

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

AUDITED FINANCIAL STATEMENTS

YEAR ENDED

31 MARCH, 2016

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March, 2016, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act, as applicable.

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

Auditors' Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

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

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

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone

financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March, 2016, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to the following matters in the Notes forming part of the standalone financial statements:

- a) Notes 9(a), 9(b), 12(a) and 12(b) to the financial statements, describes uncertainty related to income tax demands and termination of certain land leases allotted by Delhi Development Authority (DDA).
- b) Notes 12(c) to the financial statements, describes non-compliance with the order of the Honourable High Court of Delhi in relation to provision of free treatment / beds to poor.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
- b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
- c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
- d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act, as applicable.
- e) The matter described in paragraph (a) and (b) under the Emphasis of Matters paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors as on 31 March, 2016 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2016 from being appointed as a director in terms of Section 164 (2) of the Act.



- g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
- i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 8, 12(a), 12(b) and 12(c) to the financial statements.
 - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



A handwritten signature in black ink, appearing to read "Rashim Tandon".

RASHIM TANDON
Partner
(Membership No. 095540)

Gurgaon, 19 May 2016
RT/JB /2016

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(g) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

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

We have audited the internal financial controls over financial reporting of **ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone 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 standalone financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2016, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No.117366 W / W-100018)

Gurgaon, 19 May 2016
RT/JB/2016



A handwritten signature in dark ink, appearing to read "RASHIM TANDON".

RASHIM TANDON

Partner

(Membership No. 095540)

ANNEXURE B TO THE INDEPENDENT AUDITORS' REPORT

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

(i) In respect of its fixed assets:

- (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
- (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
- (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed / conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of land	Gross Block as at 31 March, 2016 (Rupees)	Net Block as at 31 March, 2016 (Rupees)	Remarks
Leasehold land of the hospital*	39,822,370	39,822,370	The lease deed is in the name of "Escorts Heart Institute and Research Centre, Delhi", which amalgamated into Escorts Heart Institute and Research Centre, Chandigarh under Societies Registration Act. Escorts Heart Institute and Research Centre, Chandigarh was thereafter incorporated as company "Escorts Heart Institute and Research Centre Limited" under the Companies Act, 1956.

*In respect of the above leasehold land, Delhi Development Authority (DDA) has terminated the lease deed and allotment letters as explained in note 12(a) and 12(b) to the financial statements.

- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) According to the information and explanations given to us, the Company has granted loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans are, in our opinion, *prima facie*, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.



- (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, *prima facie*, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
- (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees' State Insurance, Income Tax, Service Tax, Works Contract Tax, Customs Duty and cess with the appropriate authorities during the year and that there are no undisputed amounts in respect of these dues which have remained outstanding as at 31 March, 2016 for a period of more than six months from the date they became payable.

We are informed that the operations of the Company during the period did not give rise to any liability for Excise Duty, Sales Tax and Value Added Tax.

- (b) Details of dues of Income-tax and Customs Duty which have not been deposited as on March 31, 2016 on account of disputes are given below:-

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount Involved (Rupees)	Amount Unpaid (Rupees)
Central Excise and Customs Law	Custom Duty	Central Excise and Service Tax Appellate Tribunal	1990-91 to 1993-94 and 2002-03	33,038,532	18,038,532
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2001-02 (Delhi Society)	1,243,690,089	1,243,690,089
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2001-02 (Chandigarh Society)	1,053,215,991	1,053,215,991
Income Tax Act	Income Tax & Interest Thereon	Supreme Court of India	2003-04 to 2007-08	151,247,407	151,247,407
Income Tax Act	Income Tax & Interest Thereon	Commissioner of Income Tax (Appeals), Delhi	2010-11, 2011-12	9,125,180	9,125,180
Income Tax Act	Income Tax & Interest Thereon	High Court of Rajasthan	2009-10	37,393	37,393
			TOTAL	2,490,354,592	2,475,354,592



We are informed that there are no dues in respect of Service Tax, Works Contract Tax and Cess as at 31 March, 2016 which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a bank. The Company has not taken any loans or borrowings from financial institutions or government, nor has it issued any debentures during the year.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence reporting under clause (ix) of the CARO 2016 is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no material fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of the holding and other company and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

(Firm's Registration No.117366 W / W-100018)

Gurgaon, 19 May 2016
RT/JB/2016



RASHIM TANDON

Partner

(Membership No. 095540)

ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

Particulars	Notes	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4 (i)	24,020,790	24,020,790
(b) Reserves and surplus	4 (ii)	7,965,869,840	7,371,104,918
		7,989,890,630	7,395,125,708
2 Non-current liabilities			
(a) Long-term borrowings	4 (iii)	280,000,000	400,000,000
(b) Other long-term liabilities	4 (iv)	689,740	784,050
(c) Long-term provisions	4 (v)	102,657,000	87,507,000
		383,346,740	488,291,050
3 Current liabilities			
(a) Short-term borrowings	4 (vi)	763,000,000	953,000,000
(b) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	4 (vii)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	4 (vii)	527,699,522	484,740,202
(c) Other current liabilities	4 (viii)	268,588,332	2,377,785,860
(d) Short-term provisions	4 (ix)	95,463,418	111,717,369
		1,654,751,272	3,927,243,431
TOTAL		10,027,988,642	11,810,660,189
ASSETS			
1 Non-current assets			
(a) Fixed assets			
- Tangible assets	4 (x)(a)	869,958,076	782,606,271
- Intangible assets	4 (x)(b)	49,904,517	62,763,246
- Capital work-in-progress		29,148,042	12,532,852
		949,010,635	857,902,369
(b) Non-current investments	4 (xi)	4,617,461,805	1,272,051,805
(c) Deferred tax assets (net)	4 (xii)	279,069,689	221,576,760
(d) Long-term loans and advances	4 (xiii)	68,180,980	677,899,939
(e) Other non-current assets	4 (xiv)	49,554,079	47,893,398
		5,963,277,188	3,077,324,271
2 Current assets			
(a) Current investments	4 (xv)	-	345,410,000
(b) Inventories	4 (xvi)	41,123,362	52,483,655
(c) Trade receivables	4 (xvii)	459,004,801	378,764,245
(d) Cash and bank balances	4 (xviii)	30,822,827	38,515,909
(e) Short-term loans and advances	4 (xix)	3,011,269,118	6,574,644,440
(f) Other current assets	4 (xx)	522,491,346	1,343,517,669
		4,064,711,454	8,733,335,918
TOTAL		10,027,988,642	11,810,660,189

See accompanying notes forming part of the financial statements

1 - 24

In terms of our report attached.

FOR DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)


RASHIM TANDON

Partner
Membership No.: 095440



Place : Gurgaon
Date : 19 May, 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS


SOMESH KUMAR MITTAL

Whole-time Director
DIN: 07049789

Place : New Delhi
Date : 19 May, 2016


JASBIR SINGH GREWAL

Director
DIN: 01113910





ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Notes	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
1 Income			
(a) Revenue from operations	4 (xxi)	3,722,734,923	3,588,874,230
(b) Other income	4 (xxii)	900,313,614	726,202,829
Total revenue		4,623,048,537	4,315,077,059
2 Expenses			
(a) Purchase of medical consumables and drugs		940,758,816	1,001,702,807
(b) Decrease in inventories of medical consumables and drugs	4 (xxiii)	3,166,325	3,457,053
(c) Employee benefits expense	4 (xxiv)	1,047,955,352	1,029,992,977
(d) Other expenses	4 (xxv)	1,335,864,874	1,334,023,766
Total expenses		3,327,745,367	3,369,176,603
3 Earnings before interest, tax, depreciation and amortisation (EBITDA) (1-2)		1,295,303,170	945,900,456
4 Finance costs	4 (xxvi)	173,499,935	406,253,978
5 Profit/ (loss) before tax, depreciation and amortisation (3-4)		1,121,803,235	539,646,478
6 Depreciation and amortisation expense	4 (xxvii)	214,936,272	118,872,270
7 Profit/ (loss) before exceptional items and tax (5-6)		906,866,963	420,774,208
8 Exceptional items	23	18,594,098	-
9 Profit/ (loss) before tax (7-8)		888,272,865	420,774,208
10 Tax expenses:			
(a) Current tax		331,219,224	197,458,231
(b) Adjustment of tax relating to earlier years		19,781,648	(6,296,248)
(c) Deferred tax charge / (credit) (includes prior period credit of Rupees 32,440,679 (Previous year Rupees Nil))		(57,492,929)	(23,195,418)
Total tax expenses		293,507,943	167,966,565
11 Profit/ (loss) for the year (9-10)		594,764,922	252,807,643
12 Earnings per share	4 (xxviii)		
[Nominal value of shares Rupees 10 each (Previous year Rupees 10 each)]			
- Basic		297.34	126.38
- Diluted		247.60	105.25

See accompanying notes forming part of the financial statements

1 - 24

As per our report of even date

FOR DELOITTE HASKINS & SELLS LLP

Chartered Accountants

(Firm's Registration No. 117366W/W-100018)



RASHIM TANDON

Partner

Membership No.: 095440



Place : Gurgaon

Date : 19 May, 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS



SOMESH KUMAR MITTAL

Whole-time Director

DIN: 07049789



JASBIR SINGH GREWAL

Director

DIN: 01113910



Place : New Delhi

Date : 19 May, 2016



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Notes	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
Cash flow from operating activities			
Profit before exceptional items and tax		906,866,963	420,774,208
Adjustments for :			
Depreciation and amortization expense		214,936,272	118,872,270
Provision for diminution in investments		-	14,400,000
Loss on sale of assets (net)		1,038,435	3,868,644
Provision for doubtful receivables		67,520,753	87,467,263
Provision for doubtful advances		3,133,480	120,962,738
Provision for contingencies		866,392	5,445,679
Bad debts and sundry balances written off		-	31,102,593
Amortization of finance charges		938,470	1,971,547
Foreign exchange fluctuation gain (net)		-	(85,271,459)
Forward cover premium amortisation		(16,873,645)	(142,980,571)
Unclaimed balances and excess provisions written back		(53,175,299)	(9,713,912)
Wealth tax		-	1,200,000
Interest income		(729,330,942)	(496,331,405)
Interest expense		168,807,247	399,052,248
Operating profit before working capital changes		564,728,126	470,819,843
Movements in working capital :			
Increase in trade receivables		(147,761,309)	(13,575,127)
Decrease/ (increase) in inventories		11,360,293	6,495,474
Decrease/ (increase) in loans and advances		609,683,568	71,732,689
Increase in other assets		16,700,639	(5,174,681)
Decrease in trade payables, other liabilities and provisions		46,624,267	(75,851,312)
Cash generated from/ (used in) operations		1,101,335,584	454,446,886
Direct taxes paid (net of refunds)		(351,000,872)	(188,034,761)
Net cash flows from/ (used in) operating activities (A)		750,334,712	266,089,410
Cash flows from investing activities			
Purchase of fixed assets		(317,673,069)	(153,806,593)
Proceeds from sale of fixed assets		2,977,612	3,278,141
Investment in bank deposits		(4,257,988)	(23,224,349)
Loans to body corporates and others (given)/ repayments received (net)		-	(9,748,062)
Loans to a subsidiary company (given)/ repayments received (net)		3,559,011,600	(306,341,333)
Investment made in fellow subsidiary company		(3,000,000,000)	-
Interest received		1,445,276,195	129,280,769
Net cash flows from/ (used in) investing activities (B)		1,685,334,350	(360,561,427)
Cash flows from financing activities			
Proceeds of long-term borrowings		-	731,741,232
Repayments of long-term borrowings		(1,891,748,958)	(40,000,000)
Repayments of short-term borrowings (net)		(242,548,194)	(56,190,743)
Loan arrangement fees paid		103,512,733	-
Interest paid		(415,977,905)	(522,876,815)
Net cash flows from/ (used in) financing activities (C)		(2,446,762,324)	112,673,674
Net decrease/ (increase) in cash and cash equivalents (A + B + C)		(11,093,262)	18,201,657
Total cash and cash equivalents at the beginning of the year		36,889,778	18,688,121
Cash and cash equivalents at the end of the year	4 (xviii)	25,796,516	36,889,778
Components of cash and cash equivalents:			
Cash on hand		6,572,871	7,035,940
Cheques on hand		-	67,658
Balances with banks on current accounts		19,223,645	29,786,180
Deposits with original maturity for more than 3 months but less than 12 months		5,026,311	-
	4 (xviii)	30,822,827	36,889,778
Less: Deposits not considered as cash equivalents		5,026,311	-
		25,796,516	36,889,778

See accompanying notes forming part of the financial statements

1 - 24

As per our report of even date

FOR DELOITTE HASKINS & SELLS LLP

Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Rashim Tandon

RASHIM TANDON
Partner
Membership No.: 095440



Place : Gurgaon
Date : 19 May, 2016

FOR AND ON BEHALF OF THE BOARD OF DIRECTORS

Somesh Kumar Mittal

SOMESH KUMAR MITTAL
Whole-time Director
DIN: 07049789

Jasbir Singh Grewal

JASBIR SINGH GREWAL
Director
DIN: 01113910

Place : New Delhi
Date : 19 May, 2016

Jasbir Singh Grewal



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (i) Share capital		
Authorised Shares		
2,050,000 (Previous year 2,050,000) Equity Shares of Rupees 10 each	20,500,000	20,500,000
450,000 (Previous year 450,000) 0.01% Compulsory Convertible Preference Shares ("CCPS") of Rupees 10 each	4,500,000	4,500,000
Total authorised share capital	25,000,000	25,000,000
Issued, subscribed and fully paid up shares		
2,000,310 (Previous year 2,000,310) Equity Shares of Rupees 10 each	20,003,100	20,003,100
401,769 (Previous year 401,769) 0.01% CCPS of Rupees 10 each	4,017,690	4,017,690
Total issued, subscribed and fully paid up share capital	24,020,790	24,020,790

Notes :

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

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number	Rupees	Number	Rupees
At the beginning of the year	2,000,310	20,003,100	2,000,310	20,003,100
Outstanding at the end of the year	2,000,310	20,003,100	2,000,310	20,003,100

CCPS

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	Number	Rupees	Number	Rupees
At the beginning of the year	401,769	4,017,690	401,769	4,017,690
Outstanding at the end of the year	401,769	4,017,690	401,769	4,017,690

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of Rupees 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

(c) Terms/ rights attached to preference shares

During the year ended March 31, 2013, the Company issued 401,769 0.01% Compulsory Convertible Preference shares of Rupees 10 each at a premium of Rupees 7,456.98 per share. These shares are convertible into equal number of equity shares, provided price for conversion of Investor CCPS into equity share shall not be less than the investment valuation. The holders of each CCPS shall be entitled to receive dividends in respect of the par value of the Investor CCPS at a rate of 0.01%, payable at the end of period of 15 years from the closing date. Holder of CCPS shall have voting rights relating to liquidation or a resolution or any other matter which directly affects or varies the right of the holders (refer note 13 for put call option embedded in above mentioned CCPS agreement).

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

Equity Shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number	Rupees	Number	Rupees
Fortis Healthcare Limited*, the holding company	2,000,310	20,003,100	2,000,310	20,003,100

*including 50 equity shares held by it's nominees.

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

Equity Shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number	% of Holding	Number	% of Holding
Fortis Healthcare Limited*, the holding company	2,000,310	100%	2,000,310	100%

*including 50 equity shares held by it's nominees.

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

Preference Shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number	% of Holding	Number	% of Holding
International Hospital Limited*	401,769	100%	401,769	100%

*preference shares were originally issued to Kanishka Healthcare Limited, however currently held by International Hospital Limited due to merger of Kanishka Healthcare Limited with International Hospital Limited w.e.f. January 1, 2013.



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (ii) Reserves and surplus		
(a) Capital reserve		
Opening balance	1,068,374,405	1,068,374,405
Closing balance	1,068,374,405	1,068,374,405
(b) Securities premium account		
Opening balance	2,996,014,710	2,996,014,710
Closing balance	2,996,014,710	2,996,014,710
(c) General reserve		
Opening balance	84,820,483	84,820,483
Closing balance	84,820,483	84,820,483
(d) Surplus in the statement of profit and loss		
Balance as per last financial statements	3,221,895,320	2,979,120,393
Add: profit for the year	594,764,922	252,484,928
Less: Depreciation [refer note 3 (a) (net of deferred tax Rupees Nil (Previous year Rupees 4,851,794)]	-	(9,710,001)
Net surplus in the statement of profit and loss	3,816,660,242	3,221,895,320
	7,965,869,840	7,371,104,918
4 (iii) Long-term borrowings		
Secured		
Term loans from banks*	400,000,000	460,000,000
Less: Current maturities of term loans (Refer Note 4(viii))	(120,000,000)	(60,000,000)
	280,000,000	400,000,000
<p>*The term loan has been taken from ICICI Bank @12% p.a. secured against first pari passu charge over movable assets and the second pari passu charge over the current assets of the company. The loan is further secured by irrevocable and unconditional corporate guarantee from Fortis Healthcare Limited. Loan carries a minimum effective rate of 11.50%, payable on monthly basis. The Loan is repayable in 18 structured quarterly installments beginning at the end of seven quarters (December 27, 2014) from first draw down date i.e. March 28, 2013 up to March 27, 2019.</p>		
4 (iv) Other long-term liabilities		
Lease equalisation reserve	689,740	784,050
	689,740	784,050
4 (v) Long-term provisions		
Provision for employees' benefits		
Provision for gratuity (refer note 14)	102,657,000	87,507,000
	102,657,000	87,507,000



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (vi) Short-term borrowings		
(a) Secured		
i Bank overdraft*	150,000,000	-
	150,000,000	-
* The bank overdraft facility limit of Rupees 150,000,000 has been taken from Royal Bank of Scotland ("RBS") at the interest rate of 10.25%, secured against the first charges on current assets and the second charge on the Corporate Guarantee given by Fortis Healthcare Limited.		
(b) Unsecured		
i Loan from a holding company**	-	340,000,000
ii Loan from a fellow subsidiary***	613,000,000	613,000,000
	613,000,000	953,000,000
	763,000,000	953,000,000
** The loan from Fortis Healthcare Limited has been taken on an interest rate of 14% and was repayable on or before March 31, 2016. The loan has been repaid during the year.		
*** The loan from Malar Star Medicare Limited has been taken on an interest rate of 10.50% and repayable on or before March 31, 2017.		
4 (vii) Trade payables		
- Total outstanding dues of micro enterprises and small enterprises	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	527,699,522	484,740,202
	527,699,522	484,740,202
4 (viii) Other current liabilities		
Secured		
(a) Current maturities of long-term borrowings (refer note 4(iii))	120,000,000	60,000,000
Unsecured		
(b) Current maturities of long-term borrowings from related party#	-	1,831,748,958
(c) Interest accrued but not due on borrowings	15,806,457	262,977,115
(d) Payable to related parties	54,425,176	18,037,577
(e) Advances from patients	27,346,695	56,010,329
(f) Payables on purchase of fixed assets	15,931,999	24,810,116
(g) Security deposits received	2,163,000	3,152,617
(h) Statutory payables	31,408,982	66,447,639
(i) Book overdrafts	1,267,718	53,815,912
(j) Lease equalisation reserve	128,868	393,009
(k) Others	109,437	392,588
	268,588,332	2,377,785,860
# Loan of Rupees Nil (Previous year Rupees 1,831,748,958) from holding company at the rate of 14% and was repayable by March 31, 2016. The loan has been repaid during the year.		
4 (ix) Short-term provisions		
Provision for employees' benefits		
- Provision for gratuity (refer note 14)	10,830,000	25,406,000
- Provision for leave encashment	50,683,000	46,896,000
Others		
- Provision for contingencies	911,886	5,176,837
- Provision for litigation (refer note 11)	33,038,532	33,038,532
- Provision for wealth tax	-	1,200,000
	95,463,418	111,717,369
Provision for contingencies :		
Opening balance	5,176,837	2,000,420
Add: provision made during the year	866,392	5,445,679
Less: utilized during the year	5,131,343	2,269,262
Closing balance	911,886	5,176,837



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 4(x)(a): Tangible assets (At Cost) (Owned)

Particulars	Leasehold land (See note i and ii below)	Building	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Vehicles	Total
Gross Block									
At April 1, 2014	39,822,370	541,325,649	390,773,382	1,373,613,313	49,213,377	68,413,916	2,392,049	134,141,828	2,599,695,884
Additions	-	25,267,322	11,804,328	72,225,345	3,905,274	2,214,072	492,431	5,368,707	121,277,479
Disposals	-	-	5,674,026	125,299,832	3,561,207	11,622,243	-	16,979,482	163,136,790
At March 31, 2015	39,822,370	566,592,971	396,903,684	1,320,538,826	49,557,444	59,005,745	2,884,480	122,531,053	2,557,836,573
Additions	-	10,553,931	37,084,617	185,464,570	1,092,136	6,198,637	2,108,795	43,760,380	286,263,066
Disposals	-	-	18,304,245	96,672,360	685,655	514,484	1,348,323	2,247,225	119,772,292
Reclassification (See note iii)	-	672,163	(15,490,811)	(1,702,453)	697,724	(99,707)	15,882,358	40,726	-
At March 31, 2016	39,822,370	577,819,065	400,193,245	1,407,628,583	50,661,649	64,590,191	19,527,310	164,084,934	2,724,327,347
Accumulated depreciation									
At April 1, 2014	-	342,772,845	274,644,264	1,020,828,430	38,863,115	52,575,462	1,879,486	73,860,716	1,805,424,318
Charge for the year	-	12,678,961	19,686,467	67,732,241	1,820,203	11,592,557	938,176	11,347,384	125,795,989
Disposals	-	-	5,186,131	123,670,800	3,451,703	11,591,339	-	12,090,032	155,990,005
At March 31, 2015	-	355,451,806	289,144,600	964,889,871	37,231,615	52,576,680	2,817,662	73,118,068	1,775,230,302
Charge for the year	-	18,570,749	21,795,661	101,632,611	2,758,910	6,668,120	1,494,133	41,975,030	194,895,214
Disposals	-	-	16,454,338	95,739,534	608,682	460,845	928,472	1,564,374	115,756,245
Reclassification (See note iii)	-	(74,498)	(8,751,582)	(592,430)	(239,170)	(229,970)	9,617,375	270,275	-
At March 31, 2016	-	373,948,057	285,734,341	970,190,518	39,142,673	58,553,985	13,000,698	113,798,999	1,854,369,271
Net Block									
At March 31, 2014	39,822,370	198,552,804	116,129,118	352,784,883	10,350,262	15,838,454	512,563	60,281,112	794,271,566
At March 31, 2015	39,822,370	211,141,165	107,759,084	355,648,955	12,325,829	6,429,065	66,818	49,412,985	782,606,271
At March 31, 2016	39,822,370	203,871,008	114,458,904	437,438,065	11,518,976	6,036,206	6,526,612	50,285,935	869,958,076

Notes :

- During the financial year 2005-06, Delhi Development Authority has terminated all the allotment letter lease/ deeds for which the Company has filed appeal in the Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court (refer note 12 (a) and (b)).
- No amortisation is being made in respect of lease hold land, since it has been taken on a perpetual lease.
- Some of the assets have been regrouped during the current year.



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 4(x)(b): Intangible assets (At Cost)

Particulars	Software	(Amounts in Rupees) Total
Gross Block		
At April 1, 2014	46,440,986	46,440,986
Additions	57,358,096	57,358,096
At March 31, 2015	103,799,082	103,799,082
Additions	7,182,329	7,182,329
At March 31, 2016	110,981,411	110,981,411
Amortization		
At April 1, 2014	33,397,760	33,397,760
Charge for the year	7,638,076	7,638,076
At March 31, 2015	41,035,836	41,035,836
Charge for the year	20,041,058	20,041,058
At March 31, 2016	61,076,894	61,076,894
Net Block		
At March 31, 2014	13,043,226	13,043,226
At March 31, 2015	62,763,246	62,763,246
At March 31, 2016	49,904,517	49,904,517



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (xi) Non-current investments (valued at cost unless stated otherwise)		
<u>Trade investments</u>		
<u>Investment in unquoted equity instruments (fully paid up instruments)</u>		
(a) Investment in subsidiaries		
Fortis Asia Healthcare Pte Limited 32,722,596 (Previous year 32,722,596) ordinary shares of SGD 1 each	1,272,051,805	1,272,051,805
Fortis Healthstaff Limited 1,440,000 (Previous year 1,440,000) equity shares of Rupees 10 each	14,400,000	14,400,000
Less: Provision for diminution in value other than temporary	(14,400,000)	(14,400,000)
(b) Investment in unquoted preference instruments (fully paid up instruments) of subsidiary		
Fortis Asia Healthcare Pte Limited 10,000,000 (Previous year Nil) preference shares of SGD 1 each redeemable on expiry of 5 years from date of allotment at a premium of 5%*	345,410,000	-
* The Company has subscribed to the preference shares of Fortis Asia Healthcare Pte. Limited on December 14, 2010. The shares were allotted on December 15, 2010 were redeemable on December 15, 2015 which are now redeemable on March 31, 2019 as per revised addendum dated 14 December 2015 (Also, See Note 4(xv))		
(c) Investments in Preference shares (unquoted)		
Fortis Hospitals Limited 6,000,000 (Previous year Nil) 0.01% Non-Cumulative Compulsory Convertible Preference Shares of face value of Rupees 10 each issued at a premium of Rupees 490 per share. The Preference Shares shall be compulsorily converted into equity shares on expiry of 10 years from date of allotment i.e. on 18th February 2026.	3,000,000,000	-
	4,617,461,805	1,272,051,805
Aggregate amount of unquoted investments	4,617,461,805	1,272,051,805
Aggregate value in diminution in the value of long term investments	14,400,000	14,400,000
4 (xii) Deferred tax assets (net)		
(a) Deferred tax asset arising on account of :		
(b) On difference between book balance and tax balance of fixed assets	61,767,914	46,833,142
(c) Provision for doubtful debts / advances	159,886,933	118,264,850
(d) Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	57,131,539	56,078,686
(e) Others	283,303	400,082
	279,069,689	221,576,760
4 (xiii) Long-term loans and advances		
(Unsecured, considered good)		
(a) Capital advances	12,096,534	13,362,167
(b) Security deposits	12,054,441	12,003,471
(c) Advance income tax (net of provision for taxation of Rupees 1,752,193,442 (previous year Rupees 1,392,850,181))	24,710,588	83,211,867
(d) Balances with government authorities		
- Amount paid under protest to customs, excise and other authorities	15,000,000	49,764,302
- Amount paid under protest to Income tax authorities (Refer note 9)	-	513,961,510
(e) Prepaid expenses	4,319,417	5,596,622
	68,180,980	677,899,939
4 (xiv) Other non-current assets		
(Unsecured, considered good)		
(a) Interest accrued but not due on bank deposits	3,384,176	1,643,048
(b) Unamortised finance charges	1,862,412	2,800,667
(c) Bank deposits with original maturity for more than 12 months	44,307,491	43,449,683
	49,554,079	47,893,398



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (xv) Current investments		
(a) <u>Investment in Preference shares of a subsidiary company (unquoted)</u>		
Fortis Asia Healthcare Pte Limited		
Nil (Previous year 10,000,000) preference shares of SGD 1/- each redeemable on expiry of 5 years from date of allotment at a premium of 5%*	-	345,410,000
* The Company has subscribed to the preference shares of Fortis Asia Healthcare Pte. Limited on December 14, 2010. The shares were allotted on December 15, 2010 were redeemable on December 15, 2015 which are now redeemable on March 31, 2019 as per revised addendum dated 14 December 2015. (Also, See Note 4(xi)(b))		
	-	345,410,000
4 (xvi) Inventories (valued at lower of cost and net realisable value)		
(a) Medical consumables and drugs	41,123,362	44,289,687
(b) Stores and soares	-	8,193,968
	41,123,362	52,483,655
4 (xvii) Trade receivables		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
Unsecured, considered good	188,049,433	212,452,439
Unsecured, considered doubtful	329,425,864	313,947,164
	517,475,297	526,399,603
Less: Provision for doubtful receivables	329,425,864	313,947,164
	188,049,433	212,452,439
(b) Other receivables		
Unsecured, considered good	270,955,368	166,311,806
	459,004,801	378,764,245
4 (xviii) Cash and bank balances		
Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	6,572,871	7,035,940
(b) Cheques on hand	-	67,658
(c) Balances with banks		
- on current accounts	19,223,645	29,786,180
Other bank balances		
(a) Deposit with original maturity for more than 3 months but less than 12 months	5,026,311	1,176,188
(b) Deposit with original maturity for less than 3 months	-	449,943
	30,822,827	38,515,909
4 (xix) Short-term loans and advances		
Unsecured, considered good		
(a) Export incentives receivables	4,819,519	2,734,449
(b) Loans and advances to related parties	65,854,404	29,031,965
(c) Loans and advances to employees	398,822	1,001,022
(d) Prepaid expenses	8,983,673	14,999,030
(e) Advance to suppliers	9,396,205	5,856,172
(f) Other recoverable	24,516,495	64,710,202
(g) Loans to a subsidiary company (refer note 16)	-	6,116,311,600
(h) Loans to body corporates and others	2,897,300,000	340,000,000
	3,011,269,118	6,574,644,440
Unsecured, doubtful		
(a) Export incentives receivables	7,635,834	7,865,336
(b) Loans and advances to related parties	2,346,691	3,012,455
(c) Loans and advances to employees	1,901,382	1,901,382
(d) Advance to Suppliers	1,859,570	2,137,627
(e) Other recoverable	22,132,969	19,076,166
(f) Loans to body corporates and others	96,691,832	95,441,832
	132,568,278	129,434,798
Less: Provision for doubtful advances	132,568,278	129,434,798
	3,011,269,118	6,574,644,440
4 (xx) Other current assets		
(Unsecured, considered good)		
(a) Interest accrued on loans and bank deposits	457,118,703	1,174,805,084
(b) Unamortised premium on forward contracts (net)	-	86,639,088
(c) Unamortised finance charges	935,049	935,264
(d) Accrued income	64,437,594	81,138,233
	522,491,346	1,343,517,669



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
4 (xxi) Revenue from operations		
Sale of services		
(a) In patient	3,546,825.026	3,425,499,129
(b) Out patient	344,554,007	313,945,753
(c) Income from medical services	72,335,466	85,679,987
(d) Income from satellite centers	9,836,678	38,592,592
(e) Income from clinical research	11,095,734	19,097,520
	3,984,646,911	3,882,814,981
Less: Trade discounts	375,308,874	340,171,145
	3,609,338,037	3,542,643,836
Other operating income		
(a) Income from rent	14,470,093	14,609,436
(b) Export benefits (Net of prior period reversal of Rupees Nil (Previous year Rupees 2,716,167) and Includes prior period income of Rupees 21,867,160 (Previous year Rupees Nil))	27,783,057	9,193,403
(c) Sponsorship income	12,808,744	9,079,082
(d) Scrap sale	1,533,520	1,209,836
(e) Sale of plasma	914,850	1,064,294
(f) Liabilities / provisions no longer required written back	53,175,299	9,713,912
(g) Miscellaneous income	2,711,323	1,360,431
	113,396,886	46,230,394
	3,722,734,923	3,588,874,230
4 (xxii) Other income		
(a) Interest on bank deposits	4,758,756	2,736,789
(b) Interest on loan	590,762,254	493,594,616
(c) Interest on income tax refund	133,809,932	-
(d) Foreign exchange fluctuation gain (net)	154,109,027	85,271,459
(e) Forward cover settlement	16,873,645	142,980,571
(f) Miscellaneous income	-	1,619,394
	900,313,614	726,202,829
4 (xxiii) (Increase)/Decrease in inventories of medical consumables and drugs		
(a) Inventory at the beginning of the year	44,289,687	47,746,740
(b) Inventory at the end of the year	41,123,362	44,289,687
	3,166,325	3,457,053
4 (xxiv) Employee benefits expense		
(a) Salaries, wages and bonus	945,994,217	939,184,331
(b) Gratuity expense (refer note 14)	26,106,000	31,645,000
(c) Leave encashment	21,301,000	13,847,272
(d) Contribution to provident and other funds	43,823,795	42,082,961
(e) Staff welfare expenses	9,419,235	2,498,997
(f) Recruitment and training	1,311,105	734,416
	1,047,955,352	1,029,992,977



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
4 (xxv) Other expenses		
(a) Contractual manpower	122,910,490	112,585,065
(b) Power, fuel and water	131,299,016	131,879,521
(c) Housekeeping expenses including consumables	18,808,898	16,021,876
(d) Patient food and beverages	72,812,871	54,824,893
(e) Pathology laboratory expenses	141,110,277	127,507,606
(f) Radiology expenses	24,002,500	23,481,000
(g) Consultation fees to doctors	63,349,689	60,633,326
(h) Professional charges to doctors	267,682,689	163,487,528
(i) Repairs and maintenance		
- Building	2,164,313	4,108,068
- Plant and machinery	66,736,896	54,956,665
- Others	23,875,993	23,553,611
(j) Rent		
- Equipments	26,023,328	38,791,750
- Others	18,426,700	15,092,093
(k) Donations	7,475,738	-
(l) Expenditure on Corporate Social Responsibility	11,681,895	-
(m) Legal and professional fee (See note (i) below)	25,017,955	27,068,100
(n) Travel and conveyance	25,054,479	30,428,318
(o) Rates and taxes	10,071,627	6,992,086
(p) Printing and stationery	15,633,818	19,878,400
(q) Communication	8,646,140	7,563,405
(r) Insurance	16,918,300	20,289,989
(s) Marketing and business promotion	162,038,169	125,439,379
(t) Wealth tax	-	1,200,000
(u) Loss on fixed assets sold / scrapped / written off (Net)	1,038,435	5,979,651
(v) Bad debts and sundry balances written off	-	31,102,593
(w) Provision for doubtful receivables	67,520,753	87,467,263
(x) Provision for doubtful advances	3,133,480	120,962,738
(y) Provision for contingencies	866,392	5,445,679
(z) Provision for diminution in investments	-	14,400,000
(aa) Miscellaneous expenses	1,564,033	2,883,163
	1,335,864,874	1,334,023,766
Note i : Auditor's remuneration comprises (excluding service tax)		
(a) Audit Fee	1,275,000	1,275,000
(b) Quarterly reviews	825,000	825,000
(c) Tax audit fee	300,000	300,000
(d) Other services	-	50,000
(e) Reimbursement of expenses*	168,000	287,000
	2,568,000	2,737,000
* Payment made to auditor for the previous year and reimbursement of expenses paid in current year relates to amount paid to previous auditors of the Company.		
4 (xxvi) Finance costs		
(a) Interest expenses		
- on term loans	48,316,253	58,119,040
- on cash credit	4,356,681	230,164
- on loan from holding company	42,464,105	276,325,965
- on loan from fellow subsidiary	64,541,341	64,377,079
- on income tax demand	9,128,867	-
	168,807,247	399,052,248
(b) Bank charges	3,754,218	5,230,183
(c) Amortisation of finance charges	938,470	1,971,547
	173,499,935	406,253,978
4 (xxvii) Depreciation and amortisation expense		
(a) Depreciation of tangible assets	194,895,214	125,795,989
(b) Amortisation of intangible assets	20,041,058	7,638,076
	214,936,272	133,434,065
(c) Less: Adjusted with surplus in the statement of profit and loss (includes deferred tax Rupees Nil (Previous Year Rupees 4,851,794)) [refer note 3(a)]	-	14,561,795
	214,936,272	118,872,270
4 (xxviii) Earnings per share (EPS)		
(a) Profit as per statement of profit and loss (Rupees)	594,764,922	252,807,643
(b) Weighted average number of equity shares in calculating Basic EPS	2,000,310	2,000,310
(c) Add: Weighted average number of Compulsory convertible preference shares which would be issued on conversion (Refer Note 4(i)(c))	401,769	401,769
(d) Weighted average number of equity shares in calculating Diluted EPS	2,402,079	2,402,079
(e) Basic EPS (Rupees)	297.34	126.38
(f) Diluted EPS (Rupees)	247.60	105.25



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

1. Nature of Operations

Escorts Heart Institute and Research Centre Limited ('EHIRCL' or the 'Company') is a limited company and has been setup to provide the highest standards of cardiac care to patients. The Company has also set up various Heart Command Centers/ Satellite Centers in different parts of the country.

2. Basis of preparation

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

The accounting policies adopted in the preparation of financial statements are consistent with those of previous year.

3. Summary of Significant Accounting Policies

a) Use of estimates

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

Change in estimate in previous year ended 31 March, 2015

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

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

Where the asset had zero remaining useful life on the date of Schedule II becoming effective, i.e., April 1, 2014, its carrying amount, after retaining any residual value, was charged to the opening balance of surplus in the statement of profit and loss, as a result an amount of Rupees 9,710,001 (net of deferred tax credit amounting to Rupees 4,851,794) had been charged to the opening balance of surplus in the statement of profit and loss. The carrying amount of other assets, i.e., assets whose remaining useful life was not nil on April 1, 2014, is depreciated over their remaining useful life.



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

Had the company continued to depreciate the assets at the earlier rates, depreciation would have been higher by Rupees 28,290,399 and profit after tax for the year would have been lower by Rupees 28,290,399.

b) Tangible fixed assets

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

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

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

c) Depreciation on tangible/intangible fixed assets

- i. Depreciation on fixed assets is calculated on a written down value method using the rates arrived at based on the useful lives estimated by the management.

S. No.	Assets	Estimated useful life of asset
1	Plant and machinery	15 years
2	Medical equipments	13 years
3	Furniture and fittings	10 years
4	Computers	3 years
5	Office equipments	5 years
6	Vehicles	8 years
7	Buildings	30 years

- ii. Additions to buildings is depreciated over remaining useful life.
- iii. Cost of software is amortised over a period of 5 years, being the estimated useful life as per the management's estimate.
- iv. No amortisation is being made in respect of lease hold land, since it has been taken on a perpetual lease.
- v. Tools and instruments are depreciated fully in the year of purchase.



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

Change in Accounting Policies in previous year ended 31 March, 2015

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

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

- ii. The Company was previously not identifying components of fixed assets separately for depreciation purposes; rather, a single useful life/ depreciation rate was used to depreciate each item of fixed asset. Due to application of Schedule II to the Companies Act, 2013, the company had changed the manner of depreciation for its fixed assets. Now, the company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. This change did not have any material impact on financial statements of the company for the current year.

d) Intangible assets

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

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

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

e) Impairment of tangible and intangible assets

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



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

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

f) Investments

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

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

g) Inventories

Inventory comprise of medical consumables and drugs and is valued at the lower of cost and the net realisable value after providing for obsolescence and other losses, where considered necessary. Cost is determined on weighted average basis and includes all applicable costs incurred in bringing the material to their present location and condition.

h) Revenue Recognition

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

Operating income

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

Income from satellite centres

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

Income from clinical research

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

Equipment lease rentals and income from rent

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



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

Export benefits

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

Export incentive under various schemes notified by the Government has accounted for on the basis of amounts admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and when there is reasonable certainty to obtain the benefits under the schemes.

Interest

Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable interest rate.

Income from sponsorships

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

i) Leases

Operating lease

Where the Company is the lessee

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

Where the Company is the lessor

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

Finance lease

Where the Company is the lessee

Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalised at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Where the Company is the lessor

Where the Company as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

j) Foreign currency transactions and balances

i) Initial recognition

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

ii) Conversion

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

iii) Exchange differences

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

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

For the purpose of b and c above, the company treats a foreign monetary item as "long-term foreign currency monetary item", if it has a term of 12 months or more at the date of its origination. In accordance with MCA circular dated August 9, 2012, exchange differences for this purpose, are total differences arising on long-term foreign currency monetary items for the period. In other words, the company does not differentiate between exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost and other exchange difference.

iv) Forward exchange contracts entered into to hedge foreign currency risk of an existing asset/ liability

The premium or discount arising at the inception of the forward exchange contract is amortized as an income/expense over the life of contract. Exchange difference on such contracts, except the contracts which are long term foreign currency monetary items, are recognized in the statement of profit and loss in the period in which the exchange rates change. Any profit or loss arising on cancellation or renewal of such forward exchange contract is also recognized as income or expense for the period. Any gain/ loss arising on forward contracts which are long-term foreign currency monetary items are recognized in accordance with paragraph (iii) (b) and (iii) (c).



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

k) Unamortized finance charges

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

l) Retirement and other employee benefits:

Employee benefits include provident fund, gratuity, compensated absences and other incentives.

a. Contribution to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined benefit scheme the contribution of which is being deposited with "Escorts Heart Institute and Research Centre Employees Provident Fund Trust" managed by the Company; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date.

b. Gratuity

For defined benefit plans in the form of gratuity, the cost of providing benefits is determined using the Projected Unit Credit method, with actuarial valuations being carried out at each balance sheet date. Actuarial gains and losses are recognised in the Statement of Profit and Loss in the period in which they occur. Past service cost is recognised immediately to the extent that the benefits are already vested and otherwise is amortised on a straight-line basis over the average period until the benefits become vested. The retirement benefit obligation recognised in the Balance Sheet represents the present value of the defined benefit obligation as adjusted for unrecognised past service cost, as reduced by the fair value of scheme assets. Any asset resulting from this calculation is limited to past service cost, plus the present value of available refunds and reductions in future contributions to the schemes.

c. Compensated absences

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred. The company presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

d. Short-term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include bonus and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.



ESCORTS HEART INSTITUTE AND RESEARCH CENTRE LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

m) Borrowing Cost

Borrowing cost includes interest, amortization of ancillary costs incurred in connection with the arrangement of borrowings and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

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

n) Income Taxes

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

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

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

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

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

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

