective from 13 November 2018) Northern TK Venture Pte Ltd, Singapore (effective from 13 November 2018) Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited
Associate of the Holding Company	Healthfore Technologies Limited (Upto 16 February 2018) Fortis Health Management Limited (Upto 14 January 2019) International Hospital Limited (Upto 14 January 2019)
Fellow Subsidiary or Entities Under Common Control	SRL Limited Escorts Heart Institute and Research Centre Limited International Hospital Limited (effective from 15 January 2019) Fortis Health Management Limited (effective from 15 January 2019) RWL Healthworld Limited (formerly known as Religare Wellness Limited) (upto 16 February 2018)
Key Management Personnel	Mr. Meghraj Arvindrao Gore, Whole time Director (Upto 01 October 2018) Mr. Coimbatore Kalyanraman Nageswaran (effective from 02 October 2018) Mr. Ramesh L Adige, Independent Director Mrs. Nithya Ramamurthy, Non-Executive Director Mr. Murari Pejavar, Non-Executive Director Mr. L.T. Nanwani, Non-Executive Director (Upto 01 August 2018) Mr. R.K. Shetty, Non-Executive Director (Upto 09 August 2018) Mr. Vijayasarathy Desikan, Chief Financial Officer (Upto 15 January 2019) Mr. Saravanan Venkatesan, Chief Financial Officer (effective 06 February 2019) Mrs. Trapti (Company Secretary)(From 23 May 2017 until 07 September 2017) Mr. Shashank Porwal (Company Secretary)(Effective from 23 January 2018)
Relatives of Key Management Personnel	Mrs. Radhi Malar Mr. M. Anand

The schedule of related party transactions is as follows:

Particulars	Name of the related party	Year ended 31 March 2019	Year ended 31 March 2018
Income			
Sale of Service	Fortis Healthcare Limited Fortis Hospitals Limited	- 50.99	72.84 -
Interest on Inter Corporate Deposits	Escorts Heart Institute and Research Centre Limited	874.22	820.08
Mediclinam reimbursement and transfer of accumulated balance in retirement benefit	Fortis Hospitals Limited	0.43	-
Expenses			
Clinical establishment fee	Fortis Health Management Limited	2,114.99	2,120.13
Communication expenses/ R & M IT	Healthfore Technologies Limited	-	2.23
Contractual manpower	SRL Limited	11.67	10.44
Finance costs - Interest - Others	Fortis Health Management Limited	6.70	-
Pathology laboratory expenses	SRL Limited	604.34	619.45
Professional charges to doctors	SRL Limited Mrs. Nithya Ramamurthy Mrs. Radhi Malar Mr. M. Anand	5.31 189.00 22.28 36.22	5.31 197.44 17.71 29.62
Staff welfare expenses	Fortis Hospitals Limited	0.39	-
Recovery of Expenses incurred on behalf of other companies	Fortis Healthcare Limited Fortis Hospitals Limited SRL Limited	1.76 - -	24.18 1.94 0.16
Reimbursement of expenses (Salaries, wages and bonus)	International Hospital Limited	0.36	-
Reimbursement of expenses incurred by other companies on behalf of the Parent Company	Fortis Healthcare Limited Fortis Hospitals Limited Fortis Health Management Limited RWL Healthworld Limited	- - 305.83 -	5.29 1.65 268.92 2.27



Fortis Malar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
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32. Related party disclosures (continued)

Particulars	Name of the related party	Year ended 31 March 2019	Year ended 31 March 2018
Medical claim reimbursement and transfer of accumulated balance in retirement benefits	Fortis Hospitals Limited	0.03	-
Managerial remuneration (including director sitting fees)	Mr. Meghraj Arvindrao Gore	70.63	112.83
	Mr. Ramesh L Adige	5.50	4.00
	Mrs. Nithya Ramamurthy	1.50	2.50
	Mr. Murari Pejavar	3.25	1.75
	Mr. L.T. Nanwani	2.50	3.50
	Mr. R.K. Shetty	2.00	3.00
	Mr. Coimbatore Kalyanraman Nageswaran	7.98	-
	Mr. Vijayasathya Desikan	20.30	20.62
	Mr. Saravanan Venkatesan	3.81	-
Collections done by related party on behalf of the Parent Company	Fortis Healthcare Limited	4.61	37.71
	Fortis Hospitals Limited	769.75	119.76
Corporate social responsibility expenses	Fortis CSR Foundation	15.37	18.76
Sale of SFIS (Scrips)	Fortis Hospitals Limited	-	28.90
Collections done on behalf of related party	RWL Healthworld Limited	-	26.91
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-
Inter Corporate Deposits given	Escorts Heart Institute and Research Centre Limited	-	2,000.00
Inter Corporate Deposits repaid	Escorts Heart Institute and Research Centre Limited	547.46	700.00
Advance for Purchase of Intangible assets – Software	Healthfore Technologies Limited	-	12.00

Particulars	Year end balances	Year ended 31 March 2019	Year ended 31 March 2018
Other financial liability	SRL Limited	333.49	346.11
	Fortis Health Management Limited	146.78	597.61
	Healthfore Technologies Limited	-	0.34
Prepaid expense	Fortis Health Management Limited	6.10	8.41
Intangible assets under development	Healthfore Technologies Limited	-	72.16
Contractually reimbursable expenses	Fortis Healthcare Limited	-	16.22
Other financial assets - current	Fortis Healthcare Limited	28.50	96.89
	Fortis Hospitals Limited	597.43	165.79
	Fortis Health Management Limited	5.00	5.00
Other financial assets - non-current	Fortis Health Management Limited	14.21	16.90
Loans and advances to employees	Mr. Coimbatore Kalyanraman Nageswaran	16.50	-
Inter corporate deposits placed	Escorts Heart Institute and Research Centre Limited	7,707.54	8,255.00
Interest accrued but not due	Escorts Heart Institute and Research Centre Limited	386.10	-

Notes:

- The Parent 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 2019 and 31 March 2018 there are no further amounts payable to / receivable from them, other than as disclosed above.

33. Leases

Assets taken on operating lease:

The Parent Company 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 31 March 2019, an amount of Rs.152.25 lakhs (31 March 2018 - Rs.161.11 lakhs) was paid towards lease rentals and other charges for the office space/nursing accommodation and Rs.2,114.99 lakhs (31 March 2018 - Rs. 2,120.13 lakhs) towards Clinical Establishment Fee (including variable fee).

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

	As at 31 March 2019	As at 31 March 2018
Minimum lease payments :		
Not later than one year	1,149.64	1,112.06
Later than one year but not later than five years	4,965.38	4,813.85
Later than five years	4,721.06	5,631.52



Fortis ~~M~~alar Hospitals Limited
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34. Commitments

Estimated amount of contracts remaining to be executed on capital account, net of advances with regard to tangible and intangible assets	25.77	146.65
Bank guarantee to Fortis Health Management Limited	-	315.00
Bank guarantee to Regional Director, Ex-Servicemen Contributory Health Scheme	1.00	-

35. Claims against the Group not acknowledged as debts

Claims against the Parent Company not acknowledged as debts (in respect of compensation claims by the parents / their relatives). (Refer note below)	1,098.94	1,174.17
Income tax liability that may arise in respect of matters for which the Parent Company is under appeal	23.00	23.00

Supreme Court vide their judgment dated 28 February 2019 on Provident fund has interpreted that basic wages would include certain allowances. The Group has evaluated implications arising out of the SC judgment. Based on legal advice, the Group believes that retrospective application of the above judgment by PF authorities is remote. Accordingly, no provision has been recorded in the consolidated financial statements. The Group would continue to evaluate the provision required in the books based on further clarifications from the authorities.

Note:

The above claims are pending with various Consumer Disputes Redressal Commissions and the Parent 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 consolidated financial statements.

36. Employee stock option plan

Employees (including senior executives) of the Group 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 Parent 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:

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

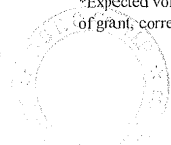
Effective Date:

The plan was effective from 21 August 2009.

Particulars	31 March 2019		31 March 2018	
	Number of options	Weighted average exercise price (Rs.)	Number of options	Weighted average exercise price (Rs.)
Outstanding at the beginning of the year	140,000	26.20	160,000	26.20
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(57,500)	26.20	(20,000)	26.20
Expired during the year	3,750	-	-	-
Outstanding at the end of the year	78,750	26.20	140,000	26.20
Exercisable at the end of the year	78,750	26.20	140,000	26.20

Particulars	31 March 2019	31 March 2018
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	Rs. 0.00	Rs. 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.



Fortis Malar Hospitals Limited
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37. Employee benefits

(I) Defined contribution plan

The Group makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the scheme. The Group's contribution to Provident Fund aggregating Rs.91.49 lakhs (Previous year: Rs. 91.92 lakhs) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined benefit plans

The Group 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 and is not subjected to limit 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 and loss in respect of the defined benefit plan are as follows

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Amounts recognised in Statement of Profit and Loss in respect of these defined benefit plans are as follows:		
Service cost		
- Current service cost	32.48	30.38
Net interest expense	9.81	8.49
Components of defined benefit costs recognised in profit or loss	42.29	38.87
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	1.92	(0.44)
Actuarial gains and loss arising from changes in financial assumptions	-	(7.22)
Actuarial gains and loss arising from experience adjustments	(17.33)	(9.38)
Components of defined benefit costs recognised in other comprehensive income	(15.41)	(17.04)
Total	26.88	21.83

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

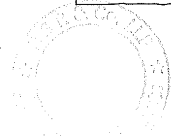
(ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

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

Particulars	As at 31 March 2019	As at 31 March 2018
I. (Net Asset)/Liability recognised in the Balance Sheet		
1. Present value of defined benefit obligation as at 31 March	315.94	287.82
2. Fair value of plan assets as at 31 March	160.60	154.51
3. (Surplus) / Deficit	155.34	133.31
4. Current portion of the above	-	-
5. Non current portion of the above	155.34	133.31

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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	287.82	263.79
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	32.48	30.38
- Interest Expense (Income)	21.27	18.78
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Financial Assumptions	-	(7.22)
ii. Experience Adjustments	(17.33)	(9.38)
Benefit payments	(8.55)	(3.76)
Acquisitions Credit/(Cost)	0.25	0.85
Benefits from plan Assets	-	(5.62)
Present value of defined benefit obligation at the end of the year	315.94	287.82



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

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	154.51	140.09
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	11.46	10.29
Recognised in Other Comprehensive Income:		
- Remeasurement gains / (losses)		
- Return on plan assets (excluding amount included in net interest expense)	(1.92)	0.44
Contributions by employer	5.10	9.31
Benefit payments	(8.55)	(5.62)
Fair value of plan assets at the end of the year	160.60	154.51

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

Particulars	As at 31 March 2019	As at 31 March 2018
Life Insurance Corporation of India	160.60	154.51

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

Particulars	As at 31 March 2019	As at 31 March 2018
Discount rate	7.50%	7.50%
Expected rate of salary increase	7.50%	7.50%
Expected return on plan assets	7.50%	7.50%
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(Ult)	IALM 2006-08(Ult)

* 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:

- If the discount rate is 50 basis point higher (lower) the defined benefit obligation would decrease by Rs. 14.30 lakhs (increase by Rs. 15.37 lakhs) (As at 31 March 2018 ; decrease by Rs. 13.65 lakhs (increase by Rs. 14.71 lakhs).
- If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by Rs. 31.62 lakhs (decrease by Rs. 27.86 lakhs) (As at 31 March 2018 ; increase by Rs. 30.29 lakhs(decrease by Rs. 26.57 lakhs).
- If the withdrawal rate increases/(decreases) by 5% the defined benefit obligation would decrease by Rs. 2.82 lakhs (increase by Rs. 2.94 lakhs) (As at 31 March 2018 ; decrease by Rs. 2.91 lakhs (increase by Rs. 3.07 lakhs).

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.

There is no change in the methods and assumptions used in preparing the sensitivity analysis from the prior years.



Fortis Malar Hospitals Limited

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38. Financial instruments

(I) Capital management

The Group's policy is to maintain a strong capital base so as to maintain investor, creditor and market confidence and to sustain future development of the business. It sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirements are met through equity.

(II) Categories of financial instruments

(a) Financial assets

Particulars	As at 31 March 2019	As at 31 March 2018
Measured at cost		
Investment in subsidiary	-	-
Measured at fair value through profit or loss (FVTPL)	-	-
Measured at amortised cost		
- Security deposits	59.51	32.91
- Advance to related parties	19.21	16.90
- Trade receivables	966.22	600.36
- Cash and bank balances	664.45	1,468.50
- Loans	7,707.54	8,255.00
- Other financial assets	1,567.66	683.23

(b) Financial liabilities

Particulars	As at 31 March 2019	As at 31 March 2018
Measured at fair value through profit or loss (FVTPL)		
Measured at amortised cost		
- Trade payables	2,352.74	2,513.24
- Other financial liabilities	581.41	740.06

(III) Risk management framework

The Group has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk

The Group 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 Group.

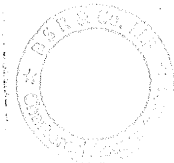
The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers and loans and advances.

The carrying amounts of financial assets represent the maximum credit risk exposure.

Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of patients to which the Group grants credit terms in the normal course of business. The Group establishes an allowance for doubtful debts and impairment that represents its estimate of incurred losses in respect of the Group's trade receivables, certain loans and advances and other financial assets.



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38. Financial instruments (continued)

(IV) Credit risk (continued)

a. Trade receivables

The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The demographics of the customer, including the default risk of the industry and country in which the customer operates, also has an influence on credit risk assessment.

Exposures to customers outstanding at the end of each reporting period are reviewed by the Group to determine incurred and expected credit losses. Given that the macro economic indicators affecting customers of the Group have not undergone any substantial change, the Group expects the historical trend of minimal credit losses to continue. Further, management believes that the unimpaired amounts that are past due by more than 90 days are still collectible in full except to the extent already provided, based on historical payment behavior and extensive analysis of customer credit risk. The impairment loss at the reporting dates related to several patients that have defaulted on their payments to the Group are not expected to be able to pay their outstanding balances, mainly due to economic circumstances.

The Group determines credit risk based on a variety of factors including but not limited to the age of the receivables, cash flow projections and available press information about patients. In order to calculate the loss allowance, loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency through write-off. Roll rates are calculated separately for exposures in different stages of delinquency primarily determined based on the time period for which they are past due.

The average credit period is ranging from 30 to 90 days. No overdue interest is charged. Out of the total trade receivables balance as at 31 March 2019, Rs. 489.41 lakhs is due from 1 third party service providers, 1 Government customers and 2 international customer. There are no other customer dues that represent more than 5% of the total balance of trade receivables. In monitoring customer credit risk, customers are grouped according to their credit characteristics, and their geographic location and existence of previous financial difficulties.

The ageing of trade receivables that were not impaired as at the reporting date was:

As at 31 March 2019

Ageing	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit - impaired
Within the credit period	671.63	2%	15.85	No
1-30 days past due	81.84	7%	5.68	No
31-60 days past due	25.75	12%	3.11	No
61-90 days past due	40.58	13%	5.21	No
More than 90 days past due	565.75	69%	389.48	No
	<u>1,385.55</u>		<u>419.33</u>	

As at 31 March 2018

Ageing	Gross carrying amount	Weighted-average loss rate	Loss allowance	Whether credit - impaired
Within the credit period	492.55	27%	134.75	No
1-30 days past due	194.21	28%	53.72	No
31-60 days past due	34.58	31%	10.62	No
61-90 days past due	18.11	89%	16.14	No
More than 90 days past due	278.25	73%	202.11	No
	<u>1,017.70</u>		<u>417.34</u>	

b. Cash and bank balances (includes amounts classified under other bank balances and deposits and other receivable)

The Group holds cash and bank balances of Rs. 664.45 lakhs at 31 March 2019 (31 March 2018: Rs. 1,468.50 lakhs). The credit worthiness of such banks and financial institutions are evaluated by the management on an ongoing basis and is considered to be good.

c. Security deposits

This balance is primarily constituted by deposit given in relation to leasehold premises occupied by the Group for carrying out its operations. The Group does not expect any losses from non-performance by these counter-parties.

d. Advance to employees

This balance is primarily constituted by advances given to the employees. The Group does not expect any losses from non-performance by these counter-parties as the amounts are recoverable by salary deductions.

f. SEIS receivable from Government

This balance is primarily constituted by SEIS scrips and applications pending with authorities. The Parent Company does not expect any losses from non-performance by these counter-parties as the amounts are due from Government.



(V) Liquidity risk management

Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Exposure to liquidity risk

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted.

Particulars	Weighted average interest rate	With in 1 Year	1 to 2 Years	More than 2 Years	Total
	%	(Rs.)	(Rs.)	(Rs.)	(Rs.)
As at 31 March 2019					
- Trade payables	NA	2,352.74	-	-	2,352.74
- Other financial liabilities	NA	581.41	-	-	581.41
Total		2,934.15	-	-	2,934.15
As at 31 March 2018					
- Trade payables	NA	2,513.24	-	-	2,513.24
- Other financial liabilities	NA	740.06	-	-	740.06
Total		3,253.30	-	-	3,253.30

39. Fair value measurement

There are no financial assets and financial liabilities that are measured at fair value on a recurring basis.

The management considers that the carrying amount of all the financial asset and financial liabilities that are not measured at fair value in the consolidated financial statements approximate the fair values and, accordingly, no disclosures of the fair value hierarchy is required to be made in respect of these assets/liabilities.



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Fortis Maxilar Hospitals Limited
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40. Current tax and deferred tax

(i) Income tax expense

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Current tax:		
Current income tax charge	121.41	255.06
Prior year income tax charge	-	17.25
Total	121.41	272.31
Deferred tax		
Difference between book balance and tax balance of fixed assets	(28.95)	(19.70)
In respect of current year origination and reversal of temporary differences	(0.55)	(20.79)
Provision for compensated absences, gratuity and other employee benefits	(18.39)	(4.86)
Total	(47.89)	(45.35)
Total tax expense recognised in statement of profit and loss	73.52	226.96

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

Particulars	As at 31 March 2019		As at 31 March 2018	
	Amount	Tax Amount	Amount	Tax Amount
Profit before tax from operations	279.07		559.14	
Income tax using the Group's domestic tax rate at 27.82% (31 March 2018: 27.82%)		77.64		184.25
Tax effect of:				
Effect of expenses that are not deductible in determining taxable profit	15.33	(4.12)	18.86	3.13
Adjustments recognised in the current year in relation to the current tax of prior years.		-		17.25
Effect of change in tax rate		-		22.33
Total tax expense	294.40	73.52	578.00	226.96

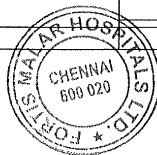
(iii) Income tax on other comprehensive income

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Deferred tax		
Remeasurements of defined benefit plans	(4.71)	(4.88)
Total	(4.71)	(4.88)

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

Particulars	Year ended 31 March 2019			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	112.30	18.38	(4.71)	125.97
Allowance for credit losses/Others	117.61	0.55	-	118.16
	229.91	18.93	(4.71)	244.13
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	86.49	(28.95)	-	57.54
	86.49	(28.95)	-	57.54
Net deferred tax asset / (liability)	143.42	47.88	(4.71)	186.59

Particulars	Year ended 31 March 2018			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
Tax effect of items constituting deferred tax assets				
Employee benefits	112.32	4.86	(4.88)	112.30
Allowance for credit losses/Others	96.82	20.79	-	117.61
	209.14	25.65	(4.88)	229.91
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	106.19	(19.70)	-	86.49
	106.19	(19.70)	-	86.49
Net deferred tax asset / (liability)	102.95	45.35	(4.88)	143.42



Fortis Malar Hospitals Limited
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41. Earnings per share

Particulars	Year ended 31 March 2019	Year ended 31 March 2018
Profit after tax - Rs.	205.55	332.18
Weighted average number of equity shares (No's.):		
Weighted average number of equity shares for calculating Basic EPS	18,718,958	18,712,732
Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	53,993	79,050
Weighted average number of equity shares for calculating diluted EPS	18,772,950	18,791,782
Earnings Per Share (Basic) - in Rs.		
- Basic - in Rs.	1.10	1.78
- Diluted - in Rs.	1.09	1.77
Face value per share - in Rs.	10.00	10.00

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

The Ministry of Micro, Small and Medium Enterprises has issued an office memorandum dated 28 August 2008 which recommends that the Micro and Small Enterprises should mention in their correspondence with its customers the Entrepreneurs Memorandum Number as allocated after filing of the Memorandum in accordance with the Micro, Small and Medium Enterprise Development Act, 2006 ('the Act'). Accordingly, the disclosure in respect of the amounts payable to such enterprises as at 31 March 2019 has been made in the consolidated financial statements based on information received and available with the Group. Further in view of the Management, the impact of interest, if any, that may be payable in accordance with the provisions of the Act is not expected to be material. The Group has not received any claim of interest from any supplier as at the balance sheet date.

Particulars*	As at 31 March 2019	As at 31 March 2018
(a) the principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier at the end of each accounting year	46.47	-
(b) the amount of interest paid by the buyer in terms of section 16 of the Micro, Small and Medium Enterprises Development Act, 2006, along with the amount of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
(c) the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the Micro, Small and Medium Enterprises Development Act, 2006;	-	-
(d) the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
(e) the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the Micro, Small and Medium Enterprises Development Act, 2006.	-	-

43. 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	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2019
Escorts Heart Institute and Research Centre Limited	10.00%	Half yearly	Secured	6,130.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Secured	1,577.54

Name of the party	Rate of Interest	Due date for Interest	Secured/ unsecured	31 March 2018
Escorts Heart Institute and Research Centre Limited	10.00%	Half yearly	Unsecured	6,130.00
Escorts Heart Institute and Research Centre Limited	11.50%	Half yearly	Unsecured	2,125.00

Particulars	Relation	Maximum amount outstanding during the year	
		31 March 2019	31 March 2018
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	6,130.00	6,179.34
Escorts Heart Institute and Research Centre Limited*	Fellow Subsidiary	2,125.00	2,125.00
Total		8,255.00	8,304.34

* The above inter corporate deposits placed to Escorts Heart Institute and Research Centre Limited are secured through corporate guarantee issued by Fortis Healthcare Limited on 11 May 2018. As per Guarantee agreement executed, amount payable by Escorts Heart Institute and Research Centre Limited including interest if any till 30 June 2019, on default shall be repayable by Fortis Healthcare Limited to the Group.

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



Fortis Malar Hospitals Limited
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44 Payments to auditors

Particulars	31 March 2019	31 March 2018
Statutory audit	4.75	8.50
Tax audit	0.50	0.50
Other services *	7.05	2.60
GST on professional services	2.37	2.09
Reimbursement of expenses	1.00	1.20
	15.68	14.89

* Includes INR 6.55 lakhs paid to auditors other than B S R & Co. LLP (March 31, 2018: INR 14.89 lakhs)

45 Clinical establishment fees

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 Parent Company in accordance with the agreement. Also refer note 32

46 Corporate social responsibility

During the year, the Parent Company incurred an aggregate amount of Rs.15.37 lakhs (Previous year : Rs. 18.76 lakhs) 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 Parent Company during the year: Rs. 15.04 Lakhs (31 March 2018: 19.09 Lakhs)

Amount spent by the Parent Company during the year on:

Particulars	Year ended 31 March 2019		Year ended 31 March 2018	
	Amount Paid	Yet to be paid	Amount Paid	Yet to be paid
Fortis CSR Foundation	15.37	-	18.76	0.33
Total	15.37	-	18.76	0.33

47. Order / notice received from CMDA

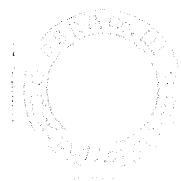
The Parent Company had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the previous year ended 31 March 2016, CMDA has issued an Order stating that the regularization application made by the Parent Company has not been allowed. The Parent 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 has also served a Locking & Sealing and De-occupation Notice to the Parent 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 has called upon the Parent Company to restore the land to its original position within 30 days from the date of the Notice. The Parent 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 Parent Company to provide ramp facility for easy evacuation of patients. The Parent Company has 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 Parent Company, based on legal advice, believes that the above Order / Notices issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations/ going concern as the Parent Company has fair chance of success in the aforesaid Appeal / writ petition.

48. Status of composite scheme of arrangement and amalgamation

The Board of Directors of the Parent Company at its meeting held on 19 August 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 Parent Company, FHL and SRL Limited ("SRL"), which was then by way of Resolution Passed by Circulation on 14 December 2017, was approved for the extension of the Long Stop Date to 30 June 2018 as per the Clause 61 of the Scheme. The Board of directors of the Parent Company have approved the withdrawal of "the Composite Scheme of Arrangement and Amalgamation" (the Scheme) between the Parent Company, Fortis Healthcare Limited and SRL Limited on 13 June 2018 and subsequently, the Parent Company obtained necessary approval from the National Company Law Tribunal for withdrawal of the Scheme on 15 June 2018.



Fortis Malar Hospitals Limited
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49. Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components, and for which discrete financial information is available. All operating segments' operating results are reviewed regularly by the Group's Director to make decisions about resources to be allocated to the segments and assess their performance.

The Group is primarily engaged in only one business namely in the health care services. The entity's chief operating decision maker considers the Group as a whole to make decisions about resources to be allocated to the segment and assess its performance. Accordingly, the Group does not have multiple segments and these consolidated financial statements are reflective of the information required by the Ind AS 101. The Group's operations are entirely domiciled in India and as such all its noncurrent assets are located in India.

50. Information as required by Part III of General instructions for the preparation of consolidated financial statements to Schedule III to the Companies Act, 2013

31 March 2019

Name of the entity	Net assets (i.e. total assets minus total liabilities)	Share in profit and loss	Share in other comprehensive income	Share in total comprehensive income
Parent				
As a % of consolidated	98%	84%	90%	85%
Amount as at 31 March 2019	10,359.43	173.67	11.12	184.79
Subsidiary - Indian				
Malar Stars Medicare Limited				
As a % of consolidated	1.74%	15.51%	9.74%	15.18%
Amount as at 31 March 2019	183.18	31.88	1.20	33.08
As a % of consolidated	-0.05%	0.00%	0.00%	0.00%
Inter-company eliminations	(5.00)	-	-	-
Total				
As a % of consolidated	100%	100%	100%	100%
Amount as at 31 March 2019	10,537.61	205.55	12.32	217.87

31 March 2018

Name of the entity	Net assets (i.e. total assets minus total liabilities)	Share in profit and loss	Share in other comprehensive income	Share in total comprehensive income
Parent				
As a % of consolidated	99%	95%	97%	95%
Amount as at 31 March 2018	10,159.57	314.12	12.30	326.42
Subsidiary - Indian				
Malar Stars Medicare Limited				
As a % of consolidated	1.46%	5.44%	3.07%	5.35%
Amount as at 31 March 2018	150.11	18.06	0.39	18.45
As a % of consolidated	-0.05%	0.00%	0.00%	0.00%
Inter-company eliminations	(5.00)	-	-	-
Total				
As a % of consolidated	100%	100%	100%	100%
Amount as at 31 March 2018	10,304.68	332.18	12.69	344.87

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Forth Fortis Malar Hospitals Limited
Notes Forming Part of the Consolidated Financial Statements for the Year ended 31 March 2019
(All amounts are in Indian Rupees Lakhs except share data and as stated)

51. Subsequent event

There are no subsequent events that have occurred after the reporting period till the date of approval of these consolidated financial statements.

52. Previous year comparative

Previous year consolidated financial statements were audited by firm other than B S R & Co. LLP. Previous year's figures have been regrouped/ reclassified wherever necessary to confirm current year's classification.

As per our report of even date attached


for **B S R & Co. LLP**
Chartered Accountants
Firm's registration No: 101248W/W-100022




Amar Sunder
Partner

Membership No.: 078305

for and on behalf of the Board of Directors
Fortis Malar Hospitals Limited
CIN: L85110PB1989PLC045948




Datta Singh
Chairman
DIN 00135414




Shashank Porwal
Company Secretary
M No: A51957

Place: Chennai
Date: 6 May 2019



C.K. Nageswaran
Whole Time Director
DIN 0008236347



Saravanan Venkatesan
Chief Financial Officer

Place: Chennai
Date: 6 May 2019