

FORTIS HEALTH MANAGEMENT (EAST) LIMITED

AUDITED FINANCIAL STATEMENTS

YEAR ENDED

31 MARCH, 2016

**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF FORTIS HEALTH MANAGEMENT (EAST) LIMITED**

Report on the Financial Statements

We have audited the accompanying financial statements of **FORTIS HEALTH MANAGEMENT (EAST) 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 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 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 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 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 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 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 financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 loss and its cash flows for the year ended on that date.

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) 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.
- f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
- g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
 - i. ~~The Company~~ The Company does not have any pending litigations which would impact its financial position;
 - 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.

Gurgaon, 25 May 2016
RT/JB/2016

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




RASHIM TANDON
Partner
(Membership No. 095540)

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) 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 **FORTIS HEALTH MANAGEMENT (EAST) LIMITED** ("the Company") as of 31 March 2016 in conjunction with our audit of the 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 financial statements, whether due to fraud or error.

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

Meaning of Internal Financial Controls Over Financial Reporting

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



unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 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, 25 May 2016
RT/JB/2016



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) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) The Company has not granted any 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.
- (iv) In our opinion and according to the information and explanations given to us, the Company has not granted any loans or provided guarantees or securities or made investments and consequently provisions of sections 185 and 186 of the Companies Act, 2013 are not 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) According to the information and explanations given to us the requirement to maintain cost records pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended and prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013 is not applicable to the Company.
- (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, 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, Value Added Tax and Customs Duty.
 - (b) There are no dues of Income Tax, Service Tax and cess which have not been deposited as on 31 March 2016 on account of any dispute.



- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) In our opinion and according to the information and explanations given to us, 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 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) The Company has not paid any managerial remuneration during the current year. Accordingly, the provisions of section 197 read with schedule V of the Companies act, 2013 are not applicable to the Company.
- (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 persons connected with him 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)



Rashim Tandon

RASHIM TANDON

Partner

(Membership No. 95540)

Gurgaon, 25 May 2016
RT/JB/2016

FORTIS HEALTH MANAGEMENT (EAST) LIMITED
BALANCE SHEET AS AT MARCH 31, 2016

	Notes No.	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
EQUITY AND LIABILITIES			
1 Shareholders' funds			
(a) Share capital	4 (i)	500,000	500,000
(b) Reserves and surplus	4 (ii)	(62,529,454)	(39,024,862)
		(62,029,454)	(38,524,862)
2 Non-current liabilities			
(a) Long-term borrowings	4 (iii)	87,061,908	74,107,839
(b) Other long-term liabilities	4 (iv)	1,642,854	6,805,361
(c) Long-term provisions	4 (v)	624,000	402,000
		89,328,762	81,315,200
3 Current liabilities			
(a) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	4 (vi)	-	-
- Total outstanding dues of creditors other than micro enterprises and small enterprises	4 (vi)	11,074,656	7,801,235
(b) Other current liabilities	4 (vii)	10,825,112	14,956,663
(c) Short-term provisions	4 (viii)	680,000	626,000
		22,579,768	23,383,898
TOTAL		49,879,076	66,174,236
ASSETS			
1 Non-current assets			
(a) Fixed assets			
- Tangible assets	4 (ix) (a)	25,233,842	32,957,606
- Intangible assets	4 (ix) (b)	3,745,306	678,177
		28,979,148	33,635,783
(b) Long-term loans and advances	4 (x)	7,887,898	7,208,623
		36,867,046	40,844,406
2 Current assets			
(a) Inventories	4 (xi)	651,809	799,056
(b) Trade receivables	4 (xii)	3,850,235	3,125,858
(c) Cash and bank balances	4 (xiii)	6,604,073	16,211,555
(d) Short-term loans and advances	4 (xiv)	1,287,456	3,642,668
(e) Other current assets	4 (xv)	618,457	1,550,694
		13,012,030	25,329,831
TOTAL		49,879,076	66,174,237

See accompanying notes forming part of the financial statements

1 - 12

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.: 095540



Place : Gurgaon
Date : May 25, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS


HARINDER SINGH CHEHAL
Director
DIN 05148823


RAJIV KUMAR DUA
Director
DIN 06974102

Place : Gurgaon
Date : May 25, 2016





FORTIS HEALTH MANAGEMENT (EAST) LIMITED
STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

	Notes No.	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
1 Income			
(a) Revenue from operations	4 (xvi)	122,191,741	111,915,559
(b) Other income	4 (xvii)	121,523	24,918
Total revenue		122,313,264	111,940,477
2 Expenses			
(a) Purchase of medical consumables and drugs	4 (xviii)	14,411,854	12,670,446
(b) Decrease/ (increase) in inventories of medical consumables and drugs	4 (xix)	147,247	(7,468)
(c) Employee benefits expense	4 (xx)	20,536,035	17,597,785
(d) Other expenses	4 (xxi)	87,284,880	73,301,562
Total expenses		122,380,016	103,562,325
3 Earnings before interest, tax, depreciation and amortization (EBITDA) (1-2)		(66,752)	8,378,152
4 Finance costs	4 (xxii)	10,147,157	8,037,959
5 (Loss)/ Profit before tax, depreciation and amortisation (3-4)		(10,213,909)	340,193
6 Depreciation and amortisation expense	4 (xxiii)	12,856,714	16,901,657
7 Loss before exceptional items and tax (5-6)		(23,070,623)	(16,561,464)
8 Exceptional items	4 (xxiv)	433,969	-
9 Loss before tax (7-8)		(23,504,592)	(16,561,464)
10 Tax expenses:			
(a) Current tax		-	-
(b) Deferred tax charge / (credit) (net)		-	-
Total tax expenses		-	-
11 Loss for the year (9-10)		(23,504,592)	(16,561,464)
12 Loss per share	4 (xxv)		
- Basic and Diluted		(470.09)	(331.23)

See accompanying notes forming part of the financial statements

1 - 12

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.: 095540

Place : Gurgaon
Date : May 25, 2016



FOR AND ON BEHALF OF BOARD OF DIRECTORS


HARINDER SINGH CHEHAL
Director
DIN 05148823

Place : Gurgaon
Date : May 25, 2016


RAJIV KUMAR DUA
Director
DIN 06974102



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

	Notes No.	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
A. Cash flow from operating activities			
Loss before exceptional items and tax		(23,070,623)	(16,561,464)
Adjustments for:			
Depreciation and amortization expense		12,856,714	16,901,657
Interest expense		9,772,359	7,697,997
Operating loss before working capital changes		(441,550)	8,038,190
Movements in working capital :			
(Increase)/decrease in trade receivables		(724,377)	(951,137)
(Increase)/ decrease in inventories		147,247	(7,468)
Decrease in loans and advances		2,355,212	3,924,558
Decrease in other assets		932,237	6,801,980
Decrease in trade payables, other liabilities and provisions		(1,016,099)	(5,988,881)
Operating profit/(loss) before working capital changes		1,252,670	11,817,242
Direct taxes paid (net of refunds)		(944,522)	-
Net cash flows from/ (used in) operating activities (A)		308,148	11,817,242
B. Cash flows from investing activities			
Capital expenditure on fixed assets, including capital advances		(7,934,832)	(16,718,159)
Net cash flows from/ (used in) investing activities (B)		(7,934,832)	(16,718,159)
C. Cash flows from financing activities			
Proceeds from long-term borrowings		14,808,137	21,273,452
Repayments of long-term borrowings		(1,854,068)	(2,099,547)
Interest paid		(14,934,866)	(4,266,088)
Net cash flows from/ (used in) financing activities (C)		(1,980,797)	14,907,817
Net increase / (decrease) in Cash and cash equivalents (A+B+C)		(9,607,481)	10,006,900
Total cash and cash equivalents at the beginning of the year	4 (xiii)	16,211,555	6,204,655
Add: Cash and cash equivalents acquired in respect of business unit		-	-
Cash and cash equivalents at the end of the year	4 (xiii)	6,604,074	16,211,555
* Cash and cash equivalents at the end of the year comprises:			
Cash on hand		79,490	312,272
Balances with banks on current accounts		6,524,583	15,899,283
Current investments considered as part of Cash and cash equivalents		-	-
Total		6,604,073	16,211,555

See accompanying notes forming part of the financial statements

1 - 12

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.: 095540



Place : Gurgaon
Date : May 25, 2016

FOR AND ON BEHALF OF BOARD OF DIRECTORS

 
HARINDER SINGH CHEHAL **RAJIV KUMAR DUA**
Director Director
DIN 05148823 DIN 06974102

Place : Gurgaon
Date : May 25, 2016



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4(i) Share capital		
Authorised shares (Nos.)		
5,000,000 (Previous year 5,000,000) Equity shares of Rs. 10 each	50,000,000	50,000,000
Total authorised share capital	<u>50,000,000</u>	<u>50,000,000</u>
Issued, subscribed and fully paid up shares (Nos.)		
50,000 (Previous year 50,000) Equity shares of Rs. 10 each full paid up	500,000	500,000
Total issued, subscribed and fully paid up share capital	<u>500,000</u>	<u>500,000</u>

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

Equity Shares

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number	Rupees	Number	Rupees
At the beginning of the year	50,000	500,000	50,000	500,000
Issued during the year	-	-	-	-
Outstanding at the end of the year	50,000	500,000	50,000	500,000

(b) Terms/ rights attached to equity shares

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

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

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

Equity Shares

Name of Shareholder	As at March 31, 2016		As at March 31, 2015	
	Number	Rupees	Number	Rupees
Fortis Hospitals Limited*	44,000	440,000	44,000	440,000

*including 6 equity shares held by its nominees

(d) 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	
	Numbers	% of Holding	Numbers	% of Holding
Fortis Hospitals Limited*, the holding company	44,000	88%	44,000	88%
Dr. Alok Chopra	3,000	6%	3,000	6%
Dr. Ashwani Chopra	3,000	6%	3,000	6%

*including 6 equity shares held by its nominees

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



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (ii) Reserves and surplus		
(a) Deficit in the statement of profit and loss		
Opening balance	(39,024,862)	(21,704,479)
Add: Profit/(loss) for the year	(23,504,592)	(16,561,464)
Less: Depreciation (refer note 3(a))	-	(758,919)
Net deficit in statement of profit and loss	(62,529,454)	(39,024,862)
4 (iii) Long-term borrowings		
Unsecured		
(a) Finance lease obligation*	8,561,908	10,415,976
(b) Loan from holding company**	78,500,000	63,691,863
	87,061,908	74,107,839
<p>* The interest rate implicit in the lease is 12.5% p.a. The gross investment in lease i.e., lease obligation plus interest is payable in monthly installments of Rs. 250,000 each over the period of 12 years and balance 104 installments (previous year 116 installments) are pending as per terms of lease arrangement.</p> <p>**The loan from holding company carries interest at 12.50% p.a. and based on revised terms is repayable after March 31, 2017.</p>		
4 (iv) Other long-term liabilities		
(a) Interest accrued but not due on borrowings	1,642,854	6,805,361
	1,642,854	6,805,361
4 (v) Long-term provisions		
(a) Provision for employees benefits		
- Provision for gratuity (refer note 7)	624,000	402,000
	624,000	402,000
4 (vi) Trade payables		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 11)	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	11,074,654	7,801,235
	11,074,654	7,801,235
4 (vii) Other current liabilities		
(a) Current maturities of finance lease obligation (refer note 4(iii) above)	1,854,069	2,099,548
(b) Interest accrued and due on borrowings	1,020,414	-
(c) Advances from patients	222,000	850,500
(d) Payable to related parties	6,475,082	10,728,200
(e) Other payables		
- Statutory remittances (Contributions to PF and ESIC, Withholding Taxes etc.)	1,253,547	1,278,415
	10,825,112	14,956,663
4 (viii) Short-term provisions		
(a) Provision for employees benefits		
- Provision for gratuity (refer note 7)	3,000	2,000
- Provision for compensated absences	677,000	624,000
	680,000	626,000



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

Note 4(ix)(a): Tangible assets (At Cost)

Particulars	Assets taken under finance lease				Sub-total		Owned assets				Sub-total	Total
	Plant and machinery	Medical equipments	Furniture and fittings	Computers	Office equipments		Office equipments	Computers	Furniture and fittings	Medical equipments	Leasehold Improvements	Plant and machinery
Gross block												
At April 1, 2014	3,292,394	12,876,362	978,036	539,836	1,065,106	18,751,734	2,045,618	478,450	278,176	10,791,939	11,185,331	2,591,874
Additions	-	-	-	-	-	-	315,747	60,550	228,021	5,987,727	8,111,323	-
At March 31, 2015	3,292,394	12,876,362	978,036	539,836	1,065,106	18,751,734	2,361,365	539,000	506,197	16,779,666	19,296,654	2,591,874
Additions	-	-	-	-	-	-	165,483	491,212	23,062	3,404,589	359,228	-
At March 31, 2016	3,292,394	12,876,362	978,036	539,836	1,065,106	18,751,734	2,526,848	1,030,212	529,259	20,184,255	19,655,882	2,591,874
Depreciation												
At April 1, 2014	981,319	6,910,683	172,574	363,794	331,352	8,759,722	42,193	3,050	8,482	174,634	1,324,042	29,582
Charge for the year	738,244	4,263,783	321,053	176,042	631,422	6,130,544	541,824	186,522	42,406	1,104,967	9,347,012	173,905
At March 31, 2015	1,719,563	11,174,466	493,627	539,836	962,774	14,890,266	584,017	189,572	50,888	1,279,601	10,671,054	203,487
Charge for the year	146,256	356,445	87,412	-	64,859	654,971	493,651	287,170	51,423	1,522,503	8,984,828	172,791
At March 31, 2016	1,865,819	11,530,911	581,039	539,836	1,027,633	15,545,237	1,077,668	476,742	102,311	2,802,104	19,655,882	376,278
Net block												
At March 31, 2015	1,572,831	1,701,896	484,409	-	102,332	3,861,468	1,777,348	349,428	455,309	15,500,065	8,625,600	2,388,387
At March 31, 2016	1,426,575	1,345,451	396,997	-	37,473	3,206,497	1,449,180	553,470	426,948	17,382,151	-	2,215,596

4 (ix) (b) : Intangible assets

	Software	Total
Gross block		
At April 1, 2014	-	-
Additions	811,573	811,573
At March 31, 2015	811,573	811,573
Additions	3,756,506	3,756,506
At March 31, 2016	4,568,079	4,568,079
Amortisation		
At April 1, 2014	-	-
Charge for the year	133,396	133,396
At March 31, 2015	133,396	133,396
Charge for the year	689,377	689,377
At March 31, 2016	822,773	822,773
Net Block		
At March 31, 2015	678,177	678,177
At March 31, 2016	3,745,306	3,745,306



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	As at March 31, 2016 (Rupees)	As at March 31, 2015 (Rupees)
4 (x) Long-term loans and advances		
Unsecured, considered good		
(a) Capital advances	29,243	294,490
(b) Security deposits	6,000,000	6,000,000
(c) Advance income tax	1,858,655	914,133
	7,887,898	7,208,623
4 (xi) Inventories (valued at lower of cost and net realisable value)		
(a) Medical consumables and drugs	651,809	799,056
	651,809	799,056
4 (xii) Trade receivables		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	977,860	704,459
- Unsecured considered doubtful	1,098,248	1,017,628
	2,076,108	1,722,087
Less: Provision for doubtful receivables	1,098,248	1,017,628
	977,860	704,459
(b) Other receivables		
- Unsecured, considered good	2,872,375	2,421,399
	2,872,375	2,421,399
	3,850,235	3,125,858
4 (xiii) Cash and bank balances		
Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(a) Cash on hand	79,490	312,272
(b) Balances with banks		
- on current accounts	6,524,583	15,899,283
	6,604,073	16,211,555
4 (xiv) Short-term loans and advances		
Unsecured, considered good		
(a) Prepaid expenses	918,437	473,242
(b) Loans and advances to employees	17,564	187,241
(c) Others		
- Advance Rent	-	2,982,185
- Other recoverable	351,455	-
	1,287,456	3,642,668
4 (xv) Other current assets		
Unsecured, considered good		
(a) Accrued income	618,457	1,550,694
	618,457	1,550,694



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
4 (xvi) Revenue from operations		
Sale of services		
(a) In patient	101,122,284	93,163,935
(b) Out patient	21,431,302	17,123,404
	122,553,586	110,287,339
Less: Trade discounts	862,245	1,222,980
	121,691,341	109,064,359
Other operating income		
(a) Income from rent (refer note 6(c))	500,400	2,851,200
	500,400	2,851,200
	122,191,741	111,915,559
4 (xvii) Other income		
(a) Miscellaneous income	121,523	24,918
	121,523	24,918
4 (xviii) Purchase of medical consumables and pharmacy		
Purchase of medical consumables and pharmacy	14,411,854	12,670,446
	14,411,854	12,670,446
4 (xix) Decrease/ (increase) in inventories of medical consumables and drugs		
(a) Inventory at the beginning of the year	799,056	791,588
(b) Inventory at the end of the year	651,809	799,056
	147,247	(7,468)
4 (xx) Employee benefits expense		
(a) Salaries, wages and bonus	18,371,514	15,021,352
(b) Gratuity expense (refer note 7)	223,000	214,000
(c) Leave encashment	195,112	373,873
(d) Contribution to provident and other funds	1,343,463	1,296,422
(e) Staff welfare expenses	402,946	692,138
	20,536,035	17,597,785



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016

	Year ended March 31, 2016 (Rupees)	Year ended March 31, 2015 (Rupees)
4 (xxi) Other expenses		
(a) Consultation fees to doctors	20,766,750	15,856,903
(b) Rent		
- Hospital building (refer note 6(b))	14,812,922	14,668,020
- Others	448,940	65,742
(c) Professional charges to doctors	14,710,584	13,589,971
(d) Pathology laboratory expenses	12,297,907	12,584,798
(e) Contractual manpower	5,607,932	4,452,249
(f) Power, fuel and water	4,573,781	4,220,310
(g) Repairs and maintenance		
- Building	629,383	495,096
- Plant and machinery	1,721,505	142,688
- Others	627,930	649,343
(h) Marketing and business promotion	2,900,172	481,527
(i) Patient food and beverages	1,673,570	1,538,336
(j) Legal and professional fee (refer note below)	1,632,185	1,005,031
(k) Travel and conveyance	663,777	476,726
(l) Insurance	666,749	592,741
(m) Provision for doubtful debts and advances	171,005	158,652
(n) Rates and taxes	75,209	18,213
(o) Miscellaneous expenses	3,304,579	2,305,216
	87,284,880	73,301,562

Note:- Payment to auditor (excluding service tax)*

(a) Statutory audit fee	375,000	375,000
(b) Tax audit fee	75,000	75,000
(c) Reimbursement of expenses*	24,728	15,351

*Payment made to auditor for the previous year and reimbursement of expenses paid in current year relates to amounts paid to previous auditors.

4 (xxii) Finance costs

(a) Interest on finance lease	900,423	622,406
(b) Interest on loan	8,871,936	7,075,591
(c) Bank charges	374,798	339,962
	10,147,157	8,037,959

4 (xxiii) Depreciation and amortisation expense

Depreciation of tangible assets	12,167,337	17,527,180
Amortisation of intangible assets	689,377	133,396
	12,856,714	17,660,576
Less: Adjusted with opening balance of surplus in the statement of profit and loss (refer note 3 (a))	-	758,919
	12,856,714	16,901,657

4 (xxiv) Exceptional and extraordinary Items

Statutory Bonus (refer note below)	433,969	-
	433,969	-

Note :- Statutory bonus recorded as an exceptional item represents the amounts accrued for incremental bonus payable to existing and deemed employees by the Company for the period from April 1, 2014 to December 31, 2015 due to enactment of The Payment of Bonus (Amendment) Act, 2015 with retrospective effect from April 1, 2014.

4 (xxv) Earnings per share (EPS)

Loss as per statement of profit and loss (Rupees)	(23,504,592)	(16,561,464)
Weighted average number of equity shares in calculating Basic and Diluted EPS	50,000	50,000
* (Numbers)		
Par Value per share (Rupees)	10	10
Basic and diluted EPS (Rupees)	(470.09)	(331.23)

* The Company does not have any potential dilutive shares outstanding at the year end.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH, 2016

1. Nature of operations

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

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.

As at March 31, 2016, the Company has share capital of Rs. 500,000 and accumulated losses of Rs. 62,529,455. Additional funds would be made available from Fortis Healthcare Limited ('FHL'), the holding company of Fortis Hospitals Limited immediate holding company, for which FHL has provided appropriate assurances to the management. Management, based on continuing financial and operational support from FHL, has prepared these financial statements on a going concern basis and does not consider need for any adjustments to the carrying value of assets and liabilities. FHL has provided the management a letter of support for continuing financial and operational support for the foreseeable future which covers one year from the date of approval of the financial statements of the Company by the Board of Directors.

3. Summary of significant accounting policies

a. Use of estimates

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

Change in Estimate

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

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

In the previous year, where the asset had zero remaining useful life on the date of Schedule II becoming effective, i.e., April 01, 2014, its carrying amount, after retaining any residual value, was charged to the opening balance of the deficit in the statement of profit & loss for the financial year 2014 - 2015. The carrying amount of other assets whose remaining useful life was not nil on April 01, 2014, are depreciated over their revised remaining useful life.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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b. Inventories

Inventory of Medical consumables and drugs are valued at lower of cost and net realizable value. Cost is determined on Weighted Average basis. Cost includes all charges in bringing the goods to the point of sale, including octroi and other levies, transit insurance and receiving charges. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

c. Cash and cash equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

d. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

e. Depreciation on tangible and intangible fixed assets

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

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

- ii) Depreciation on asset taken on finance lease are provided over the period of lease of 3 years or over the useful lives of the respective fixed assets, whichever is lower.
- iii) Cost of software is amortized over a period of 3 years, being the useful life as per the management estimates.

f. Change in Accounting Policies in the previous year ended 31 March 2015

- i) Till the financial year ended 31 March 2014 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 in the previous year had changed the manner of depreciation for its fixed assets. Accordingly, the Company identified and determined separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. This change in accounting policy did not have any material impact on financial statements of the Company for the previous year.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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- ii) Till the year ended March 31, 2014, to comply with the requirements of Schedule XIV to the Companies Act, 1956, the Company was charging 100% depreciation on assets costing less than Rs. 5,000 in the year of purchase. However, Schedule II to the Companies Act 2013, applicable from the previous year, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company in the previous year had changed its accounting policy for depreciation of assets costing less than Rs. 5,000. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. In the previous year, the management had decided to apply the revised accounting policy prospectively from accounting periods commencing on or after April 01, 2014. The change in accounting for depreciation of assets costing less than Rs. 5,000 did not have any material impact on financial statements of the Company for the previous year.

g. Revenue recognition

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

Operating Income

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

Income from Rent

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

Interest

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

h. Tangible fixed assets

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

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

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

Fixed assets retired from active use and held for sale are stated at the lower of their net book value and net realisable value and are disclosed separately.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
NOTES FORMING PART OF THE FINANCIAL STATEMENTS
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Intangible assets

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

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

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

i. Retirement and other employee benefits:

Employee benefits include provident fund, employee state insurance scheme, gratuity, compensated absences and other incentives.

i) Contributions to provident fund

The Company makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme for certain employees, the contributions for these employees are charged to the statement of profit and loss of the year when an employee renders the related service.

ii) Defined benefit plans

For defined benefit plans in the form of gratuity fund, 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.

iii) 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. 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.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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iv) Long-term employee benefits

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.

j. Borrowing cost

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

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

k. Segment reporting

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

l. Leases

Where the Company is the lessee

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

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

m. Earnings per share

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

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.



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

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

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

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

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

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

o. 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 profit & 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 recognized in the statement of profit and loss.
- ii) After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.



FORTIS HEALTH MANAGEMENT (EAST) LIMITED
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- 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.

p. Provisions and contingencies

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

q. Measurement of EBITDA

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

r. Contingent liabilities

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements.

s. Operating cycle

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



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5. Related party Disclosures

Names of related parties and related party relationship

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

Transactions during the year:

Transaction details	(Amount in Rupees)	
	Year ended March 31, 2016	Year ended March 31, 2015
Pathology laboratory expenses:		
SRL Limited (Fellow subsidiary)	8,052,037	7,389,545
SRL Diagnostics Private Limited (Fellow subsidiary)	1,002,260	4,744,980
Rental Income during the year		
SRL Diagnostics Private Limited (Fellow subsidiary)	500,400	2,851,200
Consultation fees to doctors		
Fortis Hospitals Limited (Holding Company)	29,610	114,725
Fortis Healthcare Limited (Holding Company)	108,081	-
Expenses incurred on behalf of company by related party :		
Fortis Hospitals Limited (Holding Company)	30,545	95,440
Expenses incurred by the Company on behalf of related party (Doctor Charges) :		
Fortis Healthcare Limited (Holding Company)	637,399	-
Interest expenses on loan taken from		
Fortis Hospitals Limited (Holding Company)	7,182,587	7,075,591
Loan taken during the year		
Fortis Hospitals Limited (Holding Company)	83,988,922	21,873,452
Loan Repaid during the year		
Fortis Hospitals Limited (Holding Company)	75,986,147	-
Purchase of Intangible Fixed Assets on behalf of Company by Related Party		
Fortis Healthcare Limited (Holding Company)	3,426,988	-



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Balance outstanding at the year ended:

	(Amount in Rupees)	
	As at March 31, 2016	As at March 31, 2015
Trade Payable		
SRL Limited (Fellow subsidiary company)	1,158,600	556,902
SRL Diagnostics Private Limited (Fellow subsidiary company)	-	470,322
Other current liabilities:		
Fortis Healthcare Limited (Holding Company)	4,932,926	2,035,256
Fortis Hospitals Limited (Holding Company)	1,542,155	8,692,944
Interest Accrued but not due on borrowings		
Fortis Hospitals Limited (Holding Company)	1,624,854	6,805,361
Long term Borrowings:		
Fortis Hospitals Limited (Holding Company)	78,500,000	63,691,863

6. Leases

a) Finance lease: Company as lessee

The Company has obtained certain fixed assets on finance lease. The total minimum lease payment during the year is Rupees 3,000,000 (Previous year Rupees 3,000,000) and total finance charges recognized in the statement of profit and loss for the year is Rupees 900,423 (Previous year Rupees 622,406).

Particulars	As at March 31, 2016 Rupees.	As at March 31, 2015 Rupees
Minimum lease payments (MLP):		
Not later than one year	3,000,000	3,000,000
Later than one year but not later than five years	12,000,000	12,000,000
Later than five years	10,808,331	13,808,331
Sub total	25,808,331	28,808,331
Less: Amounts representing finance charges	15,392,355	16,292,807
Present value of minimum lease payments	10,415,977	12,515,524
Present value of MLP :		
Not later than one year	1,854,069	2,099,547
Later than one year but not later than five years	5,487,304	6,213,911
Later than five years	3,074,604	4,202,066
Present value of minimum lease payments	10,415,977	12,515,524



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b) Operating lease: Company as lessee

The Company has obtained hospital building on operating lease. The total lease payment in respect of such leases recognized in the statement of profit and loss for the period is Rupees 14,812,922 (Previous Year Rupees 14,668,020).

Particulars	As at March 31, 2016 Rupees	As at March 31, 2015 Rupees
Minimum lease payments :		
Not later than one year	-*	8,556,345
Later than one year but not later than five years	-	-

* The Lease agreement toward the hospital unit of the Company expired on 31 October 2015. The Company based on mutual understanding has extended the lease for the period up to 31 March 2016. The Company plans to continue the lease and is in discussion with the lessor for terms of future lease and does not foresee any risk of discontinuance.

c) Operating lease: Company as lessor

The Company had sub- leased some portion of hospital premises. The agreements was terminated by the Company during the year. The total lease income received in respect of the above leases recognised in the statement of profit and loss is mentioned below.

Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
Lease income received during the year	500,400	2,851,200

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

Defined Benefit Plan

The Company has a defined benefit gratuity plan, where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service, subject to a maximum limit of Rupees 1,000,000 in terms of the provisions of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service. The Company also provides leave encashment benefit to its employees which is unfunded. The following table summaries the components of net benefit expenses recognised in the statement of profit and loss and the amounts recognized in the balance sheet.

Particulars	Year ended March 31, 2016 Rupees	Year ended March 31, 2015 Rupees
Net employee benefit expenses (recognized in Personnel Expenses)		
Current Service cost	268,000	222,000
Interest Cost on benefit obligation	31,000	18,000
Expected return on plan assets	-	-
Actuarial loss/(gain) recognised during the year	(85,000)	(26,000)
Past Service Cost	9,000	-
Net benefit expense	223,000	214,000
Actual return on plan assets	NA	NA



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Particulars	As at	As at
	March 31, 2016	March 31, 2015
	Rupees	Rupees
Balance sheet		
Details of Provision for Gratuity as at year end		
Present value of defined benefit obligation	627,000	404,000
Fair value of plan assets	NA	NA
Surplus/(deficit) of funds	(627,000)	(404,000)
Net asset/ (liability)	(627,000)	(404,000)

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

Opening defined benefit obligation	404,000	190,000
Current Service cost	268,000	222,000
Interest Cost on benefit obligation	31,000	18,000
Plan amendments Cost/credit	9,000	-
Actuarial loss/(gain) recognised during the year	(85,000)	(26,000)
Closing defined benefit obligation	627,000	404,000

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

Discount rate	7.75%	7.75%
Expected rate of return on plan assets*	NA	NA
Expected rate of salary increase	7.50%	7.50%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (modified) ULT	Indian Assured Lives Mortality (2006-08) (modified) ULT

Withdrawal / Employee Turnover Rate

Up to 30 years	18%	18%
Up to 44 years	6%	6%
Above 44 years	2%	2%

*Plan is unfunded



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

Particulars	(Amount in Rupees)				
	31-Mar-16	31-Mar-15	Year ended 31-Mar-14	31-Mar-13	31-Mar-12*
Defined benefit obligation at the end of the period	(627,000)	(404,000)	(190,000)	(96,000)	-
Plan assets at the end of the period	-	-	-	-	-
Surplus/ (deficit)	(627,000)	(404,000)	(190,000)	(96,000)	-
Experience gain/ (loss) adjustment on plan liabilities	85,000	84,000	169,000	-	-
Experience gain/ (loss) adjustment on plan assets	-	-	-	-	-
Actuarial gain/ (loss) due to change on assumptions	-	(58,000)	24,000	-	-

* Not Applicable.

8. Commitments

Particulars	As at March 31, 2016	As at March 31, 2015
	Rupees	Rupees
Estimated amount of contracts remaining to be executed on capital account and not provided [net of capital advances of Rs. 29,243(Previous years Rs. 294,490)]	185,269	2,440,506

For commitments relating to lease arrangements, refer note 6.

The Company has no commitments for sale of services and employee benefits, in normal course of business. The Company does not have any long term commitments/contracts including derivative contracts for which there could be any material foreseeable losses.

9. Contingent liabilities

The Company does not have any pending litigations which would impact its financial position.

10. Material consumed (including medical consumables and drugs)

Particulars	Year ended March 31, 2016	Year ended March 31, 2016	Year ended March 31, 2015	Year ended March 31, 2015
	% of total consumption	Rupees	% of total consumption	Rupees
Indigenous*	100%	14,559,101	100%	126,62,978
Imported	-	-	-	-
Total	100%	14,559,101	100%	126,62,978



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11. Value of imports calculated on CIF basis


Particulars	Year ended March 31, 2016	Year ended March 31, 2015
	Rupees	Rupees
Capital goods	1,700,464	3,299,618

- 12.** Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification. Figures of the previous year ended March 31, 2015 was audited by another firm of chartered accountant.

FOR AND ON BEHALF OF BOARD OF DIRECTORS


HARINDER SINGH CHEHAL

Director
DIN 05148823


RAJEEV KUMAR DUA

Director
DIN 06974102

Place : Gurgaon
Date : May 25, 2016

