

**FORTIS HOSPITALS LIMITED**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED 31 MARCH, 2016**

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF FORTIS HOSPITALS LIMITED**

### **Report on the Standalone Financial Statements**

We have audited the accompanying standalone financial statements of **FORTIS HOSPITALS 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 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 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 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 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 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 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 has disclosed the impact of pending litigations on its financial position in its financial statements - Refer note 9 forming part of the financial statements.
    - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses - Refer note 8 forming part of the financial statements.



## **Deloitte Haskins & Sells LLP**

- iii. ~~There were~~ no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company - Refer note 8 forming part of the financial statements.
2. As required by the Companies (Auditor's Report) Order, 2016 ("CARO 2016" or "the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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



Gurgaon, 24 May 2016  
RT/JB/2016

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

**RASHIM TANDON**  
Partner  
(Membership No. 095540)



**ANNEXURE "A" TO THE INDEPENDENT AUDITORS' 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 HOSPITALS 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)



**RASHIM TANDON**

Partner

(Membership No. 095540)

Gurgaon, 24 May 2016  
RT/JB/2016

**"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/assignment deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date. In respect of immovable properties of buildings that have been taken on lease and disclosed as fixed asset in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (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, *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 are 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, Sales Tax, Value Added Tax, Customs Duty and cess to the appropriate authorities.

We are informed that the operations of the Company during the period did not give rise to any liability for Excise Duty and there were no undisputed amounts payable in respect of these statutory dues in arrears as at 31 March, 2016 for a period of more than six months from the date they became payable.

(b) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax 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 in lacs)	Amount Unpaid
The West Bengal Value Added Tax Act, 2003	Value Added tax and interest thereon	Value Added Tax Tribunal, West Bengal	2011-12	167.08	157.08
Rajasthan Value Added Tax Act, 2003	Value Added tax and interest thereon	High Court of Rajasthan	2011-12 & 2012-13	502.18	502.18
Income Tax Act, 1961	Income tax & interest thereon	Deputy Commissioner of Income Tax, Delhi	2012-13	257.58	257.58

We are informed that there were no disputed amounts payable in respect of Service tax, Customs duty, Sales tax and Cess 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 the repayment of loans or borrowings to banks. The Company has not taken any loan or borrowing from financial institutions and government and has not issued any debentures.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised.
- (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 and hence reporting under clause (xi) of the CARO 2016 is not applicable.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.



## Deloitte Haskins & Sells LLP

(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) According to the information and explanations given to us, the Company has made private placement of fully Convertible preference shares during the year under review.

In respect of the above issue, we further report that:

a) the requirement of Section 42 of the Companies Act, 2013, as applicable, have been complied with; and

b) the amounts raised have been applied by the Company during the year for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Gurgaon, 24 May 2016  
RT/JB/2016



**RASHIM TANDON**

Partner

(Membership No. 095540)



**FORTIS HOSPITALS LIMITED**  
**BALANCE SHEET AS AT MARCH 31, 2016**

Particulars	Notes	As at March 31, 2016 Rupees in lacs	As at March 31, 2015 Rupees in lacs
<b>A EQUITY AND LIABILITIES</b>			
<b>1 Shareholders' funds</b>			
a) Share capital	4 (i)	4,630.06	4,030.06
b) Reserves and surplus	4 (ii)	<u>58,932.29</u>	<u>44,701.03</u>
		<b>63,562.35</b>	<b>48,731.09</b>
<b>2 Non-current liabilities</b>			
a) Long-term borrowings	4 (iii)	17,865.11	23,768.29
b) Deferred tax liabilities (net)	4 (iv)	-	1,520.40
c) Other long term liabilities	4 (v)	794.02	1,213.38
d) Long-term provisions	4 (vi)	<u>1,213.80</u>	<u>987.29</u>
		<b>19,872.93</b>	<b>27,489.36</b>
<b>3 Current liabilities</b>			
a) Short-term borrowings	4 (vii)	91,480.76	81,081.60
b) Trade payables			
- Total outstanding dues of micro enterprises and small enterprises	4 (viii)	-	25.97
- Total outstanding dues of creditors other than micro enterprises and small enterprises	4 (viii)	28,548.31	27,430.08
c) Other current liabilities	4 (ix)	33,854.33	26,885.61
d) Short-term provisions	4 (x)	<u>1,279.38</u>	<u>1,089.88</u>
		<b>155,162.78</b>	<b>136,513.14</b>
<b>TOTAL</b>		<b>238,598.06</b>	<b>212,733.59</b>
<b>B ASSETS</b>			
<b>1 Non-current assets</b>			
a) Fixed assets			
- Tangible assets	4 (xi) (a)	64,714.11	59,117.99
- Intangible assets	4 (xi) (b)	49,568.24	46,942.91
- Capital work-in-progress		<u>1,554.76</u>	<u>5,434.22</u>
		<b>115,837.11</b>	<b>111,495.12</b>
b) Non-current investments	4 (xii)	9,515.71	8,359.71
c) Long-term loans and advances	4 (xiii)	59,726.86	39,564.15
d) Other non-current assets	4 (xiv)	<u>3,068.13</u>	<u>2,754.05</u>
		<b>188,147.81</b>	<b>162,173.03</b>
<b>2 Current assets</b>			
a) Inventories	4 (xv)	1,883.76	1,880.52
b) Trade receivables	4 (xvi)	18,910.25	16,420.54
c) Cash and bank balances	4 (xvii)	9,251.87	1,465.03
d) Short-term loans and advances	4 (xviii)	15,558.17	25,282.99
e) Other current assets	4 (xix)	<u>4,846.20</u>	<u>5,511.48</u>
		<b>50,450.25</b>	<b>50,560.56</b>
<b>TOTAL</b>		<b>238,598.06</b>	<b>212,733.59</b>

See accompanying notes forming part of the financial statements 1-26

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

*Rashim Tandon*

**RASHIM TANDON**  
Partner

Place : Gurgaon  
Date : May 24, 2016



For and on behalf of the Board of Directors  
**FORTIS HOSPITALS LIMITED**

*Ashish Bhatia*  
**ASHISH BHATIA**  
Whole Time Director  
DIN: 01845421

*Meetu Gulati*  
**MEETU GULATI**  
Company Secretary  
Membership No.: A24618

Place : Gurgaon  
Date : May 24, 2016

*Gagandeep Singh Bedi*  
**GAGANDEEP SINGH BEDI**  
Director  
DIN: 06881468

*Rakesh Laddha*  
**RAKESH LADDHA**  
Chief Financial Officer



*[Handwritten signature]*

**FORTIS HOSPITALS LIMITED**  
**STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Notes	Year ended March 31, 2016 Rupees in lacs	Year ended March 31, 2015 Rupees in lacs
<b>1 Income</b>			
(a) Revenue from operations	4 (xx)	215,253.33	195,388.99
(b) Other income	4 (xxi)	4,086.59	5,129.73
<b>Total revenue</b>		<b>219,339.92</b>	<b>200,518.72</b>
<b>2 Expenses</b>			
(a) Purchase of medical consumables and drugs		38,399.77	37,033.66
(b) (Increase)/ decrease in inventories of medical	4 (xxii)	(114.99)	184.42
(c) Employee benefits expense	4 (xxiii)	29,077.11	25,233.81
(d) Other expenses	4 (xxiv)	138,977.05	127,430.86
<b>Total expenses</b>		<b>206,338.94</b>	<b>189,882.76</b>
<b>3 Earnings before interest, tax, depreciation and amortization (EBITDA) (1-2)</b>		<b>13,000.98</b>	<b>10,635.96</b>
<b>4 Finance costs</b>	4 (xxv)	16,592.88	15,030.81
<b>5 Loss before tax, depreciation and amortisation (3-4)</b>		<b>(3,591.90)</b>	<b>(4,394.85)</b>
<b>6 Depreciation and amortisation expense</b>	4 (xxvi)	9,653.77	8,951.53
<b>7 Loss before exceptional items and tax (5-6)</b>		<b>(13,245.67)</b>	<b>(13,346.38)</b>
<b>8 Exceptional (loss)/gain</b>	4 (xxvii)	(3,443.47)	862.59
<b>9 Loss before tax (7-8)</b>		<b>(16,689.14)</b>	<b>(12,483.79)</b>
<b>10 Tax expenses:</b>			
(a) Current tax		-	-
(b) Deferred tax credit		(1,520.40)	(3,917.13)
<b>Total tax expenses</b>		<b>(1,520.40)</b>	<b>(3,917.13)</b>
<b>11 Loss for the year (9-10)</b>		<b>(15,168.74)</b>	<b>(8,566.66)</b>
<b>12 Earnings per share</b>	4 (xxviii)		
Equity shares of Rupees 10 each			
Basic and diluted		<b>(37.64)</b>	<b>(21.26)</b>

See accompanying notes forming part of the financial statements 1-26

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

  
**RASHIM TANDON**  
Partner

Place : Gurgaon  
Date : May 24, 2016




For and on behalf of the Board of Directors  
**FORTIS HOSPITALS LIMITED**

  
**ASHISH BHATIA**  
Whole Time Director  
DIN: 01845421

  
**MEETU GULATI**  
Company Secretary  
Membership No.: A24618

Place : Gurgaon  
Date : May 24, 2016

  
**GAGANDEEP SINGH BEDI**  
Director  
DIN: 06881468

  
**RAKESH LADDHA**  
Chief Financial Officer





**FORTIS HOSPITALS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Notes	Year ended March 31, 2016 Rupees in lacs	Year ended March 31, 2015 Rupees in lacs
<b>A. Cash flow from operating activities</b>			
<b>Loss before tax and exceptional items</b>		<b>(13,245.67)</b>	<b>(13,346.38)</b>
Adjustments for:			
Depreciation and amortisation expense		9,653.77	8,951.53
Loss on sale of assets		83.27	109.05
Profit on sale of mutual fund		(213.53)	(164.80)
Provision for doubtful debts		1,715.62	2,763.23
Provision for doubtful advances		193.89	1,985.53
Provision for contingencies		45.83	164.52
Bad debts and sundry balances written off		63.30	152.39
Finance charges		28.17	111.03
Unrealised foreign exchange fluctuation loss (net)		43.28	0.00
Unclaimed balances and excess provisions written back		(321.95)	(623.53)
Wealth tax		-	7.95
Interest income		(3,791.21)	(4,926.21)
Dividend income		(58.76)	-
Interest expense		15,984.76	14,439.50
<b>Operating profit before working capital changes</b>		<b>10,180.77</b>	<b>9,623.81</b>
Movements in working capital :			
(Increase) / Decrease in trade receivables		(4,762.13)	(752.73)
(Increase) / Decrease in inventories		(3.24)	163.25
(Increase) / Decrease in loans and advances		(3,989.51)	(4,555.50)
(Increase) / Decrease in other assets		(1,039.47)	(794.04)
Decrease / (Increase) in trade payables, other liabilities and provisions		5,043.66	6,197.66
<b>Cash generated from operations</b>		<b>5,430.08</b>	<b>9,882.45</b>
Direct taxes paid (net of refunds)		(5,350.16)	(5,698.06)
<b>Net cash flow from operating activities (A)</b>		<b>79.92</b>	<b>4,184.39</b>
<b>B. Cash flows from investing activities</b>			
Purchase of fixed assets		(14,159.05)	(15,116.35)
Proceeds from sale of fixed assets		159.61	5,179.62
Redemption/ maturity/ (deposit) of bank deposits		(143.92)	(597.90)
Loans to body corporates and others (given)/ repayments received (net)		7,535.26	(628.37)
Loans to subsidiaries and fellow subsidiaries (given)/ repayments received (net)		(10,600.73)	(1,008.95)
Purchase of investments in subsidiaries		(1,156.00)	(7,725.00)
Proceeds from sale of mutual funds		213.53	164.80
Proceeds from sale of division (total sale consideration)		-	4,000.00
Interest received		5,274.68	3,301.81
Dividend received		58.76	-
<b>Net cash used in investing activities (B)</b>		<b>(12,817.86)</b>	<b>(12,430.34)</b>
<b>C. Cash flows from financing activities</b>			
Proceeds from issuance of preference share capital including premium		30,000.00	-
Proceeds from long-term borrowings		-	12,064.62
Repayments of long-term borrowings		(3,268.36)	(6,608.84)
Proceeds/ (Repayment) of short-term borrowings (net)		9,543.50	9,642.72
Loan arrangement fees paid		-	(63.75)
Interest paid		(15,771.71)	(13,422.91)
<b>Net cash flow from financing activities (C)</b>		<b>20,503.43</b>	<b>1,611.84</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>7,765.49</b>	<b>(6,634.11)</b>
Total cash and cash equivalents at the beginning of the year		1,355.52	8,010.85
Reduction of Cash and cash equivalents on sale of business division (refer note 19)		-	(21.22)
<b>Cash and cash equivalents at the end of the year</b>	4 (xvii)	<b>9,121.01</b>	<b>1,355.52</b>





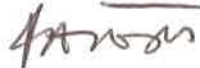
**FORTIS HOSPITALS LIMITED**  
**CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Notes	Year ended March 31, 2016 Rupees in lacs	Year ended March 31, 2015 Rupees in lacs
<b>Components of cash and cash equivalents:</b>			
Cash in hand		286.66	353.46
Cheques in hand		0.15	40.51
Balances with banks on current accounts		8,832.36	961.55
Bank deposits with original maturity of less than 3 months		1.84	-
Deposits with original maturity of more than 3 months but less than 12 months		3.88	-
Bank deposits more than 12 months		6.79	2.21
Held as Margin Money		120.19	107.30
<b>Total cash and cash equivalents</b>		<b>9,251.87</b>	<b>1,465.03</b>
Less: Deposits not considered as cash equivalents		130.86	109.51
<b>Total cash and cash equivalents</b>		<b>9,121.01</b>	<b>1,355.52</b>

See accompanying notes forming part of the financial statements 1-26

In terms of our report attached.

For **DELOITTE HASKINS & SELLS LLP**  
Chartered Accountants

  
**RASHIM TANDON**  
Partner

Place : Gurgaon  
Date : May 24, 2016




For and on behalf of the Board of Directors  
**FORTIS HOSPITALS LIMITED**

  
**ASHISH BHATIA**  
Whole Time Director  
DIN: 01845421

  
**MEETU GULATI**  
Company Secretary  
Membership No.: A24618

Place : Gurgaon  
Date : May 24, 2016

  
**GAGANDEEP SINGH BEDI**  
Director  
DIN: 06881468

  
**RAKESH LADDHA**  
Chief Financial Officer





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	As at March 31, 2016	As at March 31, 2015
	Rupees in lacs	Rupees in lacs
<b>4 (i) Share capital</b>		
<b>(a) Authorised Shares</b>		
50,000,000 (Previous year 60,000,000) Equity shares of Rupees 10 each	5,000.00	6,000.00
10,000,000 (Previous year Nil) Non-Cumulative Compulsory Convertible Preference shares of Rupees 10 each	1,000.00	-
	<b>6,000.00</b>	<b>6,000.00</b>
<b>(b) Issued, subscribed and fully paid up Shares</b>		
40,300,577 (Previous year 40,300,577) Equity shares of Rupees 10 each	4,030.06	4,030.06
6,000,000 (Previous year Nil) Non-Cumulative Compulsory Convertible Preference shares of Rupees 10 each	600.00	-
<b>Total issued, subscribed and fully paid up share capital</b>	<b>4,630.06</b>	<b>4,030.06</b>

See notes (i) to (vi) below

Notes:

**(i) 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 of shares	Value Rupees in Lacs	Number of shares	Value Rupees in Lacs
<b>Equity shares with voting rights</b>				
At the beginning of the year	40,300,577	4,030.06	40,300,577	4,030.06
Issued during the year	-	-	-	-
<b>At the end of the year</b>	<b>40,300,577</b>	<b>4,030.06</b>	<b>40,300,577</b>	<b>4,030.06</b>
<b>Particulars</b>	<b>Year ended March 31, 2016</b>		<b>Year ended March 31, 2015</b>	
	<b>Number of shares</b>	<b>Value Rupees in Lacs</b>	<b>Number of shares</b>	<b>Value Rupees in Lacs</b>
<b>Non-Cumulative Compulsory Convertible Preference shares</b>				
At the beginning of the year	-	-	-	-
Issued during the year	6,000,000	600.00	-	-
<b>Outstanding at the end of the year</b>	<b>6,000,000</b>	<b>600.00</b>	<b>-</b>	<b>-</b>

**(ii) 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. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. 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.

**(iii) Terms of redemption of preference shares**

During the current year, the Company has issued 6,000,000 0.01% Non-cumulative compulsory convertible Preference Shares of Rupees 10 each at a premium of Rupees 490 per share to Escorts Heart Institute and Research Centre Limited. These preference shares are compulsorily convertible on expiry of 10 years from the date of the allotment. The holder of these preference shares will be entitled for 1 equity share for each preference share held by them.

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	Number of shares	Value Rupees in Lacs	Number of shares	Value Rupees in Lacs
<b>Equity shares with voting rights</b>				
Fortis Healthcare Limited, the Holding company*	40,300,577	4,030.06	40,300,577	4,030.06
* Including 6 equity share held by nominees.				

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

Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	% holding	Number of shares	% holding
Fortis Healthcare Limited, the Holding company*	40,300,577	100.00%	40,300,577	100.00%
* Including 6 equity share held by nominees.				
<b>Non-Cumulative compulsory convertible Preference Shares</b>				
Name of the shareholder	As at March 31, 2016		As at March 31, 2015	
	Number of shares	% holding	Number of shares	% holding
Escorts Heart Institute and Research Centre Limited	6,000,000	100.00%	-	-

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.

**(vi) Aggregate number of shares issued for consideration other than cash during the period of 5 years immediately preceding the reporting date**

The Company had issued 50,000 equity shares of Rupees 10 each fully paid up, pursuant to the scheme of amalgamation in the year ended March 31, 2014 (refer note 22).



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	As at March 31, 2016 Rupees in lacs	As at March 31, 2015 Rupees in lacs
<b>4 (ii) Reserves and surplus</b>		
<b>(a) Securities premium account</b>		
i. Balance as per the last financial statement	36,180.52	36,180.52
ii. Addition: Premium on issue of shares 0.01% Non-Cumulative Compulsory Convertible Preference shares	29,400.00	-
iii. <b>Closing balance</b>	<b>65,580.52</b>	<b>36,180.52</b>
<b>(b) (Deficit) / Surplus in Statement of Profit and Loss</b>		
i. Opening balance	8,520.51	17,450.22
ii. Depreciation (refer note 3(a))	-	(363.05)
iii. Add: loss for the year	(15,168.74)	(8,566.66)
vi. <b>Net (deficit) / surplus in the statement of profit and loss</b>	<b>(6,648.23)</b>	<b>8,520.51</b>
	<b>58,932.29</b>	<b>44,701.03</b>
<b>4 (iii) Long-term borrowings</b>		
<b>Secured (Refer note 17)</b>		
(a) Term loan from banks	17,139.72	22,416.67
(b) Deferred payment liabilities	213.63	647.66
(c) Finance lease obligations	38.23	61.76
(d) Buyers' credit	473.53	642.20
	<b>17,865.11</b>	<b>23,768.29</b>
<b>4 (iv) Deferred tax liabilities (net)</b>		
<b>(a) Tax effect of items constituting deferred tax liabilities</b>		
On difference between book balance and tax balance of fixed assets	14,486.96	13,853.27
<b>Deferred tax liability</b>	<b>14,486.96</b>	<b>13,853.27</b>
<b>(b) Tax effect of items constituting deferred tax assets</b>		
Provision for doubtful debts / advances	2,147.76	2,689.93
Disallowances under Section 40(a)(i), 43B of the Income Tax Act, 1961	344.48	645.97
On carry forward business losses and unabsorbed depreciation	14,613.95	8,925.98
Others	488.29	70.99
	<b>17,594.48</b>	<b>12,332.87</b>
<b>Net deferred tax liability/ (asset)*</b>	<b>-</b>	<b>1,520.40</b>
<p>* The Company has recognised deferred tax asset to the extent of the corresponding deferred tax liability on the difference between the book balance and the written down value of fixed assets under Income Tax Act, 1961. The balancing deferred tax asset has not been recognized in absence of virtual certainty supported by convincing evidence that such asset can be realized against future taxable profits.</p>		
<b>4 (v) Other long term liabilities</b>		
(a) Payables on purchase of fixed assets	54.00	162.28
(b) Security deposit	5.50	10.59
(c) Lease equalisation reserve	714.00	1,040.51
(d) Others	20.52	-
	<b>794.02</b>	<b>1,213.38</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	As at March 31, 2016 Rupees in lacs	As at March 31, 2015 Rupees in lacs
<b>4 (vi) Long-term provisions</b>		
(a) <b>Provision for employees benefits</b>		
- Provision for gratuity (refer note 10)	1,213.80	987.29
	<b>1,213.80</b>	<b>987.29</b>
<b>4 (vii) Short-term borrowings</b>		
<b>Secured</b>		
(a) Bank overdraft (refer note 17(i)(f))	-	0.71
(b) Bill discounting (refer note 17(i)(q))	2,000.00	-
	<b>2,000.00</b>	<b>0.71</b>
<b>Unsecured</b>		
(a) Loan from holding company (refer note 17(ii))	89,480.76	81,080.89
	<b>89,480.76</b>	<b>81,080.89</b>
	<b>91,480.76</b>	<b>81,081.60</b>
<b>4 (viii) Trade payables</b>		
(a) Total outstanding dues of micro enterprises and small enterprises (refer note 11)	-	25.97
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	28,548.31	27,430.08
	<b>28,548.31</b>	<b>27,456.05</b>
<b>4 (ix) Other current liabilities</b>		
<b>Secured</b>		
(a) Current maturities of long-term debt [refer note 17 (i) (a), (b), (c) and (e)]	7,197.70	4,516.88
(b) Current maturities of finance lease obligations [refer note 17(i)(d)]	24.59	27.29
<b>Unsecured</b>		
(c) Interest accrued but not due on borrowings	-	3.38
(d) Interest accrued and due on borrowings	10,888.57	10,672.15
(e) Deferred revenue*	197.99	14.88
(f) Advances from patients	2,627.35	2,512.60
(g) Statutory remittances	2,642.74	1,951.04
(h) Payables on purchase of fixed assets	2,380.72	1,558.73
(i) Security deposits	82.03	98.60
(j) Bank overdrafts	-	855.66
(k) Payable to related parties	7,372.96	4,284.45
(l) Lease equalisation reserve	175.10	13.58
(m) Technology renewal fund**	48.41	133.89
(n) Others	216.17	242.48
	<b>33,854.33</b>	<b>26,885.61</b>
* Deferred revenue represents payment received in advance for fixed fees contracts for which services had not been rendered at the end of the reporting period.		
** Technology renewal fund represents fund maintained from the Base Service Fee payable to the Hospital Service Companies, for funding the replacement, refurbishment and/or upgrade of radiology and other medical equipment owned/used by Hospital Service Companies.		
<b>4 (x) Short-term provisions</b>		
(a) <b>Provision for employees benefits</b>		
(i) Provision for gratuity (refer note 10)	86.89	56.33
(ii) Provision for compensated absences	995.37	825.06
	<b>1,082.26</b>	<b>881.39</b>
(b) <b>Others</b>		
(i) Provision for contingencies (Refer note (i) below)	197.12	202.97
(ii) Provision for wealth tax	-	5.52
	<b>197.12</b>	<b>208.49</b>
	<b>1,279.38</b>	<b>1,089.88</b>
<b>Note (i) : Provision for contingencies</b>		
(a) Opening balance	202.97	38.45
(b) Add: provision made during the year	-	164.52
(c) Less: utilised during the year	5.85	-
<b>Closing balance</b>	<b>197.12</b>	<b>202.97</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**Note 4 (xi)(a)**

**Tangible assets (At cost, owned)**

Particulars	Freehold land	Building	Leasehold improvements	Plant & machinery	Medical equipments	Medical Equipment taken under finance lease	Furniture & fittings	Computers	Office equipments	Vehicles	Total
(Rupees in lacs)											
<b>Gross Block</b>											
<b>As at April 1, 2014</b>	10,327.59	7,574.83	3,541.05	3,614.07	46,698.31	224.23	3,986.80	2,479.12	1,611.91	805.73	<b>80,863.64</b>
Additions	-	-	140.26	1,121.38	5,079.38	-	146.93	246.79	26.37	56.45	<b>6,817.56</b>
Disposals	-	-	348.53	721.26	3,059.48	-	301.91	201.10	86.75	84.84	<b>4,803.87</b>
<b>As at March 31, 2015</b>	<b>10,327.59</b>	<b>7,574.83</b>	<b>3,332.78</b>	<b>4,014.19</b>	<b>48,718.21</b>	<b>224.23</b>	<b>3,831.82</b>	<b>2,524.81</b>	<b>1,551.53</b>	<b>777.34</b>	<b>82,877.33</b>
Additions	-	75.79	4,257.41	1,020.04	7,104.58	-	936.42	476.40	369.15	86.89	<b>14,326.68</b>
Disposals	-	-	338.00	141.84	620.43	-	27.11	56.99	68.68	145.32	<b>1,398.37</b>
<b>As at March 31, 2016</b>	<b>10,327.59</b>	<b>7,650.62</b>	<b>7,252.19</b>	<b>4,892.39</b>	<b>55,202.36</b>	<b>224.23</b>	<b>4,741.13</b>	<b>2,944.22</b>	<b>1,852.00</b>	<b>718.91</b>	<b>95,805.64</b>
<b>Accumulated Depreciation</b>											
<b>As at April 1, 2014</b>	-	294.01	1,576.01	877.91	10,507.01	73.53	1,110.78	1,042.08	417.68	237.47	<b>16,136.48</b>
Charge for the year	-	374.47	604.66	179.24	5,734.95	56.95	422.73	937.80	381.63	96.44	<b>8,788.87</b>
Disposals	-	-	210.41	39.71	636.31	-	108.54	118.74	21.54	30.66	<b>1,166.01</b>
<b>As at March 31, 2015</b>	<b>-</b>	<b>668.48</b>	<b>1,970.26</b>	<b>1,017.44</b>	<b>15,605.65</b>	<b>130.48</b>	<b>1,424.87</b>	<b>1,861.14</b>	<b>777.77</b>	<b>303.25</b>	<b>23,759.34</b>
Charge for the year	-	290.54	579.96	365.26	5,460.91	25.34	428.70	526.47	303.42	260.27	<b>8,240.87</b>
Disposals	-	-	299.39	56.51	342.60	-	12.12	54.80	36.99	106.27	<b>908.68</b>
<b>As at March 31, 2016</b>	<b>-</b>	<b>959.02</b>	<b>2,250.83</b>	<b>1,326.19</b>	<b>20,723.96</b>	<b>155.82</b>	<b>1,841.45</b>	<b>2,332.81</b>	<b>1,044.20</b>	<b>457.25</b>	<b>31,091.53</b>
<b>Net Block</b>											
<b>As at March 31, 2015</b>	<b>10,327.59</b>	<b>6,906.35</b>	<b>1,362.52</b>	<b>2,996.75</b>	<b>33,112.56</b>	<b>93.75</b>	<b>2,406.95</b>	<b>663.67</b>	<b>773.76</b>	<b>474.09</b>	<b>59,117.99</b>
<b>As at March 31, 2016</b>	<b>10,327.59</b>	<b>6,691.60</b>	<b>5,001.36</b>	<b>3,566.20</b>	<b>34,478.40</b>	<b>68.41</b>	<b>2,899.68</b>	<b>611.41</b>	<b>807.80</b>	<b>261.66</b>	<b>64,714.11</b>

**Notes:**

1) The above assets include certain fixed assets leased pursuant to operating lease agreement (refer note 6(a)).





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

**Note 4 (xi)(b)**

**Intangible assets (At cost, owned)**

Particulars	Non compete fees	License fee	Technical Knowhow	Software	Goodwill	Total
<b>Gross Block</b>						
<b>As at April 1, 2014</b>	1,550.00	1,860.90	-	2,537.54	46,298.78	52,247.22
Additions	-	-	-	427.80	-	427.80
Disposals	-	-	-	367.54	1,365.00	1,732.54
<b>As at March 31, 2015</b>	<b>1,550.00</b>	<b>1,860.90</b>	-	<b>2,597.80</b>	<b>44,933.78</b>	<b>50,942.48</b>
Additions	-	329.72	17.20	3,693.12	-	4,040.04
Disposals	-	-	-	15.12	-	15.12
<b>As at March 31, 2016</b>	<b>1,550.00</b>	<b>2,190.62</b>	<b>17.20</b>	<b>6,275.80</b>	<b>44,933.78</b>	<b>54,967.40</b>
<b>Accumulated Depreciation</b>						
<b>As at April 1, 2014</b>	1,550.00	965.60	-	852.79	-	3,368.39
Charge for the year	-	335.99	-	376.67	-	712.66
Disposals	-	-	-	81.48	-	81.48
<b>As at March 31, 2015</b>	<b>1,550.00</b>	<b>1,301.59</b>	-	<b>1,147.98</b>	-	<b>3,999.57</b>
Charge for the year	-	429.67	3.34	975.38	-	1,408.39
Disposals	-	-	-	8.80	-	8.80
<b>As at March 31, 2016</b>	<b>1,550.00</b>	<b>1,731.26</b>	<b>3.34</b>	<b>2,114.56</b>	-	<b>5,399.16</b>
<b>Net Block</b>						
<b>As at March 31, 2015</b>	-	559.31	-	1,449.82	44,933.78	46,942.91
<b>As at March 31, 2016</b>	-	459.36	13.86	4,161.24	44,933.78	49,568.24



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	As at March 31, 2016 Rupees in lacs	As at March 31, 2015 Rupees in lacs
<b>4 (xii) Non-current investments (At cost unless stated otherwise)</b>		
<b>(a) Trade investments</b>		
<b>Unquoted equity instruments</b>		
Fortis C-Doc Healthcare Limited 4,060,637 (Previous year 4,060,637) Equity Shares of Rupees 10 each (Of the above, 3 shares (Previous year 3 shares) are held with nominee share holders)	622.85	622.85
Fortis Health Management (East) Limited 44,000 (Previous year 44,000) Equity Shares of Rupees 10 each (Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders)	4.40	4.40
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) 50,000 (Previous year 50,000) Equity Shares of Rupees 10 each (Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders)	5.00	5.00
Stellant Capital Advisory Services Private Limited 4,757,500 (Previous year Nil) Equity Shares of Rupees 10 each (Of the above, 6 shares (Previous year 6 shares) are held with nominee share holders)	1,156.00	-
Birdie & Birdie Realtors Private Limited 10,000 (Previous year Nil) Equity Shares of Rupees 10 each (Of the above, 6 shares (Previous year Nil) are held with nominee share holders)	7,725.00	7,725.00
<b>Quoted equity instruments</b>		
Fortis Malar Hospitals Limited (refer note 7) 11,752,402 (Previous year 11,752,402) Equity Shares of Rupees 10 each	0.01	0.01
<b>(b) Investment in associate companies</b>		
<b>Unquoted equity instruments</b>		
Fortis Emergency Services Limited 24,500 (Previous year 24,500) Equity Shares of Rupees 10 each	2.45	2.45
<b>Aggregate amount of investments</b>	<b>9,515.71</b>	<b>8,359.71</b>
<b>Note:</b>		
Aggregate amount of quoted investments - at cost	0.01	0.01
Aggregate amount of quoted investments - at market value	6,516.71	6,275.78
Aggregate amount of unquoted investments	9,515.70	8,359.70



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	As at March 31, 2016 Rupees in lacs	As at March 31, 2015 Rupees in lacs
<b>4 (xiii) Long-term loans and advances</b>		
<b><u>Unsecured, considered good</u></b>		
(a) Capital advances	582.87	202.37
(b) Security deposits	1,388.22	1,642.08
(c) Loan to subsidiaries (refer note 21)	23,766.15	15,272.20
(d) Advance tax and tax deducted at source (net of provision for taxation)	19,034.57	13,684.41
(e) Balances with customs excise and other authorities	-	17.29
(f) MAT credit entitlement	7,414.20	7,414.20
(g) Technology renewal fund advance	1,021.59	359.44
(h) Advances recoverable in cash or in kind or for value to be received	1,769.26	972.16
(i) Loan to bodies corporate (refer note 1 below)	4,750.00	-
	<u>59,726.86</u>	<u>39,564.15</u>
<b><u>Unsecured, considered doubtful</u></b>		
(a) Loan to subsidiary	2,106.78	-
(b) Loan to body corporate and others	70.00	70.00
	<u>2,176.78</u>	<u>70.00</u>
Less: Provision for doubtful advances	<u>2,176.78</u>	<u>70.00</u>
	<u><u>59,726.86</u></u>	<u><u>39,564.15</u></u>

**Note 1**

An unsecured advance of Rupees 10,000 lacs was given to a body corporate in an earlier year against acquisition of immovable property which was shown as capital advance under long term loans and advances in FY 2013-14. During the year ended 31 March, 2015, the Company entered into a MOU where the amount of Rupees 500 lacs was refunded to the Company and the later party agreed to repay the balance amount of Rupees 9,500 lacs by September, 2015. Accordingly, the amount was considered as Short-term loans and advances.

During the current year, the MOU has been further amended and the loan of Rupees 9,500 lacs is now repayable in 4 quarterly equal installment of Rupees 2,375 payable on half year rest starting from September, 2016. Accordingly, 2 installments, repayable after 31 March, 2017, amounting to Rupees 4,750 lacs has been reclassified Long-term loans and advances.

Based on the Management's engagement with the said party, the entire amount recoverable from party has been considered good and fully recoverable by the Management.

Interest accrued on such loan upto March 31, 2015 amounting to Rupees 1,473.53 lacs and interest accrued on loan upto March 31, 2016 is Rupees 327.20 lacs which is included in interest accrued but not due on loans and bank deposits under Other current assets in note 4(xix).

**4 (xiv) Other non-current assets**

<b><u>Considered good</u></b>		
(a) Trade receivables	1,549.22	997.21
(b) Unamortised finance charges	55.87	84.04
(c) Interest accrued but not due on loans and bank deposits	268.51	600.84
(d) Balances held as margin money or security against quarantees	1,194.53	1,071.96
	<u>3,068.13</u>	<u>2,754.05</u>
<b><u>Considered doubtful</u></b>		
(a) Interest accrued but not due on loans	-	1,553.71
Less: Provision for doubtful advances	<u>-</u>	<u>1,553.71</u>
	<u><u>3,068.13</u></u>	<u><u>2,754.05</u></u>





**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	As at March 31, 2016 Rupees in lacs	As at March 31, 2015 Rupees in lacs
<b>4 (xv) Inventories (valued at lower of cost and net realisable value)</b>		
(a) Medical consumables and drugs	1,819.58	1,805.11
(b) Stores and spares	64.18	75.41
	<b>1,883.76</b>	<b>1,880.52</b>
<b>4 (xvi) Trade receivables</b>		
(a) Trade receivables outstanding for a period exceeding six months from the date they were due for payment		
- Unsecured, considered good	6,184.63	2,898.81
- Unsecured, considered doubtful	5,064.38	6,840.75
	<b>11,249.01</b>	<b>9,739.56</b>
Less: Provision for doubtful receivables	5,064.38	6,840.75
	<b>6,184.63</b>	<b>2,898.81</b>
(b) <b>Other receivables</b>		
- Unsecured, considered good	12,725.62	13,521.73
- Unsecured, considered doubtful	1,104.53	628.32
	<b>13,830.15</b>	<b>14,150.05</b>
Less: Provision for doubtful receivables	1,104.53	628.32
	<b>12,725.62</b>	<b>13,521.73</b>
	<b>18,910.25</b>	<b>16,420.54</b>
<b>4 (xvii) Cash and bank balances</b>		
(a) Cash and cash equivalents (as per AS 3 Cash Flow Statements)		
(i) Cash on hand	286.66	353.46
(ii) Cheques on hand	0.15	40.51
(iii) Balances with banks		
- in current accounts	8,832.36	961.55
- in deposit accounts with original maturity of less than 3 months	1.84	-
	9,121.01	1,355.52
(b) Other bank balances		
(i) Deposits with original maturity of more than 3 months but less than 12 months	3.88	-
(ii) Deposits with original maturity of more than 12 months	6.79	2.21
(iii) Bank deposits held as margin money	120.19	107.30
	130.86	109.51
	<b>9,251.87</b>	<b>1,465.03</b>
<b>4 (xviii) Short-term loans and advances</b>		
<b>Unsecured, considered good</b>		
(a) Loans to an associate	3,374.00	3,276.80
(b) Loan to body corporates and others (refer 4(xiii))	4,874.64	17,257.10
(c) Security deposits	376.96	120.82
(d) Loan to employees	1.61	0.99
(e) Advances recoverable in cash or in kind or for value to be received	6,488.64	4,428.06
(f) Balances with customs excise and other authorities	196.24	136.22
(g) Technology renewal fund advance	239.74	63.00
(h) Gratuity fund (refer note 10)	6.34	-
	<b>15,558.17</b>	<b>25,282.99</b>
<b>Unsecured, considered doubtful</b>		
(a) Loan to body corporate	-	272.14
(b) Security deposit	41.00	-
(c) Advances recoverable in cash and kind or for value to be received	416.22	303.51
	<b>457.22</b>	<b>575.65</b>
Less: Provision for doubtful advances	(457.22)	(575.65)
	<b>15,558.17</b>	<b>25,282.99</b>
<b>4 (xix) Other current assets</b>		
(a) Accrued income	4,478.63	3,992.24
(b) Unamortised finance charges	28.09	28.09
(c) Interest accrued on loans and bank deposits	339.48	1,490.62
(d) Assets held for sale	-	0.53
	<b>4,846.20</b>	<b>5,511.48</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Year ended March 31, 2016 Rupees in lacs	Year ended March 31, 2015 Rupees in lacs
<b>4 (xx) Revenue from operations</b>		
<b>Sale of services</b>		
(a) In patient services	177,939.38	162,617.18
(b) Out patient services	31,489.09	30,951.13
(c) Laboratory/ clinical services	40.48	22.88
(d) Income from medical services	3,693.40	338.91
(e) Management fees from hospitals (net of prior period reversal of Rupees Nil (Previous year Rupees 238.22 lacs))	1,769.50	306.34
(f) Income from satellite centers	72.55	74.16
(g) Income from clinical research	68.53	24.24
	<b>215,072.93</b>	<b>194,334.84</b>
Less: Trade discounts	3,525.30	2,994.07
	<b>211,547.63</b>	<b>191,340.77</b>
<b>Sale of goods</b>		
(a) Out patient pharmacy	1,701.63	2,016.03
	<b>1,701.63</b>	<b>2,016.03</b>
<b>Other operating income</b>		
(a) Income from academic services	121.54	91.47
(b) Income from rent	146.06	168.73
(c) Equipment lease rental	286.10	263.99
(d) Export benefits (net of prior period reversal of Rupees Nil (Previous year Rupees 177.38 lacs))	284.35	145.10
(e) Sponsorship income	172.27	159.04
(f) Scrap sale	44.46	46.19
(g) Sale of plasma	18.16	11.62
(h) Excess provisions / liabilities no longer required written back	321.95	623.53
(i) Miscellaneous income	609.18	522.52
	<b>2,004.07</b>	<b>2,032.19</b>
	<b>215,253.33</b>	<b>195,388.99</b>
<b>4 (xxi) Other income</b>		
(a) Interest on bank deposits	109.42	74.37
(b) Interest on loans	3,681.79	4,851.83
(c) Dividend income from mutual funds	58.76	-
(d) Profit on redemption of mutual funds (current investments)	213.53	164.80
(e) Net gain on foreign currency transactions and translation	-	15.59
(f) Miscellaneous income	23.09	23.14
	<b>4,086.59</b>	<b>5,129.73</b>
<b>4 (xxii) (Increase) / decrease in inventories of medical consumables and drugs</b>		
(a) Inventory at the beginning of the year	1,704.58	2,048.09
(b) Reduction on account of sale of business (refer note 19)	-	(159.09)
(c) Inventories at the end of the year	1,819.57	1,704.58
	<b>(114.99)</b>	<b>184.42</b>



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Year ended March 31, 2016 Rupees in lacs	Year ended March 31, 2015 Rupees in lacs
<b>4 (xxiii) Employee benefits expense</b>		
(a) Salaries, wages and bonus	25,306.16	21,803.60
(b) Gratuity expense (refer note 10)	376.70	450.80
(c) Leave encashment	402.47	417.03
(d) Contribution to provident and other funds	1,489.90	1,323.51
(e) Staff welfare expenses	1,624.72	1,412.06
	<b>29,199.95</b>	<b>25,407.00</b>
Less: Capitalised during the year (refer note 18)	122.84	173.19
	<b>29,077.11</b>	<b>25,233.81</b>
<b>4 (xxiv) Other expenses</b>		
(a) Contractual manpower	3,606.88	2,552.75
(b) Power, fuel and water	5,424.41	4,990.96
(c) Housekeeping expenses including consumables	1,738.08	1,866.16
(d) Patient food and beverages	2,742.32	2,429.11
(e) Pathology laboratory expenses	8,209.61	6,826.71
(f) Radiology expenses	507.31	389.55
(g) Consultation fees to doctors	20,365.66	20,308.60
(h) Professional charges to doctors	27,477.87	20,618.84
(i) Hospital service fee expenses	44,068.45	42,016.50
(j) Medical services expenses	383.77	321.73
(k) Repairs and maintenance		
- Building	333.90	471.95
- Plant and machinery	3,269.62	1,844.64
- Others	690.23	1,277.18
(l) Rent		
- Hospital buildings	1,871.95	2,307.41
- Equipments	654.90	431.57
- Others	801.30	885.88
(m) Donations	134.52	-
(n) Legal and professional fee (See note (i) below)	1,160.86	1,158.30
(o) Travel and conveyance	1,388.94	1,019.66
(p) Recruitment and training	174.07	78.92
(q) Rates and taxes	131.48	153.44
(r) Printing and stationary	1,068.63	794.25
(s) Communication expenses	496.68	390.23
(t) Insurance	624.38	464.84
(u) Ground rent	34.34	-
(v) Marketing and business promotion	9,168.24	9,074.15
(w) Wealth tax	-	7.95
(x) Loss on sale of assets (net)	83.27	109.05
(y) Foreign exchange fluctuation loss (net)	63.21	-
(z) Bad debts and advances written off	63.30	152.39
(aa) Provision for doubtful debts	1,715.62	2,763.23
(ab) Provision for doubtful advances	193.89	1,985.53
(ac) Provision for contingencies	45.83	164.52
(ad) Miscellaneous expenses	360.77	403.57
	<b>139,054.29</b>	<b>128,259.57</b>
Less: Capitalised during the year (refer note 18)	77.24	828.71
	<b>138,977.05</b>	<b>127,430.86</b>

**Note:**

(i) **Auditors' remuneration comprises (exclusive of service tax)**

Statutory audit fee	44.00	44.00*
Limited review fee	28.50	28.50*
Tax audit fee	8.50	8.50*
Certification and other services	15.30*	10.09*
Out of pocket expenses	1.12*	8.84*
	<b>97.42</b>	<b>99.93</b>

[\* Payment made to auditor for the previous year and for certification and out of pocket expense in current year relates to amounts paid to previous auditors]



**FORTIS HOSPITALS LIMITED**  
**NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Year ended March 31, 2016 Rupees in lacs	Year ended March 31, 2015 Rupees in lacs
<b>4 (xxv) Finance costs</b>		
(a) Interest expense		
-on term loans	2,783.51	2,504.79
-on cash credit	6.78	2.27
-others	13,194.47	11,932.44
	<b>15,984.76</b>	<b>14,439.50</b>
(b) Bank charges	579.95	480.28
(c) Other borrowing costs:		
- Finance charges	28.17	111.03
	<b>608.12</b>	<b>591.31</b>
	<b>16,592.88</b>	<b>15,030.81</b>
<b>4 (xxvi) Depreciation and amortization expense</b>		
(a) Depreciation of tangible assets	8,240.87	8,788.87
(b) Amortization of intangible assets	1,408.39	712.66
(c) Impairment of intangible assets	4.51	-
(d) Less: Adjusted with surplus in the statement of profit and loss (includes deferred tax Rupees 186.95 lacs) [refer note 3(a)]	-	550.00
	<b>9,653.77</b>	<b>8,951.53</b>
<b>4 (xxvii) Exceptional (loss)/gain</b>		
<b>Gain:</b>		
Profit on sale of undertaking (refer note 19)	-	1,819.85
	-	<b>1,819.85</b>
<b>Loss:</b>		
Loan to subsidiary written off (refer note 23(a))	-	(957.26)
Statutory bonus (refer note 23(b))	(695.05)	-
Loss on closure of dialysis and healthcare centres (refer note 23(c))	(148.14)	-
Loss on provision for impairment of loan given to Fortis Cancer Care Limited (refer note 23(d))	(2,106.78)	-
Loss on impairment of trade receivable from Lalitha Healthcare Private Limited (refer note 23(e))	(493.50)	-
	<b>(3,443.47)</b>	<b>(957.26)</b>
	<b>(3,443.47)</b>	<b>862.59</b>
<b>4 (xxviii) Earnings per share</b>		
Loss for the year (Rupees)	(15,168.74)	(8,566.66)
Weighted average number of equity shares outstanding during the year (Number)	40,300,577	40,300,577
Nominal value per Equity Shares (Rupees)	10	10
Basic earnings per share (Rupees)	(37.64)	(21.26)
Diluted earnings per share (Rupees)	(37.64)	(21.26)

The diluted earnings per share has been computed by dividing the Net profit after tax available for equity shareholders by the weighted average number of equity shares, after giving dilutive effect of the Compulsarily converted preference shares (Refer note 4 (iii)) issued by the Company for the respective periods. Since, the effect of the conversion of preference shares was anti-dilutive, it has been ignored.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

**1. Nature of Operations**

Fortis Hospitals Limited (the 'Company' or 'FHL') was incorporated on June 18, 2009 as a wholly owned subsidiary of Fortis Healthcare Limited ('FHL') 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. During the year ended 31 March 2015, Fortis Health Management (North) Limited (another subsidiary of FHL) was amalgamated with the Company.

**2. Basis of preparation**

The financial statements of the Company have been prepared in accordance with the 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 and under the historical cost convention.

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

**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 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 in the previous year 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.

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 surplus in the statement of profit and loss, as a result an amount of Rupees 363.05 lacs (net of deferred tax credit amounting to Rupees 186.95 lacs) had been charged to the opening balance of surplus in the statement of profit and loss. The carrying amount of other assets whose remaining useful life was not nil on April 01, 2014, is being depreciated over their revised remaining useful life.

Had the Company continued to depreciate the assets at the earlier rates, depreciation and loss for the previous year would have been lower by Rupees 1,276.69 lacs.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

**b. Inventories**

Inventories of medical consumables, drugs, linen and stores and spares are valued at lower of cost or net realisable value. Cost is determined on weighted average basis.

Net realisable 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 (for the purpose of Cash Flow Statement)**

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

**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/Amortisation on tangible fixed assets and intangible 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 used the following useful lives to provide depreciation on its fixed assets.

Assets	Useful Lives
Building	30 Years
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and fittings	10 years
Office equipments	5 years
Vehicles	4 - 8 years

- ii. Depreciation on Leasehold improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.
- iii. Buildings constructed over the land under lease are depreciated over the shorter of estimated life or lease period.

**Changes in Accounting Policies**

- 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 year ended 31 March 2015, does not recognize such practice. Hence, to comply with the requirement of Schedule II to the Companies Act, 2013, the Company had changed its accounting policy for depreciations of assets costing less than Rupees 5,000 from the year ended 31 March 2015. As per the revised policy, the Company is depreciating such assets over their useful life as assessed by the management. The management had decided to apply the revised accounting policy prospectively from accounting periods commencing on or after 1 April 2014.

The change in accounting for depreciation of assets costing less than Rupees 5,000 did not had any material impact on financial statements of the Company for the year ended 31 March 2015.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

- 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 has changed the manner of depreciation for its fixed assets. Now, the Company identifies and determines separate useful life for each major component of the fixed asset, if they have useful life that is materially different from that of the remaining asset. This change in accounting policy did not have any material impact on financial statements of the Company for the current year.

**Software**

Cost of software is amortized over a period of 3-6 years, being the estimated useful life as per the management estimates.

**Non-compete fees**

Non-compete fee which is valued based on the incremental cash flows attributable to the non-compete covenant entered during the acquisition of business is capitalized and amortised over an estimated useful period of 3-5 years over which the benefits are likely to accrue, on a straight line basis.

**Licence fee**

License fees represents fees paid pursuant to Name User Agreement that entitles the Company for carrying on business. The amount paid has been capitalised and amortized over the useful life or 10 years, whichever is shorter.

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

Management fee from hospitals and income from medical services is recognised as and when the contractual obligations arising out of the contractual arrangements with respective hospitals are fulfilled.

**Income from satellite centers**

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.

**Income from sponsorships**

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

**Income from academic services**

Revenue is recognized on pro-rata basis on the completion of such services over the duration of the program.

**Equipment Lease Rentals and Income from Rent**



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

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

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 on a net basis.

Interest

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

**g. Tangible fixed assets**

Fixed assets are stated at cost (or fair value, in case of acquisitions under slump sale) less 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.

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

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

**h. 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 meet 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 derecognition of an intangible asset 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.

**Goodwill**

Goodwill arising on acquisition is recognized based on the difference between the purchase consideration and assets acquired during acquisition. The same is carried at cost and tested for impairment on an accrual basis in accordance with impairment policy stated below.

**i. Capital work-in-progress**

Projects under which tangible fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

**j. Foreign Currency Transaction**

**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.

**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.

**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 09, 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.

**k. Investments**

Investments that are readily realisable and intended to be held for not more than a year from the date on which 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 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.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

**I. Retirement and other employee benefits**

**i) 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.

**ii) 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.

**iii) Compensated absences**

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

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

**iv) 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.

**m. Borrowing cost**

Borrowing cost includes interest, 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 year they occur.

**n. Segment reporting**

The Company is primarily engaged in the business of healthcare services which is the only reportable business segment as per Accounting Standard 17 on 'Segment Reporting' issued by The Institute of Chartered Accountants of India as notified under section 133 of the Companies Act, 2013. Healthcare services include various patient services delivered through clinical establishment, medical service companies, pathology and radiology services etc.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

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

**o. 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.

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.

**p. Earnings per share**

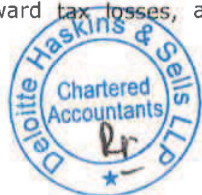
Basic earnings per share are calculated by dividing the net profit or loss for the year (including prior period items, if any) attributable to the equity shareholders (after deducting attributable taxes, if any) by the weighted average number of equity shares outstanding during the period. For the purpose 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. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

**q. 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



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

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.

**r. 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 recognised 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 statement of profit and loss.
- ii. After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.
- iii. An assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been a change in the assumptions used to determine the asset's recoverable amount since the last impairment loss was recognized. The reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years. Such reversal is recognized in the statement of profit and loss unless the asset is carried at a revalued amount, in which case the reversal is treated as a revaluation increase.
- iv. The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognized in the statement of profit and loss.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

**s. Unamortised 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.

**t. Measurement of EBITDA**

As permitted by the Guidance Note on the Revised Schedule VI to the Companies Act, 1956 (now Schedule III to the Companies Act, 2013), 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.

**u. 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.

**v. 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.

**w. Operating cycle**

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



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**5. Related party Disclosure**

**i. Names of related parties and related parties relationship**

**Related Parties where control exists:-**

- |     |                                  |  |
|-----|----------------------------------|--|
| (a) | Ultimate Holding Company         | RHC Holding Private Limited (holding company of Fortis Healthcare Holdings Private Limited)  |
| (b) | Holding Companies                | Fortis Healthcare Holdings Private Limited (holding company of Fortis Healthcare Limited)<br>Fortis Healthcare Limited ('FHL')   |
| (c) | Subsidiaries                     | Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited)<br>Fortis Malar Hospitals Limited<br>Malar Stars Medicare Limited<br>Fortis C-Doc Healthcare Limited<br>Lalitha Healthcare Private Limited<br>Fortis Health Management (East) Limited<br>Birdie and Birdie Realtors Private Limited (w.e.f. May 7, 2014)<br><br>Stellant Capital Advisory Services Private Limited (w.e.f. November 4, 2016)**** |
| (d) | Key Managerial Personnel ('KMP') | Mr. Aditya Vij- Managing Director from August 29, 2013 to December 31, 2014<br>Mr. Ashish Bhatia- Wholetime Director w.e.f. August 29, 2013  |

Additional related parties as per Companies Act, 2013

Mr. Rakesh Laddha- Chief Financial Officer w.e.f. August 14, 2014  
Ms. Meetu Gulati- Company Secretary w.e.f. August 29, 2013  
Mr. Daljit Singh- Non-Executive Director  
Dr. Preetinder Singh Joshi- Non-Executive Director  
Mr. Gagandeep Singh Bedi- Non-Executive Director w.e.f. October 1, 2014  
Dr. S. Narayani- Non-Executive Director w.e.f. October 1, 2014  
Mr. Sandeep Puri- Non-Executive Director upto October 1, 2014  
Ms. Sabina Vaisoha- Non-Executive Director up to 31 March 2015

- |     |  |  |
|-----|--|--|
| (e) | Individuals (directly or indirectly) having control or significant influence over reporting enterprise | Mr. Malvinder Mohan Singh<br>Mr. Shivinder Mohan Singh |
|-----|--|--|



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

Related parties with whom transactions have been taken place during the year:-

- |     |   |  |
|-----|---|--|
| (f) | Fellow Subsidiaries   | Hiranandani Healthcare Private Limited<br>Fortis Healthcare International Pte Limited<br>Fortis Asia Healthcare Pte Limited<br>Fortis Hospotel Limited<br>SRL Limited<br>Fortis Health Management (North) Limited***<br>Fortis Hoan My Medical Corporation<br>Escorts Heart Institute and Research Centre Limited<br>RWL Healthworld Limited (formerly known as Religare Wellness Limited)<br>Medsourse Healthcare Private Limited<br>Fortis HealthStaff Limited   |
| (g) | Joint Venture   | Fortis Cauvery   |
| (h) | Associates  | Fortis Emergency Services Limited  |
| (i) | Enterprises over which any person mentioned at (d) and (e) have significant influence | Religare Technologies Limited<br>Chethana Foundation<br>Sunrise Medicare Private Limited<br>International Hospital Limited*<br>Kanishka Healthcare Limited*<br>Fortis Health Management Limited<br>Fortis Hospital Management Limited<br>Hospitalia Eastern Private Limited<br>Fortis Nursing and Education Society<br>Fortis Charitable Foundation<br>Escorts Heart and Super Speciality Institute Limited*<br>Escorts Heart Centre Limited<br>Escorts Hospital and Research Centre Limited*<br>Escorts Heart and Super Speciality Hospital Limited<br>Fortis Global Healthcare Infrastructure Pte Limited<br>Religare Technova IT Services Limited |



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

The schedule of related parties' transactions is as follows:

Particulars	(Rupees in lacs)	
	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Transactions during the year</b>		
<b>Operating income (including Income from medical services, Management fees from hospitals, Rental, Pharmacy income and other income)</b>		
SRL Limited (Fellow Subsidiary)	73.86	115.25
Lalitha Healthcare Private Limited (Subsidiary )	6.07	52.68
Fortis Healthcare Limited (Holding Company)	-	38.17
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	25.80
Fortis C-Doc Healthcare Limited (Subsidiary)	-	8.77
Religare Wellness Limited (Fellow Subsidiary)	114.38	113.75
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	0.08
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	-	24.16
Fortis Malar Hospitals Limited (Subsidiary)	58.76	-
Fortis C-Doc Healthcare Limited (Subsidiary)	6.50	-
<b>Expense incurred by the Company on behalf of</b>		
SRL Limited (Fellow Subsidiary)	31.53	1.83
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	329.42	59.38
Fortis Healthcare Limited (Holding Company)	282.99	1,866.86
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	41.40	0.46
Lalitha Healthcare Private Limited (Subsidiary )	4.40	-
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	2.21
Fortis Hospital Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	115.89
Birdie and Birdie Realtors Private Limited (Subsidiary)	39.51	8.53
Fortis C-Doc Healthcare Limited (Subsidiary)	0.08	-
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	54.14	-
Fortis Malar Hospitals Limited (Subsidiary)	35.51	-
<b>Expense incurred on behalf of the Company by</b>		
Fortis Healthcare Limited (Holding Company)	825.78	389.49
SRL Limited (Fellow Subsidiary)	2.13	110.50
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	145.92	2.61
Fortis Hospotel Limited (Fellow Subsidiary)	1,169.82	1,084.66
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	1,405.71	1,250.54
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	1.87





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	418.48	442.64
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	5.30	0.09
Lalitha Healthcare Private Limited (Subsidiary )	8.45	7.41
Fortis C-Doc Healthcare Limited (Subsidiary)	3.12	-
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	37.92	-
<b>Interest income on loans to</b>		
Fortis Emergency Services Limited(Associates)	-	453.50
Fortis C-Doc Healthcare Limited (Subsidiary)	82.92	41.86
Fortis Health Management (East) Limited (Subsidiary)	71.82	70.74
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	6.76	280.46
Birdie and Birdie Realtors Private Limited (Subsidiary)	240.00	1,553.71
Fortis Nursing and Education Society (Enterprise owned or significantly influenced by KMP or their relatives)	1.07	-
Stellant Capital Advisory Services Private Limited**** (Subsidiary)	190.62	-
<b>Interest expense on loan taken from</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	5,072.31	-
Fortis Healthcare Limited (Holding Company)	7,957.58	11,728.36
<b>Sale of fixed assets</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	102.54	0.75
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	0.68	-
<b>Loans given</b>		
Fortis Health Management (East) Limited (Subsidiary)	785.00	185.00
Fortis Emergency Services Limited(Associates)	201.00	450.60
Fortis C-Doc Healthcare Limited (Subsidiary)	323.80	335.80
Hospitalia Eastern Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	789.66	773.00
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	612.02	263.30
Stellant Capital Advisory Services Private Limited**** (Subsidiary)	9,425.00	-
<b>Loans received back</b>		
Fortis Health Management (East) Limited (Subsidiary)	127.42	6.00
Fortis Emergency Services Limited(Associates)	64.00	-
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	320.00	-
<b>Loans taken</b>		
Fortis Healthcare Limited (Holding Company)	146,260.00	1,369,498.00
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	13,465.00	-



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Loans repaid</b>		
Fortis Healthcare Limited (Holding Company)	177,385.85	135,686.97
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	30,992.00	-
<b>Sale of Business Division</b>		
Fortis Healthcare Limited (Holding Company) (refer note 19)	-	4,000.00
<b>Purchase of Fixed Assets</b>		
Fortis Healthcare Limited (Holding Company)	1,708.00	210.14
<b>Consultation fees to doctors</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	111.95	333.59
Fortis C-Doc Healthcare Limited (Subsidiary)	94.68	80.56
<b>Pathology laboratory expenses</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	3.16	3.78
Lalitha Healthcare Private Limited (Subsidiary )	-	0.01
SRL Limited (Fellow Subsidiary)	7,870.46	6,245.37
Fortis Healthcare Limited (Holding Company)	-	0.72
<b>Hospital Service fee expense</b>		
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	4,992.19	4,894.86
Fortis Hospotel Limited (Fellow Subsidiary)	14,530.59	13,744.79
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	24,540.67	23,376.85
<b>Cost of Medical Services</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	117.76	73.97
Fortis Healthcare Limited (Holding Company)	122.95	73.75
<b>Radiology expenses</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	0.18
<b>Purchase of medical consumables</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	-	0.37
Medsorce Healthcare Private Limited (Fellow Subsidiary)	1,016.80	238.82
Religare Wellness Limited (Fellow Subsidiary)	152.24	112.77
Lalitha Healthcare Private Limited (Subsidiary )	40.97	67.38
Fortis Healthcare Limited (Holding Company)	-	0.13
<b>Travel and conveyance expenses</b>		
Fortis Emergency Services Limited(Associates)	116.36	47.72
Lalitha Healthcare Private Limited (Subsidiary )	0.20	-



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Year Ended March 31, 2016	Year Ended March 31, 2015
<b>Rent paid</b>		
Chethana Foundation (Enterprise owned or significantly influenced by KMP or their relatives)	20.51	20.22
Lalitha Healthcare Private Limited (Subsidiary )	6.69	-
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	106.03	-
<b>Collection on behalf of company by</b>		
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	537.68	1,125.11
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	49.49	11.67
Fortis Healthcare Limited (Holding Company)	1,264.05	204.42
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	0.58	4.34
Fortis C-Doc Healthcare Limited (Subsidiary)	-	0.97
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	2.95
Sunrise Medicare Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	1.87
<b>Corporate guarantee withdrawn</b>		
Fortis Cauvery (Joint Venture)	-	500.00
<b>Compulsorily convertible Preference Share issued (including securities premium)</b>		
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	30,000.00	-
<b>Collection by Company on behalf of</b>		
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	3.65	-
Fortis Healthcare Limited (Holding Company)	553.31	5,410.63
Escorts Heart Centre Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	0.21
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	171.46	23.01
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	9.01	-
<b>Provision for impairment of Loan</b>		
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	2,106.78	957.26
<b>Provision for doubtful receivables</b>		
Lalitha Healthcare Private Limited (Subsidiary )	493.50	-





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

(Rupees in lacs)

Balance outstanding at the year end	As at March 31, 2016	As at March 31, 2015
<b>Loans Recoverable</b>		
Birdie and Birdie Realtors Private Limited (Subsidiary)	12,275.00	12,275.00
Fortis C-Doc Healthcare Limited (Subsidiary)	851.14	489.67
Fortis Health Management (East) Limited (Subsidiary)	785.00	636.92
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	430.00	1,870.62
Fortis Emergency Services Limited(Associates)	3,374.00	3,509.13
Fortis Nursing and Education Society (Enterprise owned or significantly influenced by KMP or their relatives)	235.07	-
Stellant Capital Advisory Services Private Limited**** (Subsidiary)	9,425.00	-
<b>Loan Payable</b>		
Fortis Healthcare Limited (Holding Company)	60,507.76	81,080.89
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	28,973.00	-
<b>Balance recoverable</b>		
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	2.18	26.16
Fortis Healthcare Limited (Holding Company)	6,537.40	5,821.37
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	227.00	-
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	8.09	-
Fortis Health Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	3.67	-
Lalitha Healthcare Private Limited (Subsidiary )	0.98	-
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	0.46	-
Fortis C-Doc Healthcare Limited (Subsidiary)	2.59	3.88
Lalitha Healthcare Private Limited (Subsidiary )	4.13	494.25
Fortis Emergency Services Limited(Associates)	0.72	-
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	0.40	31.30
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	855.73	341.11
Fortis Cauvery (Joint Venture)	-	13.25
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	463.63	657.41
Sunrise Medicare Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	3.92
Fortis Health Management (East) Limited (Subsidiary)	5.30	86.93
Fortis Hospital Management Limited (Enterprise owned or significantly influenced by KMP or their relatives)	17.66	-
Religare Wellness Limited (Fellow Subsidiary)	97.49	64.47
SRL Limited (Fellow Subsidiary)	-	9.92
Fortis Hospotel Limited (Fellow Subsidiary)	-	38.52
Hospitalia Eastern Private Limited (Enterprise owned or significantly influenced by KMP or their relatives)	1,562.66	773.00
<b>Balance payable</b>		
SRL Limited (Fellow Subsidiary)	773.57	998.15



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

<b>Balance outstanding at the year end</b>	<b>As at March 31, 2016</b>	<b>As at March 31, 2015</b>
Fortis Healthcare Limited (Holding Company)	14,924.28	15,340.05
Escorts Heart and Super Speciality Hospital Limited (Enterprise owned or significantly influenced by KMP or their relatives)	-	1,032.21
Escorts Heart Institute and Research Centre Limited (Fellow Subsidiary)	4,888.23	331.20
Fortis C-Doc Healthcare Limited (Subsidiary)	7.88	0.98
Lalitha Healthcare Private Limited (Subsidiary )	0.82	0.25
Medsorce Healthcare Private Limited (Fellow Subsidiary)	263.64	44.86
Religare Wellness Limited (Fellow Subsidiary)	2.65	36.59
International Hospital Limited* (Enterprise owned or significantly influenced by KMP or their relatives)	2,529.63	4,314.48
Fortis Hospotel Limited (Fellow Subsidiary)	6,454.36	2,991.17
Fortis Emergency Services Limited(Associates)	13.61	1.83
Hiranandani Healthcare Private Limited (Fellow Subsidiary)	5.30	-
Birdie and Birdie Realtors Private Limited (Subsidiary)	0.71	-
Fortis Charitable Foundation (Enterprise owned or significantly influenced by KMP or their relatives)	1.55	
<b>Interest accrued and due/but not due on loans given</b>		
Fortis C-Doc Healthcare Limited (Subsidiary)	80.43	37.67
Fortis Health Management (East) Limited (Subsidiary)	69.67	68.04
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited) (Subsidiary)	-	251.18
Birdie and Birdie Realtors Private Limited (Subsidiary)	-	1,696.61
Stellant Capital Advisory Services Private Limited****(Subsidiary)	171.56	-
<b>Corporate guarantee given for loans availed by**</b>		
Lalitha Healthcare Private Limited (Subsidiary )	-	1,700.00

\*During the previous year, Escorts Heart and Super Speciality Institute Limited ('EHSSIL'), Escorts Hospital and Research Centre Limited ('EHRCL') and Kanishka Healthcare Limited ('KHL'), subsidiary of Religare Health Trust has been merged into another subsidiary of Religare Health Trust, International Hospital Limited ('IHL').

\*\*The loans availed by above companies against guarantee given have been used by the respective companies for acquiring fixed assets and meeting working capital requirements.

\*\*\*During the previous year, Hon'ble Delhi High Court of Delhi approved the scheme of amalgamation ('the scheme') of Fortis Health Management (North) Limited ('FHM(N)L') with the Company. The scheme became effective from September 1, 2013 with appointed date as April 1, 2012. (refer note 22).

\*\*\*\*During the year, the company has acquired Stellant Capital Advisory Services Private Limited with effect from November 4, 2015.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**6. Leases**

**a) Assets given on operating lease**

The Company has sub-leased some portion of hospital premises and certain medical equipments and computers. In all the cases, the agreements are further renewable at the option of the Company. The total lease income received / receivable in respect of the above leases recognized in the statement of profit and loss for the year is Rupees 432.16 lacs (Previous year Rupees 432.72 lacs).

The total of future minimum lease income receivable under the non-cancellable operating leases is as under:

(Rupees in lacs)		
Particulars	As at March 31, 2016	As at March 31, 2015
Minimum lease payments :		
Not later than one year	237.81	262.96
Later than one year but not later than five years	274.19	425.23
Later than five years	-	-

Details of capital assets given on non-cancellable operating lease are disclosed as under:

Particulars	Year ended March 31, 2016			Year ended March 31, 2015		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Medical Equipments	1040.06	209.11	830.95	928.09	160.80	767.29
Computers	0.44	0.44	-	0.44	0.37	0.07
<b>Total</b>	<b>1040.50</b>	<b>209.55</b>	<b>830.95</b>	<b>928.53</b>	<b>161.17</b>	<b>767.36</b>

**b) Assets taken on operating lease**

The Company has obtained certain office, hospital premises, other premises and certain medical equipments on operating lease. The total lease payment in respect of such leases recognized in the statement of profit and loss for the year is Rupees 3,314.92 lacs (Previous year Rupees 2,915.33 lacs) and capitalized during the year Rupees 13.23 lacs (Previous year Rupees 709.54 lacs).

Future minimum lease payment under non cancellable operating leases are as follows:

(Rupees in lacs)		
Minimum lease payments :	As at March 31, 2016	As at March 31, 2015
Not later than one year	1,674.89	1,701.23
Later than one year but not later than five years	3,421.17	3,664.98
Later than five years	447.46	631.22
<b>Total</b>	<b>5,543.52</b>	<b>5,997.43</b>



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**c) Assets taken on finance lease**

The Company has finance leases for Cathlab equipment. The lease has terms of renewal and bargain purchase option. However, there is no escalation clause. Each renewal is at the option of lessee. Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:-

Particulars	As at		As at	
	March 31, 2016		March 31, 2015	
	Minimum Lease Payments	Present value of MLP	Minimum Lease Payments	Present value of MLP
Not later than one year	41.88	24.59	41.88	27.29
Later than one year but not later than five years	69.80	38.23	111.68	61.76
Later than five years	-	-	-	-
<b>Total minimum lease payments</b>	<b>111.68</b>	<b>62.82</b>	<b>153.56</b>	<b>89.05</b>
Less: amounts representing finance charges	(48.86)	-	64.51	-
<b>Present value of minimum lease payments</b>	<b>62.82</b>	<b>62.82</b>	<b>89.05</b>	<b>89.05</b>

**7. Investments**

Trade Investments includes 11,752,402 quoted Equity shares of Fortis Malar Hospitals Limited received as a gift from International Hospital Limited which has been recorded at a nominal value of Rupees 1,000.

**8. Capital and other commitments**

Particulars	(Rupees in lacs)	
	As at March 31, 2016	As at March 31, 2015
(a) Estimated amount of contracts remaining to be executed on capital account [net of capital advances of Rupees 582.87 lacs (Previous Year Rupees 202.37 lacs)]	4,599.87	1,914.99

- (b) For commitments related to lease arrangements, refer note 6.
- (c) The Company has entered into individual Hospital and Medical Services Agreement (HMSA) with Religare Health Trust Group of companies ('RHT') wherein the RHT provides and maintains the Clinical Establishments along with other services like out-patient diagnostics and radio diagnostic to the Company. The term of the individual HMSA is 15 years and the Company is required to pay a composite service fee i.e. base and variable fee. The base fee is fixed and increase 3% year on year. The variable fee is based on a percentage of the Companies' net operating income in accordance with the HMSA.
- (d) The Company has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of services, employee's benefits. The Company does not have any long term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.
- (e) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.
- (f) Commitments relating to provision for free / subsidised treatment/beds to poor.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**9. Contingent liabilities (not provided for) in respect of:**

(Rupees in lacs)

Description	As at March 31, 2016	As at March 31, 2015
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases	4,714.05	7,279.50
Corporate guarantee given to bank in respect of financial assistance availed by fellow subsidiary of the Company. None of the corporate guarantee have been evoked by the Banks during the year as the fellow subsidiary of the Company have complied with the loan covenants.	1,700.00	1,700.00
Deputy Commissioner of Income Tax has raised a demand on account of disallowance of expenditure under Section 14A of the Income Tax Act, 1961 pertaining to assessment year 2012-13. Based on management assessment, the Company believes that it has good chances of success in this case.	257.58	257.58
Demand pertaining to financial year 2011-12 raised by Joint Commissioner, Commercial Tax, West Bengal for Value Added Tax (VAT) payable on medicines and foods that are being served to patients. In response to the Assessment Order, the Company has filed a petition to VAT Tribunal in the month of October 2014. The Tribunal has granted a stay and has ordered to pay Rs. 10 lacs on Ad Hoc basis which will be refunded in case the judgement is in the favour of the Company. The affidavit in opposition has already been submitted by the West Bengal Sales tax department but the Company is yet to submit its affidavit in reply to the Tribunal. Based on management assessment, the Company believes that it has good chances of success in these cases.	157.08	157.08
Jaipur Value Added Tax (VAT) department has raised a demand on account of VAT payable on sale of implants to patients used in procedures performed on them and demand on sale of food and beverages sold to admitted patient. The order pertains to financial year 2011-12 and 2012-13. The Company has filed a Writ petition before Jaipur High Court where Hon'ble court has granted stay on the matter. Based on management assessment, the Company believes that it has good chances of success in these cases.	502.18	502.18
Regular assessment u/s 143(3) has been completed by the Deputy Commissioner of Income-tax, Circle 11(1), New Delhi vide order dated March 28, 2013 assessing the loss at Rs.67,96,17,100 as against Rs.85,54,63,013 as declared by the company in the return of income. . Based on management assessment, the Company believes that it has good chances of success in these cases.	Nil	Nil



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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

**Defined Benefit Plan**

The Company has a defined benefit gratuity plan where under employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn salary) for each completed year of service 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 Gratuity scheme in case of one of the hospital of the Company is funded with an insurance Company in the form of a qualifying insurance policy and in case of other locations it is unfunded. The Company also provides compensated absences, which is unfunded.

The following table summarizes the components of net employee benefit expenses recognized in the statement of profit and loss and the funded status and amounts recognized in the balance sheet for the respective plans:

**Statement of profit and loss**

Net employee benefit expense (recognized in employee cost/capitalize under Capital work in progress)

Particulars	(Rupees in lacs)			
	Year ended March 31, 2016		Year ended March 31, 2015	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Current Service cost	265.98	8.79	191.83	29.29
Interest cost	75.96	15.55	63.57	15.72
Expected return of plan assets	-	(20.54)	-	(20.59)
Net actuarial loss recognized in the period	42.33	7.31	130.83	40.15
Past service cost	(5.83)	(12.85)	-	-
<b>Net benefit expenses</b>	<b>378.44</b>	<b>(1.74)</b>	<b>386.23</b>	<b>64.57</b>
Actual return on plan assets	-	-	-	-

**Balance sheet**

Particulars	(Rupees in lacs)			
	As at 31 March 2016		As at 31 March 2015	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Present value of defined benefit obligation	1,300.69	224.32	1,037.88	241.91
Fair value of plan assets	-	230.66	-	236.17
(Deficit)/Surplus of funds	<b>(1,300.69)</b>	<b>6.34</b>	<b>(1,037.88)</b>	<b>(5.74)</b>
Net (liability) / asset	<b>(1,300.69)</b>	<b>6.34</b>	<b>(1,037.88)</b>	<b>(5.74)</b>





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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

Particulars	As at March 31, 2016		As at March 31, 2015	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Opening defined benefit obligation	1,037.88	241.91	779.93	182.95
Liability deleted on slump sale (refer note 19)	-	-	(39.77)	-
Current service cost	265.98	8.79	191.83	29.29
Interest cost on benefit obligation	75.96	15.55	63.57	15.72
Benefits paid	(115.63)	(38.51)	(88.51)	(25.98)
Plan Amendment Cost	(5.83)	(12.85)		
Actuarial (loss)/ gain recognized in the period	42.33	9.43	130.83	39.93
Closing defined benefit obligation	1,300.69	224.32	1,037.88	241.91

**Change in fair value of assets are as follows:**

Particulars	As at March 31, 2016		As at March 31, 2015	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Opening fair value of plan assets	-	236.17	-	229.46
Expected return on plan assets	-	20.54	-	20.59
Contributions by employer	-	10.34	-	12.32
Benefits paid	-	(38.51)	-	(25.98)
Actuarial gains / (losses)	-	2.12	-	(0.22)
Closing fair value of plan assets	-	230.66	-	236.17

**In case of Bangalore Corporate Office , Anandpur, FHKI, Mulund, Bennarghatta Road, Cunningham Road, Kalyan**

Particulars,	Year ended March 31, 2016	Year ended March 31, 2015
	(Unfunded)	(Unfunded)
Discount rate	7.75%	7.75%
Expected rate of return on plan assets	-	-
Expected rate of salary increase	8.00%	8.00%
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	6.00%-30.00%	6.00%-30.00%
Up to 40 years	2.00%-25.00%	2.00%-25.00%
Up to 50 years	1.00%-20.00%	1.00%-20.00%
Above 50 years	2.00%	2.00%





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**In Case of other locations**

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	(Unfunded)	(Funded)	(Unfunded)	(Funded)
Discount rate	7.75%	7.75%	7.75%	7.75%
Expected rate of return on plan assets	-	9.25%	-	9.25%
Expected rate of salary increase	3.75% to 8.00%	3.75%	3.75% to 8.00%	3.75%
Mortality table referred	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006 - 08) (modified) Ult.	Indian Assured Lives Mortality (2006-08) (modified) Ult.	Indian Assured Lives Mortality (2006 -08) (modified) Ult.
Withdrawal / Employee Turnover Rate				
Up to 30 years	6.00%-30.00%	6.00%	6.00%-30.00%	6.00%
Up to 44 years	2.00%-25.00%	2.00%	2.00%-25.00%	2.00%
Above 44 years	1.00%-20.00%	1.00%	1.00%-20.00%	1.00%

Experience histories for the current and previous year are as follows:

(Rupees in lacs)

Particulars	Year ending				
	31 March 2016	31 March 2015	31 March 2016	March 31, 2013	March 31, 2012
Defined benefit obligation at the end of the period	(1,525.01)	(1,257.83)	(962.88)	(393.04)	(339.98)
Plan assets at the end of the period	230.66	236.17	229.46	-	-
Funded status	(1,274.74)	(1,021.66)	(733.42)	(393.04)	(339.98)
Experience gain/ (loss) adjustment on plan liabilities	(51.76)	(7.93)	100.04	23.42	30.60
Experience gain/ (loss) adjustment on plan assets	2.12	(0.22)	8.18	-	-
Actuarial gain/ (loss) due to change on assumptions	-	(162.83)	107.90	15.16	15.66

The overall expected rate of return on assets is determined based on the market prices prevailing on that date, applicable to the period over which the obligation is to be settled.

Notes:

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The estimated amount of contribution in the immediate next year is Rupees 417.20 Lacs.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

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

(Rupees in lacs)

Particulars	As at March 31, 2016	As at March 31, 2015
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
-Principal amount due to micro and small enterprises	-	25.97
-Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

The above information regarding dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information available with the Company. . The management has confirmed that none of the suppliers have confirmed that they are registered under the provision of the Act. In view of this, the liability of the interest and disclosure are not required to be disclosed in the financial statements This has been relied upon by the auditors.

**12. Particulars of Un-hedged Foreign Currency Exposure:**

Particulars	Currency	As at March 31, 2016		As at March 31, 2015	
		Foreign Currency in lacs	Equivalent Rupees in lacs	Foreign Currency in lacs	Equivalent Rupees in lacs
Import trade payables including capital creditors	USD	2.09	164.49	4.09	254.66
Buyers Credit	Euro	1.54	116.12	2.05	136.90
Buyers Credit	USD	7.91	523.14	10.69	666.03
Trade Receivables	USD	12.73	842.10	5.56	346.74



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**13. Material consumed (including consumables)**

Particulars	Year ended March 31, 2016		Year ended March 31, 2015	
	% of total consumption	Rupees in lacs	% of total consumption	Rupees in lacs
Indigenous*	99.64%	38,146.21	100%	37,218.08
Imported	0.36%	138.57	-	-
<b>Total</b>		<b>38,284.78</b>	<b>100%</b>	<b>37,218.08</b>

**14. Expenditure in Foreign Currency (on accrual basis)**

Particulars	(Rupees in lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Marketing and business promotion	432.10	545.08
Legal and professional fee	130.27	162.98
Interest expenses	31.45	44.27
Miscellaneous expenses	169.58	31.11
<b>Total</b>	<b>763.40</b>	<b>783.44</b>

**15. Value of imports calculated on CIF basis**

Particulars	(Rupees in lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Capital goods	2,517.98	1,433.62
<b>Total</b>	<b>2,517.98</b>	<b>1,433.62</b>

**16. Earnings in Foreign Currency (on accrual basis)**

Particulars	(Rupees in lacs)	
	Year ended March 31, 2016	Year ended March 31, 2015
Sale of services	6,570.95	6,813.03
<b>Total</b>	<b>6,570.95</b>	<b>6,813.03</b>



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**17. Borrowings**

**(i) Secured Loans**

**Long term borrowings:**

(Rupees in lacs)

Particulars	Note	March 31, 2016	March 31, 2016	March 31, 2015	March 31, 2015
		<b>Non-Current</b>	<b>Current</b>	<b>Non-Current</b>	<b>Current</b>
Term loan from banks	(a)	17,139.72	6,597.94	22,416.67	3,883.34
Hire purchase loans from bank	(b)	-	-	-	1.59
Buyers' credit	(c)	473.53	165.73	642.20	160.73
Finance lease obligations	(d)	38.23	24.59	61.76	27.29
Deferred payment liabilities	(e)	213.63	434.03	647.66	471.22
		<b>17,865.11</b>	<b>7,222.29</b>	<b>23,768.29</b>	<b>4,544.17</b>

**Short term borrowings:**

(Rupees in lacs)

Particulars	Note	March 31, 2016	March 31, 2015
Bank overdraft	(f)	-	0.71
Bill discounting	(g)	2000.00	-
<b>Total</b>		<b>2000.00</b>	<b>0.71</b>

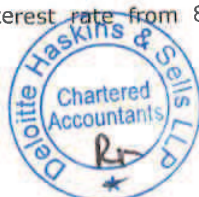
- a) Term loan of Rupees 15,000 lacs have been taken in two Tranches from ICICI Bank, Rupees 10,300 were received during the year ended March 31, 2013 and rest Rupees 4,700 were received during the year ended on March 31, 2014. The entire loan is secured by way of first pari-passu charge over moveable assets up to 1x cover and second pari-passu charge over current assets and exclusive charge over DSRA/Fixed Deposit and carried interest rate of base rate + 1.75%. Term Loan is repayable in 18 structured quarterly installments beginning at the end of seven quarters from first drawdown dated March 29, 2013.

Year	Rupees in lacs
8% in the 1st year	1,200.00
12% in the 2nd year	1,800.00
24% in the 3rd year	3,600.00
24% in the 4th year	3,600.00
32% in the 5th year	4,800.00

The facility of Rupees 12,000 lacs (previous year Rupees 13,800 lacs) is outstanding as on 31 March 2016.

During the year ended on 31 March 2015, the Company has availed loan of Rupees 12,500 lacs from HDFC Bank which is secured by way of first pari passu charge on the moveable fixed assets and current assets of the Company and equitable mortgage of the property of certain hospitals owned by the Company. These loans are further secured by corporate guarantee issued by Fortis Healthcare Limited and carried interest rate of base rate of the bank+1.25%. Term Loan is repayable in 18 structured quarterly installments within a period of 60 months with repayment being start after 6 months from the date of disbursement (i.e. moratorium period of 6 months). The facility of Rupees 11,737.67 lacs (previous year Nil) is outstanding as on 31 March 2016.

- b) Hire purchase loans from bank was secured against hypothecation of the vehicles financed and carries interest rate from 8.35% to 10.94%. The loan was repayable in equated





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

monthly installments over four years. However, the Company had made pre-payment of Rupees 6.39 lacs during the year ended 31 March 2015 and balance as on 31 March 2015 was paid during the financial year 2015-16.

- c) Buyer's credit facility from HDFC Bank was taken in the year 2012-13 for finance of various medical equipments to be imported. It carries interest @ (3% - 3.5%) + 6 months LIBOR and is repayable within 3 years from the date of import of medical equipment.

Out of total, facility amounting to Rupees 639.26 lacs carried interest at 2.55% to 2.79% and was secured against each specific asset against which the facility was availed.

- d) Finance lease obligation has been used for financing cathlab equipment and was availed during the year ended March 2012. It carries interest rate of 10.52% and repayable in equated monthly installments over seven years.
- e) Deferred payment facility was taken in the financial year 2011-2012 and carries interest @ 9% per annum for the first year and SBI base rate + 0.50% for subsequent years. Deferred credit payment facility is secured by first charge by way of hypothecation of specific equipment of the Company. The loan is repayable in two parts, one is in 20 structured quarterly installments commencing from April 2012 and other one is in 20 structured quarterly installments commencing from May 2013.
- f) The bank overdraft facility limit of Rupees 720.00 lacs has been taken from Axis Bank Limited chargeable to interest at base rate + 1.50%, secured against the first charges on current assets of the Company. The balance in the overdraft facility as at the year ended 31 March 2016 was Nil. (Previous year Rupees .71 lacs).
- g) Bills amounting to Rupees 2000 lacs were discounted during the year and carries interest @ Base Rate +1.15%. The said facility is secured against the exclusive charge on the bills submitted and further charge on the moveable fixed assets and mortgage on hospital properties. The facility is also secured by way of first pari passu charge on the current assets.

**(ii) Unsecured Loans**

**Short term borrowings:**

Particulars	Note	(Rupees in lacs)	
		As at 31 March 2016	As at 31 March 2015
Loan from a holding Company ('FHL')	(a)	60,507.76	81,080.89
Loan from a fellow subsidiary ('EHIRCL')	(b)	28,973.00	-
<b>Total</b>		<b>89,480.76</b>	<b>81,080.89</b>

- a) The loan from holding company ('FHL') was taken initially during the financial year 2011-12 and carries interest at 11.50% to 13.75% p.a., currently the interest rate is 11.50% and is repayable on March 31, 2017.
- b) The loan from Escorts Heart Institute and Research Centre Limited ('EHIRCL') was taken during the current financial year and carries interest at 11.00% to 11.50% p.a., currently the interest rate is 11.00% and is repayable on March 31, 2017.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**18. Capitalization of expenditure:**

During the year, the Company has capitalised the following expenses to the cost of fixed asset/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the Company.

Particulars	(Rupees in lacs)	
	As at March 31, 2016	As at March 31, 2015
<b>Opening Balance (A)</b>	<b>1,455.93</b>	<b>454.03</b>
<b>Employee benefits (B)</b>		
Salaries, wages and bonus	122.84	173.19
<b>Total (B)</b>	<b>122.84</b>	<b>173.19</b>
<b>Other expenses (C)</b>		
Contractual manpower	-	14.38
Power, fuel and water	1.64	4.02
Rent	13.23	709.54
Legal and professional fee	-	94.80
Printing & Stationery	-	0.03
Travel and conveyance	61.85	0.10
Communication expenses	0.52	-
Miscellaneous expenses	-	5.84
<b>Total (C)</b>	<b>77.24</b>	<b>828.71</b>
<b>Total (D) (A+B+C)</b>	<b>1,656.01</b>	<b>1,455.93</b>
Less: Capitalized during the year (E)	1,455.93	-
<b>Balance carried forward to Capital Work in Progress (F = D-E)</b>	<b>200.08</b>	<b>1,455.93</b>

19. During the year ended 31 March 2015, pursuant to business transfer agreements entered into with Fortis Healthcare Limited, the Company has transferred its Shalimar Bagh unit under slump sale transaction on April 1, 2014. Details of assets and liabilities transferred are as under :

		(Rupees in lacs)
S.No.	Particulars	March 31, 2015
1	Net Fixed Assets	3,031.18
2	Goodwill	1,365.00
3	Net Current Assets	(2,216.03)
4	<b>Total Assets Transferred (1+2+3)</b>	<b>2,180.15</b>
5	Sale Consideration by way of payment	4,000.00
6	<b>Profit on Sale of Undertaking (5-4) (included under Exceptional items)</b>	<b>1,819.85</b>

20. The Deputy Commissioner of Customs had issued an assessment order in earlier year raising a demand of Rupees 166.49 in relation to import of medical equipments. The Company had filed an appeal with the Hon'ble Supreme Court of India. The court had ordered for the stay and during the previous year court had asked the Company to deposit a sum of Rupees 83.25 lacs with the customs authority. The Company had deposited the amount with the customs authority and has also made a provision of Rupees 166.49 lacs. During the previous year Hon'ble Supreme Court of India has decided the case in the favour of the Company, hence the provision of Rupees 166.49 lacs has been reversed during the previous year ended 31 March, 2015.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**21. Details of loans given to subsidiaries:**

(Rupees in lacs)

Particulars	Maximum Amount Outstanding		Closing Balance	
	31-Mar-16	31-Mar-15	31-Mar-16	31-Mar-15
<b>Subsidiaries/ fellow subsidiaries</b>				
Fortis Health Management (East) Limited	785.00	640.92	785.00	636.92
Fortis C-Doc Healthcare Limited	851.15	489.66	851.15	489.65
Fortis Cancer Care Limited (Subsidiary )	2,536.77	2,857.87	430.00	1,870.62
Birdie and Birdie Realtors Private Limited (Subsidiary )	12,275.00	12,275.00	12,275.00	12,275.00
Stellant Capital Advisory Services Private Limited (Subsidiary)	9,425.00	-	9,425.00	-
	<b>25,872.92</b>	<b>16,263.45</b>	<b>23,766.15</b>	<b>15,272.19</b>

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

Name of the party	Rate of Interest	Due date	Secured/ unsecured	March 31, 2016	March 31, 2015
Fortis Health Management (East) Limited	12.50%	March 31, 2018	Unsecured	785.00	636.92
Fortis C-Doc Healthcare Limited	13.00%	March 31, 2018	Unsecured	851.15	489.65
Fortis Cancer Care Limited (formerly known as Fortis Health Management (South) Limited)	10.00%	March 31, 2018	Unsecured	430.00	1870.62
Birdie and Birdie Realtors Private Limited	14.00%	March 31, 2018	Unsecured	12,275.00	12,275.00
Stellant Capital Advisory Services Private Limited	11.75%	March 31, 2018	Unsecured	9,425.00	-
<b>Total</b>				<b>23,766.15</b>	<b>15,272.19</b>

The above loans have been given for meeting the working capital requirements and purchase of capital assets.



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

22. During the year ended March 31, 2014, the Company and Fortis Health Management (North) Limited ('FHM(N)L') a fellow subsidiary of the Company filed an application with Hon'ble Delhi High Court for merger of FHM(N)L into the Company from an appointed date of April 1, 2012, with an objective of reducing administrative cost, overhead, managerial and other expenditure and to bring the expertise, technology and facilities under one roof. It would also simplify corporate structure which would provide management more scope to focus on development of business of the companies.

Salient features of scheme of amalgamation of Fortis Health Management (North) Limited with Fortis Hospitals Limited, the Company:-

- i) The Scheme of amalgamation ('the Scheme') under sections 391 and 394 of the Companies Act, 1956, between the Company and Fortis Health Management (North) Limited ('FHM(N)L'), was approved by the Hon'ble High court of New Delhi, vide its order dated July 22, 2013. The Company filed the Order of the Hon'ble High Court approving the scheme, with the Registrar of Companies on September 1, 2013. Therefore the Scheme became effective from September 1, 2013 with appointed date as April 1, 2012. The Scheme had already been approved by the shareholders of both the Companies.
- ii) FHM(N)L was engaged in the business of providing consultancy and development work for establishment, promotion, maintenance, management, operation and conduct of healthcare and related services and to purchase, lease or otherwise acquire, promote, own, establish, operate, run or administer hospitals, clinics, nursing homes, chemist shops and all other kinds of healthcare centre(s) etc. and as per the Scheme of amalgamation, the Company shall continue to carry on the business.
- iii) In terms of Accounting Standard 14 - Accounting for Amalgamations notified under the Companies (Accounting Standards) Rules, 2006, (as amended), the Scheme of Amalgamation was accounted for under the 'Pooling of Interest Method', wherein all the assets and liabilities of FHM(N)L became, after amalgamation, the assets and liabilities of the Company.
- iv) Pursuant to the Scheme, the business of FHM(N)L had been transferred to the Company on a going concern basis. Accordingly, all the assets, liabilities, rights, licenses, benefits, obligations etc. of FHM(N)L, as on April 1, 2012, stand transferred to and vested in the Company.
- v) As per the Scheme, the Company had allotted to the members of FHM(N)L 1 (one) equity share of the face value of Rupees 10 (ten) each of the Company, credited as fully paid up for every 1 (one) equity shares of Rupees 10 each held by the members of FHM(N)L in FHM(N)L. In terms of the scheme, on transfer of various assets and liabilities of FHM(N)L to the Company as at the appointed date, following adjustments had been made in the books of account of the Company:



**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

Particulars	Rupees in lacs
<b>ASSETS</b>	
<b>Non-current assets</b>	
Tangible assets	13,126.23
Intangible assets	4,552.56
Capital work-in-progress	7,441.01
	<b>25,119.80</b>
Non-current investments	289.05
Long term loans and advances	1,340.88
	<b>26,749.73</b>
<b>Current assets</b>	
Current investments	516.45
Inventories	1,201.40
Trade receivables	10,669.42
Cash and bank balances	623.36
Short term loans and advances	110,020.61
Other current assets	2,868.72
	<b>125,899.96</b>
<b>Total Assets</b>	<b>152,649.69</b>
<b>Non-current liabilities</b>	
Long-term borrowings	1,504.61
Deferred tax liabilities (Net)	127.69
Other long term liabilities	423.97
Long-term provisions	208.84
	<b>2,265.11</b>
<b>Current liabilities</b>	
Short-term borrowings	122,727.36
Trade payables	10,675.53
Other current liabilities	12,031.96
Short-term provisions	314.75
	<b>145,749.60</b>
<b>Total Liabilities</b>	<b>148,014.71</b>
<b>Total Net Assets</b>	<b>4,634.98</b>
Less: Profit brought forward from the amalgamating Company as on the date of amalgamation i.e. April 1, 2012	<b>(4,629.98)</b>
<b>Total</b>	<b>5.00</b>
Share Capital issued by the Company to the members of FHM(N)L	<b>5.00</b>

In view of the aforesaid amalgamation with effect from April 1, 2012, loss of Rupees 11,864.25 lacs has been brought forward from the amalgamating company for the year 2012-2013.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

**23. Exceptional Gain / (loss)**

- (a) The Company has provided loan amounting to Rupees 957.26 lacs to Fortis Cancer Care Limited (FCCL) (formerly known as Fortis Health Management (South) Limited), wholly owned subsidiary of the Company, for investment in M/s Fortis Cauvery, a partnership firm.

During the previous year, FCCL has entered into a Memorandum of Understanding (MOU) dated August 31, 2014 to dissolve the said firm, as the firm has incurred losses and FCCL's investment is completely eroded. To stop further losses, the operations of the firm are closed and assets have been sold as per the terms of MOU effective from September 1, 2014.

In view of the above entire capital contribution of Rupees 306.00 lacs and loans advanced of Rupees 651.26 lacs have been written off by FCCL during the previous year ended 31 March, 2015.

The Company has written off the loan advanced to FCCL amounting to Rupees 957.26 lacs during the previous year.

- (b) Statutory bonus amounting to Rupees 695.05 lacs has been recorded as an exceptional item which represents the amount accrued towards incremental bonus payable to existing and deemed employees by the Company for the period from April 1, 2015 to December 31, 2015 due to amendment of The Payment of Bonus (Amendment) Act, 2015 with retrospective effect from April 1, 2014 for which notification was issued in January, 2016.
- (c) During the current year, the Group has closed certain dialysis and healthcare centers resulting in net exceptional loss of Rupees 148.14 lacs.
- (d) The Company had advanced a loan to its subsidiary company i.e. Fortis Cancer Care Limited aggregating to Rupees 2,526.77 lacs. Further this subsidiary company has made an investment aggregating to Rupees 627.65 lacs in its subsidiary company i.e. Lalitha Healthcare Private Limited and also gave an advance of Rupees 1,429.61 as loan.

During the year, the subsidiary Company i.e. Fortis Cancer Care Limited has impaired its investment and the loan in its subsidiary company i.e. Lalitha Healthcare Private Limited aggregating to Rupees 627.65 lacs and Rupees 1,031.61 lacs (net of amount to be recovered amounting to Rupees 398 lacs), as it is of the view that there is a permanent diminution in the value of these investments and loans on account of closure of operation by Lalitha Healthcare Private Limited.

Consequently, the Company has also provided for the loan advanced to Fortis Cancer Care Limited amounting to Rupees 2,106.78 lacs in view of inability of Fortis Cancer Care Limited to generate surplus for payment.

- (e) The Company has provided Rupees 493.50 lacs as doubtful towards amount recoverable from Lalitha Healthcare Private Limited due to closure of operation by Lalitha Healthcare Private Limited in the current year.

- 24.** The Company has advanced interest bearing loans to the Group Companies i.e. Birdie & Birdie Realtors Private Limited & Fortis Emergency Services Limited. During the previous years, the Company had stopped accruing any interest due to uncertainty as to recoverability of interest, in view inability of these group companies to generate surplus for payment of interest due to the Company. The Company has not recognised an amount aggregating to Rupees 2,722 lacs in the current year.

However, based on the Management's review of the operations and commitment from other shareholders of the Company, the entire amounts of loan recoverable from group companies aggregating to Rupees 15,649 Lacs has been considered good and fully recoverable by the Management.





**FORTIS HOSPITAL LIMITED**  
**NOTES FORMING PART OF FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2016**

---

**25. Corporate Social Responsibility**

As per section 135 of the Companies Act, 2013 and rules therein, the Company is required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). However, the Company has incurred losses in past three years hence the same is not applicable.

**26. Previous year figures**

Previous year figures have been regrouped / reclassified, where necessary, to conform to this year's classification. Figures for the previous year have been audited by another firm of Chartered Accountants.

**For and on behalf of the Board of Directors**  
**FORTIS HOSPITALS LIMITED**



**ASHISH BHATIA**  
Whole Time Director  
DIN: 01845421



**GAGANDEEP SINGH BEDI**  
Director  
DIN: 06881468



**MEETU GULATI**  
Company Secretary  
Membership No.: A24618  
Place : Gurgaon  
Date : May 24, 2016



**RAKESH LADDHA**  
Chief Financial Officer

