

## **INDEPENDENT AUDITOR'S REPORT To The Members of Fortis Hospotel Limited Report on the Ind AS Financial Statements**

We have audited the accompanying Ind AS financial statements of Fortis Hospotel Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

### **Management's Responsibility for the Ind AS 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 Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act.

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 Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

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

In conducting 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.

We conducted our audit of the Ind AS 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 Ind AS financial statements are free from material misstatement.



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

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

## Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS 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 March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

## Other Matter

The comparative financial information of the Company for the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2015 dated August 25, 2015 expressed an unmodified opinion on those financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the Ind AS financial statements and our report on Other Legal and Regulatory Requirements below is not modified in respect of these matters.

## Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, we report, to the extent applicable that:
  - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
  - 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 including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.
- d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act.
- e) On the basis of the written representations received from the directors as on 31st March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 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, as amended, in our opinion and to the best of our information and according to the explanations given to us:
  - i. The Company has certain pending litigations as on March 31, 2017. However, there is no impact on the financial position of the Company for the reasons stated in note 40.
  - ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
  - iii. There were no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.
  - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the November 8, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management.



# Deloitte Haskins & Sells LLP

2. As required by the Companies (Auditor's Report) Order, 2016 ("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. 117366W/W-100018)



Khazat A. Kotwal  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: September 19, 2017

**ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT  
(Referred to in paragraph 1 (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)**

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

We have audited the internal financial controls over financial reporting of Fortis Hospotel Limited ("the Company") as at March 31, 2017 in conjunction with our audit of the Ind AS 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 ("the Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to 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.

**Auditor's 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 and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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



## Meaning of Internal Financial Controls Over Financial Reporting

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

## Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

## Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as of March 31, 2017, 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. 117366W/W-100018)



*Khazat A. Kotwal*  
Khazat A. Kotwal  
(Partner)  
(Membership No. 103707)

Place: Gurugram  
Date: September 19, 2017

## ANNEXURE B TO THE INDEPENDENT AUDITOR'S 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 Company has a program of verification of fixed assets to cover all the items once in every two years which, in our opinion, is reasonable having regard to the size of the Company and the nature of its assets. Pursuant to the program, all fixed assets were physically verified by the management during the year ended March 31, 2016.
  - (c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold or at perpetual lease, are held in the name of the Company as at the balance sheet date, except the following:

| Particulars  | Carrying amount<br>(₹ in lakhs) | Remarks   |
|--|---------------------------------|---|
| Land held under perpetual lease located at Shalimar Bagh, Delhi. | 6,910.00                        | The title deed is in the name of Oscar Biotech Private Limited. |

- (ii) The Company does not have any inventory and hence reporting under clause (ii) of the Companies (Auditor's Report) Order, 2016 ("the Order") is not applicable.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under section 189 of the Companies Act, 2013, in respect of which:
  - (a) The terms and conditions of the grant of such loans are, in our opinion, prima facie, not prejudicial to the Company's interest.
  - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per stipulations.
  - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.



- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. Further, according to the information and explanations given to us, there are no unclaimed deposits hence the provisions of Sections 73 to 76 of the Act do not apply 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, customs duty and other material statutory dues applicable to it to the appropriate authorities.  
We are informed that operations of the Company during the year did not give rise to any liability for excise duty and value added tax.
- (b) There were no undisputed amounts payable in respect of provident fund, employees' state insurance, income tax, service tax, customs duty and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of income tax which have not been deposited as on March 31, 2017 on account of disputes:

| <b>Name of statute</b> | <b>Nature of dues</b>                  | <b>Forum where dispute is pending</b> | <b>Period to which the amount relates</b> | <b>Amount involved<br/>(₹ in lakhs)</b> | <b>Amount Unpaid<br/>(₹ in lakhs)</b> |
|------------------------|--|---------------------------------------|---|---|---------------------------------------|
| Income Tax Act, 1961   | Disallowance u/s 14A read with Rule 8D | Income Tax Appellate Tribunal         | AY 2011-12                                | 41.53                                   | 41.53                                 |

- (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 and dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions and government.





# Deloitte Haskins & Sells LLP

- (ix) The company has not raised money by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the Order is not applicable.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 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 etc. as required by the applicable accounting standards.
- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of the Order is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Deloitte Haskins & Sells LLP  
Chartered Accountants  
(Firm's Registration No. 117366W/W-100018)



*A. Kotwal*  
Khazat A. Kotwal  
Partner  
(Membership No. 103707)

Place: Gurugram  
Date: September 19, 2017

(Amount in ₹ lakhs)

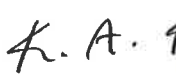

| Particulars                                 | Notes | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
|---|-------|-------------------------|-------------------------|-------------------------|
| <b>ASSETS</b>                               |       |                         |                         |                         |
| <b>A. Non-current assets</b>                |       |                         |                         |                         |
| (a) Property, plant and equipment           | 3a    | 63,130.40               | 65,960.11               | 68,823.77               |
| (b) Capital work-in-progress                | 3b    | 1,081.99                | 230.89                  | 6.82                    |
| (c) Financial assets                        |       |                         |                         |                         |
| (i) Investments                             |       |                         |                         |                         |
| a) Investment in fellow subsidiaries        | 4     | 48,624.13               | -                       | -                       |
| b) Other investments                        | 5     | 46,716.77               | -                       | -                       |
| (ii) Other financial assets                 | 6     | 133.96                  | 130.11                  | 126.49                  |
| (d) Deferred tax assets (net)               | 7     | -                       | 338.03                  | 1,177.81                |
| (e) Non-current tax assets                  | 8     | 2,430.29                | 2,434.72                | 2,363.01                |
| (f) Other non-current assets                | 9     | 160.06                  | 123.74                  | 51.46                   |
| <b>Total non-current assets (A)</b>         |       | <b>162,277.60</b>       | <b>69,217.60</b>        | <b>72,549.36</b>        |
| <b>B. Current assets</b>                    |       |                         |                         |                         |
| (a) Financial assets                        |       |                         |                         |                         |
| (i) Investments                             | 5     | -                       | 71,691.54               | 71,515.00               |
| (ii) Trade receivables                      | 10    | 8,931.46                | 10,109.66               | 4,573.38                |
| (iii) Cash and cash equivalents             | 11a   | 112.56                  | 185.60                  | 144.34                  |
| (iv) Bank balances other than (iii) above   | 11b   | 65.11                   | 101.35                  | -                       |
| (v) Loans                                   | 12    | 390.00                  | -                       | -                       |
| (vi) Other financial assets                 | 6     | 2,710.19                | 20,920.16               | 15,331.20               |
| (b) Other current assets                    | 9     | 196.17                  | 111.12                  | 158.96                  |
| <b>Total current assets (B)</b>             |       | <b>12,405.49</b>        | <b>103,119.43</b>       | <b>91,722.88</b>        |
| <b>Total assets (A+B)</b>                   |       | <b>174,683.09</b>       | <b>172,337.03</b>       | <b>164,272.24</b>       |
| <b>EQUITY AND LIABILITIES</b>               |       |                         |                         |                         |
| <b>A. Equity</b>                            |       |                         |                         |                         |
| (a) Equity share capital                    | 13    | 29,377.02               | 29,377.02               | 29,377.02               |
| (b) Other equity                            | 14    | 55,280.73               | 48,272.97               | 41,776.33               |
| <b>Total equity (A)</b>                     |       | <b>84,657.75</b>        | <b>77,649.99</b>        | <b>71,153.35</b>        |
| <b>Liabilities</b>                          |       |                         |                         |                         |
| <b>B. Non-current liabilities</b>           |       |                         |                         |                         |
| (a) Financial liabilities                   |       |                         |                         |                         |
| (i) Borrowings                              | 15    | 80,813.27               | 80,962.83               | 81,417.57               |
| (b) Provisions                              | 16    | 23.20                   | 34.64                   | 15.66                   |
| (c) Deferred tax liabilities (net)          | 7     | 467.85                  | -                       | -                       |
| <b>Total non-current liabilities (B)</b>    |       | <b>81,304.32</b>        | <b>80,997.47</b>        | <b>81,433.23</b>        |
| <b>C. Current liabilities</b>               |       |                         |                         |                         |
| (a) Financial liabilities                   |       |                         |                         |                         |
| (i) Borrowings                              | 17    | 951.59                  | -                       | -                       |
| (ii) Trade payables                         | 18    | 746.22                  | 697.70                  | 579.33                  |
| (iii) Other financial liabilities           | 19    | 5,899.54                | 11,430.41               | 9,544.25                |
| (b) Provisions                              | 16    | 378.04                  | 361.27                  | 371.19                  |
| (c) Other current liabilities               | 20    | 745.63                  | 1,200.19                | 1,190.89                |
| <b>Total current liabilities (C)</b>        |       | <b>8,721.02</b>         | <b>13,689.57</b>        | <b>11,685.66</b>        |
| <b>Total liabilities (B+C)</b>              |       | <b>90,025.34</b>        | <b>94,687.04</b>        | <b>93,118.89</b>        |
| <b>Total equity and liabilities (A+B+C)</b> |       | <b>174,683.09</b>       | <b>172,337.03</b>       | <b>164,272.24</b>       |

See accompanying notes forming part of the Ind AS financial statements 1-45

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

Khazat A. Kotwal  
Partner

Place : Gurugram

Date : September 19, 2017



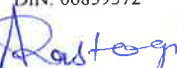
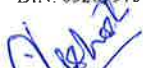

For and on behalf of the Board of Directors

Shalini Tyagi  
Whole Time Director  
DIN: 06859572

Dr. Virender Kumar Sobti  
Director  
DIN: 05287975

Anita Rastogi  
Company Secretary

Vishesh Verma  
Chief Financial Officer

Place : Gurugram

Date : September 19, 2017

Place : Gurugram

Date : September 19, 2017

Fortis Hospital Limited (CIN U74899HR1990PLC054770)  
Ind AS Statement of Profit and Loss for the year ended March 31, 2017

(Amount in ₹ lakhs)

| Particulars   | Notes | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---|-------|--------------------------------------|--------------------------------------|
| <b>I Revenue from operations</b>  | 21    | 24,749.50                            | 23,545.36                            |
| <b>II Other income</b>  | 22    | 6,907.27                             | 6,540.38                             |
| <b>III Total income (I+II)</b>  |       | <b>31,656.77</b>                     | <b>30,085.74</b>                     |
| <b>IV Expenses</b>  |       |                                      |                                      |
| i) Purchases of medical consumable and drugs  |       | 185.01                               | 150.69                               |
| ii) Employee benefits expense   | 23    | 366.30                               | 370.94                               |
| iii) Finance cost   | 24    | 14,071.26                            | 14,324.39                            |
| iv) Depreciation expense  | 25    | 3,098.61                             | 2,857.95                             |
| v) Other expenses   | 26    | 3,854.75                             | 3,489.22                             |
|   |       | <b>21,575.93</b>                     | <b>21,193.19</b>                     |
| <b>V Profit before tax (III-IV)</b>   |       | <b>10,080.84</b>                     | <b>8,892.55</b>                      |
| <b>VI Tax expense</b>   |       |                                      |                                      |
| i) Current tax  | 27    | 2,587.06                             | -                                    |
| ii) Deferred tax  | 27    | 487.55                               | 2,395.24                             |
|   |       | <b>3,074.61</b>                      | <b>2,395.24</b>                      |
| <b>VII Profit for the year (V-VI)</b>   |       | <b>7,006.23</b>                      | <b>6,497.31</b>                      |
| <b>VIII Other comprehensive income</b>  |       |                                      |                                      |
| i) Items that will not be reclassified to profit or loss                            |       |                                      |                                      |
| (a) Remeasurements of the defined benefit plans                                     |       | 2.34                                 | (1.02)                               |
| ii) Tax relating to items that will not be reclassified to profit or loss           |       | (0.81)                               | 0.35                                 |
| <b>Total other comprehensive income (VIII)</b>                                      |       | <b>1.53</b>                          | <b>(0.67)</b>                        |
| <b>IX Total comprehensive income for the year (VII+VIII)</b>                        |       | <b>7,007.76</b>                      | <b>6,496.64</b>                      |
| Earnings per share (nominal value of shares ₹ 10/-each (previous year ₹ 10/-each)): |       |                                      |                                      |
| i) Basic (in ₹)   | 35    | 2.38                                 | 2.21                                 |
| ii) Diluted (in ₹)  | 35    | 2.38                                 | 2.21                                 |

See accompanying notes forming part of the Ind AS financial statements

1-45

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

K. A. Kotwal

Khazat A. Kotwal  
Partner



For and on behalf of the Board of Directors

*(Handwritten signatures)*

Shalini Tyagi  
Whole Time Director  
DIN: 06859572

Dr. Virender Kumar Sobti  
Director  
DIN: 05287975

*(Handwritten signature)*

Anita Rastogi  
Company Secretary

*(Handwritten signature)*

Vishesh Verma  
Chief Financial Officer

Place: Gurugram

Date: September 19, 2017

Place: Gurugram

Date: September 19, 2017

Place: Gurugram

Date: September 19, 2017



Fortis Hospotel Limited (CIN U74899HR1990PLC054770)  
Ind AS Cash Flow Statement for the year ended March 31, 2017

(Amount in ₹ lakhs)

| Particulars   | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| <b>Cash flows from operating activities</b>                           |                                      |                                      |
| Profit before tax   | 10,080.84                            | 8,892.55                             |
| <b>Adjustments for:</b>   |                                      |                                      |
| Net gain arising on sale of financial assets measured at FVTPL        | (80.52)                              | (60.55)                              |
| Interest income   | (6,752.33)                           | (6,442.31)                           |
| Finance costs   | 14,071.26                            | 14,324.39                            |
| Liabilities written back  | (74.42)                              | (37.09)                              |
| Property, plant and equipment written off                             | -                                    | 18.87                                |
| Loss on disposal of property, plant and equipment                     | 43.61                                |                                      |
| Allowance for trade receivables                                       | 2.19                                 | (0.08)                               |
| Depreciation expense  | 3,098.61                             | 2,857.95                             |
|   | <b>20,389.24</b>                     | <b>19,553.73</b>                     |
| <b>Movements in working capital:</b>                                  |                                      |                                      |
| Decrease / (increase) in trade receivables                            | 1,176.01                             | (5,536.36)                           |
| (Increase) / decrease in other assets                                 | (104.05)                             | 84.80                                |
| Decrease in other financial assets                                    | 3.25                                 | 37.63                                |
| Increase in trade payables  | 122.94                               | 118.37                               |
| Increase / (decrease) in other financial liabilities                  | 61.10                                | (25.78)                              |
| Increase in provisions  | 7.67                                 | 8.04                                 |
| (Decrease) / increase in other liabilities                            | (454.56)                             | 6.37                                 |
| <b>Cash generated from operations</b>                                 | <b>21,201.60</b>                     | <b>14,246.80</b>                     |
| Income taxes paid (tax deducted at source receivable)                 | (2,265.08)                           | (1,626.72)                           |
| <b>Net cash generated by operating activities (A)</b>                 | <b>18,936.52</b>                     | <b>12,620.08</b>                     |
| <b>Cash flows from investing activities</b>                           |                                      |                                      |
| Purchase of property, plant and equipment                             | (817.35)                             | (391.39)                             |
| Fixed deposits matured / (placed) with banks (net)                    | 32.39                                | (104.97)                             |
| Loans and advances to related parties                                 | (390.00)                             | -                                    |
| Loans and advances repayments from related parties                    | -                                    | 4.65                                 |
| Proceeds / (purchase) from sale of investments in mutual funds (net)  | 257.02                               | (115.99)                             |
| Interest received   | 1,133.15                             | 818.17                               |
| <b>Net cash generated by investing activities (B)</b>                 | <b>215.21</b>                        | <b>210.47</b>                        |
| <b>Cash flows from financing activities</b>                           |                                      |                                      |
| Repayment of non-current borrowings                                   | (220.23)                             | (522.27)                             |
| Proceeds / (repayment) of current borrowings                          | 641.36                               | (21.41)                              |
| Interest paid   | (19,645.90)                          | (12,245.61)                          |
| <b>Net cash used in financing activities (C)</b>                      | <b>(19,224.77)</b>                   | <b>(12,789.29)</b>                   |
| <b>Net (decrease) / increase in cash and cash equivalents (A+B+C)</b> | <b>(73.04)</b>                       | <b>41.26</b>                         |
| Cash and cash equivalents at the beginning of the year                | 185.60                               | 144.34                               |
| <b>Cash and cash equivalents at the end of the year</b>               | <b>112.56</b>                        | <b>185.60</b>                        |

See accompanying notes forming part of the Ind AS financial statements

1-45

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

K. A.



Khazat A. Kotwal  
Partner

*Shalini Tyagi*  
Shalini Tyagi  
Whole Time Director  
DIN: 06859572

*Dr. Virender Kumar Sobti*  
Dr. Virender Kumar Sobti  
Director  
DIN: 05287975

*Anita Rastogi*  
Anita Rastogi  
Company Secretary

*Vishesh Verma*  
Vishesh Verma  
Chief Financial Officer



Place : Gurugram  
Date : September 19, 2017

Place : Gurugram  
Date : September 19, 2017

Place : Gurugram  
Date : September 19, 2017

| Particulars                                     | (Amount in ₹ lakhs) |
|---|---------------------|
| <b>a. Equity share capital</b>                  |                     |
| Balance at April 1, 2015                        | 29,377.02           |
| Changes in equity share capital during the year | -                   |
| <b>Balance at March 31, 2016</b>                | <b>29,377.02</b>    |
| Changes in equity share capital during the year | -                   |
| <b>Balance at March 31, 2017</b>                | <b>29,377.02</b>    |

| Particulars   | Equity component of compound financial instrument | Reserve and surplus        |                   | Total other equity |
|---|---|----------------------------|-------------------|--------------------|
|   |   | Securities premium reserve | Retained earnings |                    |
| <b>Balance as at April 1, 2015</b>  | 6,758.47  | 11,289.07                  | 23,728.79         | 41,776.33          |
| Profit for the year   | -   | -                          | 6,497.31          | 6,497.31           |
| Other comprehensive income for the year, net of tax<br>(a) Remeasurements benefit of defined benefit plan | -   | -                          | (0.67)            | (0.67)             |
| <b>Total comprehensive income for the year</b>  | <b>6,758.47</b>                                   | <b>11,289.07</b>           | <b>30,225.43</b>  | <b>48,272.97</b>   |
| <b>Balance at March 31, 2016</b>  | 6,758.47  | 11,289.07                  | 30,225.43         | 48,272.97          |
| Profit for the year   | -   | -                          | 7,006.23          | 7,006.23           |
| Other comprehensive income for the year, net of tax<br>(a) Remeasurements benefit of defined benefit plan | -   | -                          | 1.53              | 1.53               |
| <b>Total comprehensive income for the year</b>  | <b>6,758.47</b>                                   | <b>11,289.07</b>           | <b>37,233.19</b>  | <b>55,280.73</b>   |
| <b>Balance as at March 31, 2017</b>   | <b>6,758.47</b>                                   | <b>11,289.07</b>           | <b>37,233.19</b>  | <b>55,280.73</b>   |

See accompanying notes forming part of the Ind AS financial statements

1-45

In terms of our report attached

For Deloitte Haskins & Sells LLP  
Chartered Accountants

For and on behalf of the Board of Directors

Khazat A. Kotwal  
Partner



Shalini Tyagi  
Whole Time Director  
DIN: 06859572

Dr. Virender Kumar Sobti  
Director  
DIN: 05287975

Anita Rastogi  
Company Secretary

Vishesh Verma  
Chief Financial Officer

Place : Gurugram

Date : September 19, 2017

Place : Gurugram

Date : September 19, 2017



## 1) Corporate information

Fortis Hospotel Limited (the "Company") was incorporated in India on January 23, 1990. The Company is a subsidiary of Fortis Healthcare Limited and is engaged in the business of providing clinical establishment services including certain out-patient department (OPD) and radio diagnostic services. The Company has entered into a Hospital and Medical Services Agreements (HMSA) with Fortis Hospitals Limited (FHsL) and Fortis Healthcare Limited (FHL) (collectively referred to as 'Hospital operating Companies') and shall provide FHsL and FHL on an exclusive principal to principal basis, hospital services including clinical establishment services, OPD services and radio diagnostic services and shall receive service fee in respect thereof.

The registered office of the Company is located at Fortis Memorial Research Institute, Sector-44, Gurugram-122002, Haryana, India and the corporate office of the Company is located at The Executive Centre, Level 18, Building No. 5, Tower-A, Phase – III, DLF Cyber City, Gurugram -122002, Haryana, India. The Company operates through its clinical establishments situated at Gurugram, Haryana and Shalimar Bagh, Delhi.

## 2) Significant accounting policies

### 2.1 Statement of compliance

The Ind AS financial statements have been prepared in accordance with Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015.

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer note 2.18 for the details of first-time adoption exemptions availed by the Company.

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of Cash Flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of Cash Flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable from April 1, 2017.

#### Amendment to Ind AS 7

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The management is evaluating the effect of amendments on its Ind AS financial statements.

#### Amendment to Ind AS 102

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

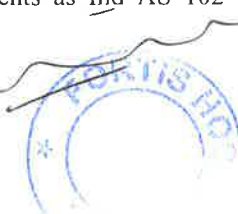
It clarifies that the fair value of cash-settled awards is determined on a basis consistent with that used for equity settled awards. Market-based performance conditions and non-vesting conditions are reflected in the 'fair values', but non-market performance conditions and service vesting conditions are reflected in the estimate of the number of awards expected to vest. Also, the amendment clarifies that if the terms and conditions of a cash-settled share based payment transaction are modified with the result that it becomes an equity-settled share-based payment transaction, the transaction is accounted for as such from the date of the modification. Further, the amendment requires the award that include a net settlement feature in respect of withholding taxes to be treated as equity-settled in its entirety. The cash payment to the tax authority is treated as if it was part of an equity settlement.

The requirements of the amendment have no impact on the Ind AS financial statements as Ind AS 102 is not applicable to the Company.

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## 2.2 Basis of preparation and presentation

The Ind AS financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each financial year.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/or disclosure purposes in these Ind AS financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 17.

In addition, for financial reporting purposes, fair value measurements are categorised into Level 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

## 2.3 Revenue recognition

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

### (a) Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

## 2.4 Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

### The Company as lessee

Assets held under finance leases are initially recognised as assets of the Company at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the Ind AS balance sheet as a finance lease obligation.

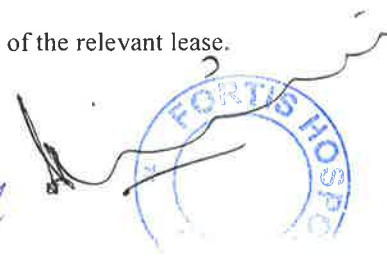
Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in Ind AS statement of profit and loss.

Rental expense from operating leases is recognised on a straight-line basis over the term of the relevant lease.

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Leasehold lands are considered as finance lease where (i) change in economic value of the land is transferred to the Company, (ii) the Company has right to transfer the title of such lands and (iii) at the inception of the lease the present value of the minimum lease payments amounts to at least substantially all of the fair value of the leased asset. Such leasehold land are presented under property, plant and equipment and depreciated over the primary lease period.

**The Company as lessor**

Leases in which the Company does not transfer substantially all the risks and rewards of ownership of an asset are classified as operating lease.

**2.5 Foreign currencies**

**Functional currency:** The functional currency of the Company is the Indian rupee.

**Transactions and translations:** In preparing the Ind AS financial statements, transactions in currencies other than the Company's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each financial year:

- (a) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- (b) Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined.
- (c) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on monetary items are recognised in the Ind AS statement of profit and loss in the year in which they arise except for:

Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustment to interest costs on those foreign currency borrowings.

**2.6 Borrowing cost**

Borrowing cost directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale. All other borrowing costs are recognised in the Ind AS statement of profit and loss in the year in which they are incurred.





## 2.7 Employee benefits

### (a) Defined benefit plan

For defined benefit retirement benefit plans, the cost of providing benefits is determined using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date.

Remeasurement, comprising actuarial gains and losses, is reflected immediately in the Ind AS balance sheet with a charge or credit recognised in other comprehensive income in the year in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Ind AS statement of profit and loss.

Net interest is calculated by applying the discount rate at the beginning of the year to the net defined benefit liability.

Defined benefit costs are categorised as follows:

- service cost;
- net interest expense or income; and
- remeasurement

The Company presents the first two components of defined benefit costs in the Ind AS statement of profit and loss in the line item 'Employee benefits expense'.

The retirement benefit obligation recognised in the Ind AS balance sheet represents the actual deficit or surplus in the Company's defined benefit plans.

### (b) Short-term and other long-term employee benefits

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and sick leave in the year the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. 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 Ind AS 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 a period beyond 12 months after the end of the financial year. 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.

### (c) Defined contribution plan

Payments to defined contribution retirement benefit plans are recognised as an expense when employees have rendered service entitling them to the contributions.

The Company makes contribution to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and contribution to Employee State Insurance in accordance with Employees State Insurance Act 1948. Contributions to defined contribution plans are recognised as expense when employees have rendered services entitling them to such benefits. Company has no further payment obligations once the contributions have been paid. The contributions are accounted for as defined contribution plans and the contributions are recognised as employee benefit expense when they are due.



## 2.8 Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

### (a) Current tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the Ind AS statement of profit and loss because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The current tax is calculated using tax rates and tax laws that have been enacted or substantively enacted by the end of the financial year.

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.

### (b) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Ind AS financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit.

The carrying amount of deferred tax assets is reviewed at the end of each financial year and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the financial year.

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

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 company and the same taxation authority.

### (c) Current and deferred tax for the year

Current and deferred tax are recognised in the Ind AS statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

## 2.9 Property, plant and equipment (PPE)

For transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Land and building held for use in the supply of services, or for administrative purposes, are stated in the Ind AS balance sheet at cost less accumulated depreciation and accumulated impairment losses. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.



Freehold land and land under lease with perpetual lease term is not depreciated.

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses (if any).

#### Components of costs

The cost of an asset includes the purchase cost including import duties and non-refundable taxes, borrowing costs if capitalization criteria are met and any directly attributable costs of bringing an asset to the location and condition of its intended use.

Subsequent expenditure related to an item of property, plant and equipment is added to its carrying value or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to Ind AS statement of profit and loss during the year in which they are incurred.

Projects under which tangible assets are not yet ready for their intended use are carried at cost, comprising of direct cost, related incidental expenses and attributable interest and such properties are classified to the appropriate categories of property, plant and equipment when completed and ready to use.

The carrying amount of a property, plant and equipment is de-recognised upon disposal of property, plant and equipment or when no future economic benefits are expected from its use. Any gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Ind AS statement of profit and loss.

The useful life of property, plant and equipment are reviewed at the end of each financial year if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

Depreciation is provided at the following rates based on the management's estimates of the useful lives of the property, plant and equipment, which are lower than/equal to the useful life prescribed under Schedule II to the Companies Act, 2013. For these class of assets, useful life has been assessed based on internal assessment and technical advice, taking into account the nature of the asset, the estimated usage of the asset, the operating conditions of the asset, anticipated technological changes, etc.:

| Property, plant and equipment | Useful lives |
|-------------------------------|--------------|
| Building                      | 60 years     |
| Plant and equipment           | 10 years     |
| Medical equipment             | 3.5-8 years  |
| Computers                     | 3-6 years    |
| Furniture and fittings        | 10 years     |
| Office equipments             | 5 years      |

#### 2.10 Impairment of tangible and intangible assets

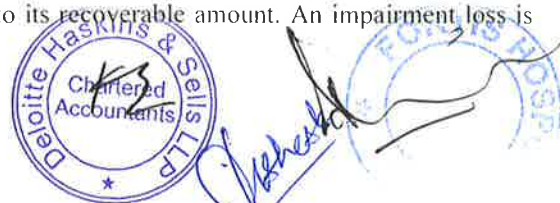
At the end of each year, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication based on internal/ external factors that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs of disposal 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 assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in the Ind AS statement of profit and loss.

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When an impairment loss subsequently reverses, the carrying amount of the asset (or a cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Ind AS statement of profit and loss.

## 2.11 Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the year, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

## 2.12 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 recognised 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 recognised because it cannot be measured reliably. The Company does not recognise a contingent liability but discloses its existence in the Ind AS financial statements.

## 2.13 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker i.e. Board of Directors. The Company operates only in one segment namely clinical establishment services and there are no reportable segments in accordance with Ind AS 108 on 'Operating Segments'.

The Company's business activity primarily falls within a single geographical segment.

## 2.14 Earnings per share

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

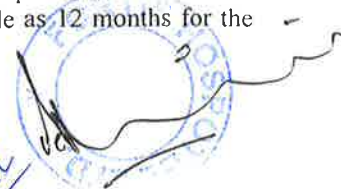
Basic EPS is calculated by dividing the profit or loss attributable to equity shareholders of the Company by the weighted average number of common shares outstanding during the year.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, 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 earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the year, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each year presented.

## 2.15 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.



## 2.16 Financial instrument

Financial assets and financial liabilities are recognised when a company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in Ind AS statement of profit and loss.

### Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

### Classification of financial assets

Financial assets that meet the following conditions are subsequently measured at amortised cost (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for financial assets that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

### Effective interest method

The effective interest method is a method of calculating the amortised cost of a financial assets and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial asset, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for financial asset other than those financial assets classified as at FVTPL. Interest income is recognised in Ind AS statement of profit and loss and is included in the "other income" line item.



### Financial assets at fair value through profit or loss (FVTPL)

Financial assets at FVTPL are measured at fair value at the end of each financial year, with any gains or losses arising on re-measurement recognised in Ind AS statement of profit and loss. The net gain or loss recognised in Ind AS statement of profit and loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognised when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

### Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on its financial assets measured at amortised cost.

For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company use a practical expedient as permitted under Ind AS 109. This expected credit loss (ECL) allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

For recognition of impairment loss on other financial assets, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

Lifetime ECL are the expected credit losses resulting from all possible default events over the expected life of a financial instrument. The 12-month ECL is a portion of the lifetime ECL which results from default events that are possible within 12 months after the reporting date.

### Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in Ind AS statement of profit and loss if such gain or loss would have otherwise been recognised in Ind AS statement of profit and loss on disposal of that financial asset.

### Financial liabilities and equity instruments

#### Classification as debt or equity

Debt and equity instruments issued by a company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

#### Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recognised at the proceeds received, net of direct issue costs.



Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in Ind AS Statement of profit and loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

### Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in Ind AS statement of profit and loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

### Financial liabilities

All financial liabilities of the Company are subsequently measured at amortised cost. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the financial liability, or (where appropriate) a shorter period, to the net carrying amount on initial recognition.

### Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

Financial guarantees issued by the Company on behalf of group companies are designated as 'insurance contracts'. The Company designates such insurance contracts as contingent liabilities.

### Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired.

## 2.17 Cash and cash equivalents (for the purpose of Ind AS cash flow statement)

Cash and cash equivalents in Ind AS cash flow statement comprise cash at bank and on hand and short-term investments with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.



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## 2.18 First time adoption – optional exemptions

### Overall principle

The Company has prepared the opening balance sheet as per Ind AS as of April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to the certain exception and exemptions. Optional exemptions availed by the Company as detailed below.

#### a) Deemed cost for property, plant and equipment

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

#### b) Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 (Determining whether an arrangement contains a lease) to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

#### c) Classification of leases of land and building

The Company has opted to assess the classification of lease of land and building at the date of transition to Ind AS i.e. April 1, 2015 on the basis of the facts and circumstances existing on that date.

## 2.19 Critical accounting judgement, estimates and assumptions

The preparation of the financial statements in conformity with Ind AS requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income, expenses and disclosures of contingent assets and liabilities at the date of these financial statements and the reported amounts of revenues and expenses for the years presented. Actual results may differ from these estimates under different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the year in which the estimate is revised and future years affected.

In particular, information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are included in the following accounting policies and/or notes:

### 2.19.1 Significant accounting estimates

#### (a) Useful life of property, plant and equipment

Useful lives of depreciable assets - Management reviews its estimate of the useful lives of depreciable assets at each year, based on the expected utility of the assets.

#### (b) Impairment of assets

In assessing the property, plant and equipment for impairment, factors leading to significant reduction in profits such as changes in commodity prices, the Company's business plans and changes in regulatory environment are taken into consideration. The carrying value of the assets of a cash generating unit (CGU) is compared with the recoverable amount of those assets, that is, the higher of fair value less costs of disposal and value in use. Recoverable value is based on the management estimates of commodity prices, market demand and supply, economic and regulatory climates, long-term plan, discount rates and other factors. Any subsequent changes to cash flow due to changes in the above mentioned factors could impact the carrying value of the assets.

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**(c) Defined benefit plans**

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and future pension increases. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

**2.19.2 Significant judgement****(a) Accounting for Hospital and Medical Service Agreements (“HMSA”)**

Clinical establishment is defined as a fully centrally air-conditioned institution established and specifically customised and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

- i) doctors and services for diagnosis and treatment for illness, disease, injury, deformity and/or abnormality;
- ii) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and
- iii) beds for in-patient treatment.

The Company has entered into Hospital and Medical Services Agreements (“HMSA”) with Fortis Malar Hospitals Limited wherein the Company is required to provide and maintain the Company’s clinical establishment along with other services like out-patient diagnostic and radio diagnostic. The Company needs to exercise judgement to analyse whether the arrangement involves providing the right to use the Company’s clinical establishment and whether the OPD and radio diagnostic services in the arrangement are significant to the overall arrangement.

The Company has analysed the substance of the contract and have determined that fulfilment of service arrangement is based on the use of specified assets and conveys right to use the Company’s clinical establishments. However, substantial risk and rewards of the Company’s clinical establishments are retained by the Company even though rights to use are given to hospital operating companies. The Company has assessed that the out-patient diagnostic and radio diagnostic services in the arrangement are significant to the entire arrangement. Consequently, the Company’s clinical establishments have been classified as part of property, plant and equipment.

**(b) Straight lining of service fees as per HMSA**

The Company has entered into HMSA with Fortis Malar Hospitals Limited (the “operating company”) where the Company will provide and maintain the clinical establishment along with providing other services towards out-patient diagnostics and radio diagnostic.

The clinical establishment owned by the Company are specifically customised and duly fitted with all fixture, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

- (i) doctors and services for diagnosis and treatment for illness, disease, injury, deformity and / or abnormality,
- (ii) diagnosis of diseases through radiological and other diagnostic or investigative services with the aid of laboratory or other medical equipment; and
- (iii) beds for in-patient treatment

The term of the individual HMSA is 15 year and the Company receives a composite service fees 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 operating company net operating income in accordance with the HMSA.

The Company has analysed increase in base fee payments and has determined that such increase is to compensate the companies expected cost inflation, being in line with general cost inflation.

Accordingly, the escalation increase of 3% year on year is not factored for straight-lining over the lease term.



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Fortis Hospotel Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2017

3a: Property, plant and equipment

| Particulars                            | (Amount in ₹ lakhs)                        |               |           |                     |                   |                        |           |                  |           |  |
|--|--|---------------|-----------|---------------------|-------------------|------------------------|-----------|------------------|-----------|--|
|  | Land under perpetual lease (refer note-29) | Freehold land | Building  | Plant and equipment | Medical equipment | Furniture and fittings | Computers | Office equipment | Total     |  |
| Cost or deemed cost                    |  |               |           |                     |                   |                        |           |                  |           |  |
| As at April 1, 2015                    | 7,041.29                                   | 19,615.44     | 32,579.49 | 4,170.03            | 4,048.96          | 1,099.17               | 74.49     | 194.90           | 68,823.77 |  |
| Additions                              | -  | -             | 1.96      | 11.20               | -                 | -                      | -         | -                | 13.16     |  |
| Disposals                              | -  | -             | (21.32)   | -                   | -                 | -                      | -         | -                | (21.32)   |  |
| As at March 31, 2016                   | 7,041.29                                   | 19,615.44     | 32,560.13 | 4,181.23            | 4,048.96          | 1,099.17               | 74.49     | 194.90           | 68,815.61 |  |
| Additions                              | -  | -             | 246.57    | 63.74               | -                 | -                      | 2.20      | -                | 312.51    |  |
| Disposals                              | -  | -             | (42.00)   | (13.00)             | -                 | -                      | -         | -                | (55.00)   |  |
| As at March 31, 2017                   | 7,041.29                                   | 19,615.44     | 32,764.70 | 4,231.97            | 4,048.96          | 1,099.17               | 76.69     | 194.90           | 69,073.12 |  |
| Accumulated depreciation               |  |               |           |                     |                   |                        |           |                  |           |  |
| As at April 1, 2015                    | -  | -             | 1,203.37  | 658.25              | 752.51            | 145.05                 | 22.37     | 76.40            | 2,857.95  |  |
| Charge for the year                    | -  | -             | (2.45)    | -                   | -                 | -                      | -         | -                | (2.45)    |  |
| Disposals                              | -  | -             | 1,200.92  | 658.25              | 752.51            | 145.05                 | 22.37     | 76.40            | 2,855.50  |  |
| As at March 31, 2016                   | -  | -             | 1,451.39  | 658.85              | 745.68            | 145.05                 | 21.24     | 76.40            | 3,098.61  |  |
| Charge for the year                    | -  | -             | (5.48)    | (5.91)              | -                 | -                      | -         | -                | (11.39)   |  |
| Disposals                              | -  | -             | 2,646.83  | 1,311.19            | 1,498.19          | 290.10                 | 43.61     | 152.80           | 5,942.72  |  |
| As at March 31, 2017                   | -  | -             | -         | -                   | -                 | -                      | -         | -                | -         |  |
| Carrying amount (as at March 31, 2015) | 7,041.29                                   | 19,615.44     | 31,359.21 | 3,522.98            | 3,296.45          | 954.12                 | 52.12     | 118.50           | 65,960.11 |  |
| Carrying amount (as at March 31, 2016) | 7,041.29                                   | 19,615.44     | 30,117.87 | 2,920.78            | 2,550.77          | 809.07                 | 33.08     | 42.10            | 63,130.40 |  |
| Carrying amount (as at March 31, 2017) | 7,041.29                                   | 19,615.44     | 30,117.87 | 2,920.78            | 2,550.77          | 809.07                 | 33.08     | 42.10            | 63,130.40 |  |

Notes :

- (a) The Company has considered previous GAAP carrying value as deemed cost under Ind AS 101 as on the date of transition to Ind AS.  
(b) Certain medical equipment have been pledged to secured loan taken from the finance company under the mortgage. (refer note 31a)

3b: Capital work-in-progress

| Particulars              | (Amount in ₹ lakhs)  |                      |                      |
|--------------------------|----------------------|----------------------|----------------------|
|                          | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
| Capital work-in-progress | 1,081.99             | 230.89               | 6.82                 |



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| Particulars   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
|---|-------------------------|-------------------------|-------------------------|
| <b>4. Investment in fellow subsidiary</b>   |                         |                         |                         |
| Investment in debentures measured at amortised cost   |                         |                         |                         |
| Fortis Hospitals Limited (refer note 43)  | 48,624.13               | -                       | -                       |
| Unquoted, 9.3 % Non convertible debentures (NCD's)  |                         |                         |                         |
| 4,862,413 (as at March 31, 2016: Nil; as at April 1, 2015: Nil) of ₹ 1,000/- each fully paid up                                     |                         |                         |                         |
| <b>Total investment in fellow subsidiary</b>  | <b>48,624.13</b>        | <b>-</b>                | <b>-</b>                |
| <b>Aggregate carrying value of unquoted investment</b>  | <b>48,624.13</b>        | <b>-</b>                | <b>-</b>                |
| <b>5. Other investments</b>   |                         |                         |                         |
| <b>Non-current</b>  |                         |                         |                         |
| <b>Unquoted</b>   |                         |                         |                         |
| <b>A Investment in debentures measured at amortised cost</b>  |                         |                         |                         |
| International Hospital Limited (refer note 43)  | 46,716.77               | -                       | -                       |
| Unquoted, 9.3 % Non convertible debentures (NCD's)  |                         |                         |                         |
| 4,671,677 (as at March 31, 2016: Nil; as at April 1, 2015: Nil) of ₹ 1,000/- each fully paid up                                     |                         |                         |                         |
| <b>Total non-current investments (A)</b>  | <b>46,716.77</b>        | <b>-</b>                | <b>-</b>                |
| <b>Current</b>  |                         |                         |                         |
| <b>Unquoted</b>   |                         |                         |                         |
| <b>B Investment in debentures measured at fair value</b>  |                         |                         |                         |
| International Hospital Limited (refer note 43)  | -                       | 71,515.00               | 71,515.00               |
| Unsecured 9 % Optionally convertible debentures (OCD's)   |                         |                         |                         |
| Nil (March 31, 2016: 7,151,500 of ₹ 1,000/- and April 1, 2015: 7,151,500 of ₹ 1,000/-) each fully paid up                           |                         |                         |                         |
| <b>C Investment in mutul funds measured at fair value</b>   |                         |                         |                         |
| Nil units (March 31, 2016: 39,539 units of ₹ 292.86 and April 1, 2015: Nil units) each fully paid up of Birla Sun Life Savings Fund | -                       | 115.80                  | -                       |
| Nil units (March 31, 2016: 3,620 units of ₹ 1677.89 and April 1, 2015: Nil units) each fully paid up of SBI Treasury Advantage Fund | -                       | 60.74                   | -                       |
| <b>Total current investments (B+C)</b>  | <b>-</b>                | <b>71,691.54</b>        | <b>71,515.00</b>        |
| <b>Aggregate carrying value of unquoted investment</b>  | <b>46,716.77</b>        | <b>71,691.54</b>        | <b>71,515.00</b>        |
| <b>6. Other financial assets</b>  |                         |                         |                         |
| <b>Non-current</b>  |                         |                         |                         |
| <b>Unsecured, considered good</b>   |                         |                         |                         |
| (a) Security deposits   | 79.14                   | 79.14                   | 79.14                   |
| (b) Fixed deposit with banks held as margin money with original maturity of more than 3 months but less than 12 months              | 54.82                   | 50.97                   | 47.35                   |
|   | <b>133.96</b>           | <b>130.11</b>           | <b>126.49</b>           |
| <b>Current</b>  |                         |                         |                         |
| <b>Unsecured, considered good</b>   |                         |                         |                         |
| (a) Interest accrued but not due on investments and loans   | 2,707.42                | 20,914.14               | 15,290.00               |
| (b) Advances to related parties   | -                       | -                       | 40.24                   |
| (c) Advances others   | 2.77                    | 6.02                    | 0.96                    |
|   | <b>2,710.19</b>         | <b>20,920.16</b>        | <b>15,331.20</b>        |
|   | <b>2,844.15</b>         | <b>21,050.27</b>        | <b>15,457.69</b>        |
| <b>7. Deferred tax (net)</b>  |                         |                         |                         |
| <b>Net deferred tax recognised:</b>   |                         |                         |                         |
| <b>Deferred tax assets:</b>   |                         |                         |                         |
| Defined benefit obligation  | 14.42                   | 12.57                   | -                       |
| Provision for expected credit loss  | 15.18                   | 14.42                   | -                       |
| MAT credit entitlement  | 2,415.38                | 2,732.93                | 1,177.81                |
| Carry forward losses and unabsorbed depreciation  | 0.04                    | 701.79                  | -                       |
| Amortisation of non convertible debentures  | 356.64                  | -                       | -                       |
|   | <b>2,801.67</b>         | <b>3,461.71</b>         | <b>1,177.81</b>         |
| <b>Deferred tax liabilities in relation to:</b>   |                         |                         |                         |
| Property, plant and equipment   | 3,269.52                | 3,122.21                | -                       |
| Fair value gain on investment in mutul funds  | -                       | 1.47                    | -                       |
|   | <b>3,269.52</b>         | <b>3,123.68</b>         | <b>-</b>                |
| <b>Deferred tax (liabilities) / assets recognised in books</b>  | <b>(467.85)</b>         | <b>338.03</b>           | <b>1,177.81</b>         |



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The following is the analysis of deferred tax assets/(liabilities)

| Recognised in Ind AS statement of profit and loss account<br>Deferred tax assets/(liabilities) in relation to:<br>2016-2017 | (Amount in ₹ lakhs)     |  |   |                         |
|---|-------------------------|--|---|-------------------------|
|   | As at<br>April 01, 2016 | Credit/ (charge) to<br>profit and loss | Charge to other<br>comprehensive income | As at<br>March 31, 2017 |
| Property, plant and equipment   | (3,122.21)              | (164.73)                               |   | (3,286.94)              |
| Provision for expected credit loss  | 14.42                   | 0.76                                   |   | 15.18                   |
| Defined benefit obligation  | 12.58                   | 2.65                                   | (0.81)                                  | 14.42                   |
| Carried forward losses  | 701.79                  | (701.75)                               |   | 0.04                    |
| Fair value gain on mutul fund investment  | (1.46)                  | 1.46                                   |   | -                       |
| Amortisation of non convertible debentures  | -                       | 356.64                                 |   | 356.64                  |
| Borrowing cost  | -                       | 17.42                                  |   | 17.42                   |
|   | <b>(2,394.88)</b>       | <b>(487.55)</b>                        | <b>(0.81)</b>                           | <b>(2,883.24)</b>       |

| Deferred tax assets/(liabilities) in relation to:<br>2015-16 | (Amount in ₹ lakhs)     |  |   |                         |
|--|-------------------------|--|---|-------------------------|
|  | As at<br>April 01, 2015 | Credit/ (charge) to<br>profit and loss | Credit to other<br>comprehensive income | As at<br>March 31, 2016 |
| Property, plant and equipment                                | -                       | (3,122.21)                             | -                                       | (3,122.21)              |
| Provision for expected credit loss                           | -                       | 14.42                                  | -                                       | 14.42                   |
| Defined benefit obligation                                   | -                       | 12.22                                  | 0.35                                    | 12.58                   |
| Carried forward losses                                       | -                       | 701.79                                 | -                                       | 701.79                  |
| Fair value gain on mutul fund investment                     | -                       | (1.46)                                 | -                                       | (1.46)                  |
|  | -                       | <b>(2,395.24)</b>                      | <b>0.35</b>                             | <b>(2,394.88)</b>       |

(a) Unrecognised deductible temporary differences, unused tax losses and unusual tax credit

Deductible temporary differences, unused tax losses and unused tax credit for which no deferred tax assets have been recognised are attributable to the following -

|  | (Amount in ₹ lakhs)     |                         |                         |
|--|-------------------------|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
| <b>Deferred tax liability</b>  |                         |                         |                         |
| Difference between book balance and tax balance of property, plant and equipment | -                       | -                       | 2,632.92                |
| <b>Total</b>   | -                       | -                       | <b>2,632.92</b>         |
| <b>Deferred tax assets</b>   |                         |                         |                         |
| Provision for Section 43B of Income Tax Act, 1961                                | -                       | -                       | 9.44                    |
| Expected credit losses   | -                       | -                       | 16.12                   |
| Unabsorbed depreciation and carried forward tax losses                           | -                       | -                       | 2,927.09                |
| <b>Total</b>   | -                       | -                       | <b>2,952.65</b>         |
| <b>Net deferred tax asset not recognised*</b>                                    | -                       | -                       | <b>319.73</b>           |

Deferred tax asset has been recognised only to the extent of the deferred tax liability as there is no reasonable certainty that there will be future taxable income against which such deferred tax asset will be adjusted.

(b) Unused tax losses for which no deferred tax asset has been recognised amount to ₹ Nil, ₹ Nil and ₹ 8,457.84 as at March 31, 2017, March 31, 2016 and April 01, 2015 respectively.

(c) The unused tax losses and unabsorbed depreciation expire as detailed below:

| Financial year | (Amount in ₹ lakhs)    |   |                         |   |
|----------------|------------------------|---|-------------------------|---|
|                | Long term capital loss | Business loss can be carried forward up to financial year | Unabsorbed depreciation | Unabsorbed depreciation can be carried forward up to financial year |
| 2011-12        | 0.11                   | 2019-20   | -                       | Not applicable  |
| <b>Total</b>   | <b>0.11</b>            |   |                         |   |

(d) A reconciliation of income tax expense applicable to accounting profits / (loss) before tax at the statutory income tax rate to recognised income tax expense for the year indicated are as follows:

| Particulars   | (Amount in ₹ lakhs)          |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Accounting profit before tax  | 10,080.84                    | 8,892.55                     |
| Statutory income tax rate   | 34.61%                       | 34.61%                       |
| Tax at statutory income tax rate  | 3,488.78                     | 3,077.53                     |
| Effect of expenses that are not deductible in determining taxable profit          | 27.85                        | 10.43                        |
| Effect of items on which deferred tax is not reversible                           | (448.41)                     | (591.18)                     |
| Effect of unused tax losses and tax offsets not recognised as deferred tax assets | -                            | (104.41)                     |
| Effect of income that is exempt from taxation                                     | -                            | (1.85)                       |
| Charge in respect of previous years   | 6.39                         | 4.72                         |
| <b>Total</b>  | <b>3,074.61</b>              | <b>2,395.24</b>              |
| Tax expense recognised in Ind AS statement of profit and loss                     | 3,074.61                     | 2,395.24                     |



| Particulars  | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
|--|-------------------------|-------------------------|-------------------------|
| <b>8. Non-current tax assets</b>   |                         |                         |                         |
| <b>Non-current</b>   |                         |                         |                         |
| <b>Unsecured</b>   |                         |                         |                         |
| (a) Advance tax (net of provision for taxation of ₹ 5,006.28 lakhs) (March 31, 2016 ₹ 2,736.77 lakhs and April 1, 2015 ₹ 1,181.77 lakhs) | 2,430.29                | 2,434.72                | 2,363.01                |
|  | <b>2,430.29</b>         | <b>2,434.72</b>         | <b>2,363.01</b>         |
| <b>9. Other assets</b>   |                         |                         |                         |
| <b>Non-current</b>   |                         |                         |                         |
| <b>Unsecured</b>   |                         |                         |                         |
| (a) Capital advances   | 83.56                   | 66.24                   | 12.96                   |
| (b) Technology renewal fund  | 76.50                   | 57.50                   | 38.50                   |
|  | <b>160.06</b>           | <b>123.74</b>           | <b>51.46</b>            |
| <b>Current</b>   |                         |                         |                         |
| <b>Unsecured</b>   |                         |                         |                         |
| (a) Advances to employees  | 4.33                    | 3.50                    | -                       |
| (b) Advance to vendors   | 136.03                  | 54.66                   | 106.66                  |
| (c) Prepaid expenses   | 55.48                   | 52.40                   | 52.30                   |
| (d) Others   | 0.33                    | 0.56                    | -                       |
|  | <b>196.17</b>           | <b>111.12</b>           | <b>158.96</b>           |
| <b>10. Trade receivables</b>   |                         |                         |                         |
| <b>Current</b>   |                         |                         |                         |
| (a) Unsecured, considered good   | 8,931.46                | 10,109.66               | 4,573.38                |
| (b) Doubtful   | 43.85                   | 41.66                   | 46.58                   |
| (c) Allowance for doubtful debts (expected credit loss allowance)  | (43.85)                 | (41.66)                 | (46.58)                 |
|  | <b>8,931.46</b>         | <b>10,109.66</b>        | <b>4,573.38</b>         |

In accordance with Ind AS 109, the Company applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss towards expected risk of delays and default in collection.

As per terms of HMSA, the average credit period allowed to healthcare customer is 05-11 days and to the outlet vendors is 30 days. Trade receivables are unsecured and are derived from revenue earned from providing healthcare and other ancillary services. No interest is charged on the outstanding balance, regardless of the age of the balance. These are customers who represent more than 95% of the total balance of trade receivables. The risk of non-payment from these customers is considered low as most of these balances relate to parties for which the default risk is considered low.

The Company uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting year. The provision matrix used to compute the expected credit loss allowance for different categories of trade receivables is as follows:

| Expected credit loss - clinical establishment units excluding hospital operating companies | Expected credit allowance % |
|--|-----------------------------|
| 0 - 6 months   | -                           |
| More than 6 months   | 100.00%                     |

| <b>Ageing of gross receivables</b> |                         |                         |                         |
|------------------------------------|-------------------------|-------------------------|-------------------------|
| (Amount in ₹ lakhs)                |                         |                         |                         |
| Particulars                        | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
| 0 - 6 months                       | 8,926.46                | 10,109.66               | 4,573.38                |
| More than 6 months                 | 48.85                   | 41.66                   | 46.58                   |
|                                    | <b>8,975.31</b>         | <b>10,151.32</b>        | <b>4,619.96</b>         |

| <b>Movement in expected credit loss allowance</b>                   |                                      |                                      |
|---|--------------------------------------|--------------------------------------|
| (Amount in ₹ lakhs)   |                                      |                                      |
| Particulars   | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
| Balance at the beginning of the year                                |                                      | 41.66                                |
| Movement in the expected credit loss allowance on trade receivables | 2.19                                 | (4.92)                               |
| Closing Balance   | 43.85                                | 41.66                                |



| Particulars | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
|-------------|-------------------------|-------------------------|-------------------------|
|-------------|-------------------------|-------------------------|-------------------------|

**11a. Cash and cash equivalents**

For the purposes of the Ind AS cash flow statement, cash and cash equivalents include cash on hand and in banks. Closing cash and cash equivalents as shown in the Ind AS cash flow statement can be reconciled to the related items in the Ind AS balance sheet as follows:

|  |               |               |               |
|--|---------------|---------------|---------------|
| (a) Balances with banks                                      | 111.89        | 183.11        | 143.64        |
| - on current accounts  |               |               |               |
| (b) Cash on hand   | 0.67          | 2.49          | 0.70          |
| <b>Cash and cash equivalents as per Ind AS balance sheet</b> | <b>112.56</b> | <b>185.60</b> | <b>144.34</b> |

**11b. Other bank balances**

|   |              |               |          |
|---|--------------|---------------|----------|
| (a) Deposits with original maturity of more than 3 months but less than 12 months | 65.11        | 101.35        | -        |
| <b>Other bank balances as per Ind AS balance sheet</b>                            | <b>65.11</b> | <b>101.35</b> | <b>-</b> |

**12. Loans****Current****Unsecured, considered good measured at amortised cost**

|   |               |          |          |
|---|---------------|----------|----------|
| (a) Loans to related party recoverable on demand (refer note- 28) | 390.00        | -        | -        |
|   | <b>390.00</b> | <b>-</b> | <b>-</b> |



*Resty*

*Michael*

*✓*

(Amount in ₹ lakhs)

| Particulars  | As at            | As at            | As at            |
|--|------------------|------------------|------------------|
|  | March 31, 2017   | March 31, 2016   | April 01, 2015   |
| <b>13. Equity share capital</b>  |                  |                  |                  |
| Authorised share capital:  |                  |                  |                  |
| 295,000,000 (March 31, 2016: 295,000,000 and April 1, 2015: 295,000,000) equity shares of ₹10 each | 29,500.00        | 29,500.00        | 29,500.00        |
|  | <u>29,500.00</u> | <u>29,500.00</u> | <u>29,500.00</u> |
| Issued, subscribed and fully paid up shares  |                  |                  |                  |
| 293,770,160 (March 31, 2016: 293,770,160 and April 1, 2015: 293,770,160) equity shares of ₹10 each | 29,377.02        | 29,377.02        | 29,377.02        |
|  | <u>29,377.02</u> | <u>29,377.02</u> | <u>29,377.02</u> |

(a) Reconciliation of the shares outstanding at the beginning and closing balance.

| Particulars                  | For the year ended March 31, 2017 |               | For the year ended March 31, 2016 |               |
|------------------------------|-----------------------------------|---------------|-----------------------------------|---------------|
|                              | Number                            | (₹ in lakhs)  | Number                            | (₹ in lakhs)  |
| At the beginning of the year | 293,770,160                       | 29,377        | 293,770,160                       | 29,377        |
| Closing Balance              | <u>293,770,160</u>                | <u>29,377</u> | <u>293,770,160</u>                | <u>29,377</u> |

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having value of ₹10 per share. Each holder of equity shares is entitled to one vote per share.

(c) Shares held by the holding company

| Name of shareholders                                     | As at March 31, 2017 |             | As at March 31, 2016 |              | As at April 01, 2015 |              |
|--|----------------------|-------------|----------------------|--------------|----------------------|--------------|
|  | No. of shares held   | (₹ in lacs) | No. of shares held   | (₹ in lakhs) | No. of shares held   | (₹ in lakhs) |
| Fortis Health Management Limited (upto October 12, 2016) | 143,947,378          | 14,394.74   | 143,947,378          | 14,395       | 143,947,378          | 14,395       |
| Fortis Healthcare Limited (w.e.f. October 13, 2016)      | 149,822,782          | 14,982.28   | -                    | -            | -                    | -            |

Fortis Health Management Limited (FHML) acquired 49% interest in Fortis Hospital Limited (FHTL) and also entered into a shareholders' agreement with Fortis Healthcare Limited on September 17, 2012 to acquire the remaining 51% interest in FHTL. Under the shareholders' agreement FHML has right to appoint 50% of directors of FHTL, including the chairman of the Board of Directors of FHTL who has casting vote in case of deadlock on any matters to be decided by the Board of Directors. Fortis Healthcare Limited has also assigned its right to receive dividends from FHTL in favour of FHML. Accordingly, the management concluded that as FHML is holding company of FHTL as FHML is able to control FHTL. At the extra ordinary meeting on July 29, 2016, the shareholders at the extra ordinary general meeting approved to divest the 51% economic interest in FHTL to Fortis Healthcare Limited. The economic interest was transferred to Fortis Healthcare Limited on October 13, 2016 and FHML disposed off its economic interest in FHTL. Fortis Healthcare Limited became holding company of FHTL w.e.f., October 13, 2016.

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

| Name of shareholders             | As at March 31, 2017 |              | As at March 31, 2016 |              | As at April 01, 2015 |              |
|----------------------------------|----------------------|--------------|----------------------|--------------|----------------------|--------------|
|                                  | No. of shares held   | % of holding | No. of shares held   | % of holding | No. of shares held   | % of holding |
| Fortis Healthcare Limited*       | 149,822,782          | 51           | 149,822,782          | 51           | 149,822,782          | 51           |
| Fortis Health Management Limited | 143,947,378          | 49           | 143,947,378          | 49           | 143,947,378          | 49           |

\* including 6 equity shares held by its nominees.

(Amount in ₹ lakhs)

| Particulars  | As at            | As at            | As at            |
|--|------------------|------------------|------------------|
|  | March 31, 2017   | March 31, 2016   | April 01, 2015   |
| <b>14. Other equity</b>  |                  |                  |                  |
| Security premium   | 11,289.07        | 11,289           | 11,289           |
| Equity component of compound financial instrument (refer note 31(b)(ii)) | 6,758.47         | 6,758            | 6,758            |
| Retained earnings  | 37,233.19        | 30,225           | 23,729           |
|  | <u>55,280.73</u> | <u>48,272.97</u> | <u>41,776.33</u> |

Reconciliation of the items of other equity

| Particulars   | (Amount in ₹ lakhs)               |                                   |
|---|-----------------------------------|-----------------------------------|
|   | For the year ended March 31, 2017 | For the year ended March 31, 2016 |
| (A) Securities premium  |                                   |                                   |
| Opening balance   | 11,289.07                         | 11,289.07                         |
| Closing balance (A)   | <u>11,289.07</u>                  | <u>11,289.07</u>                  |
| (B) Equity component of compound financial instrument (refer note 31(b)(ii))                          |                                   |                                   |
| Opening balance   | 6,758.47                          | 6,758.47                          |
| Closing balance (B)   | <u>6,758.47</u>                   | <u>6,758.47</u>                   |
| (C) Retained earnings   |                                   |                                   |
| Opening balance   | 30,225.43                         | 23,728.79                         |
| Profit for the year   | 7,006.23                          | 6,497.31                          |
| Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax | 1.53                              | (0.67)                            |
| Net surplus in the Ind AS statement of profit and loss (C)  | <u>37,233.19</u>                  | <u>30,225.43</u>                  |
| Total (A+B+C)   | <u>55,280.73</u>                  | <u>48,272.97</u>                  |



*Prastogi*

*Chakraborty*

*V*

| Particulars  | As at            | As at            | As at            |
|--|------------------|------------------|------------------|
|  | March 31, 2017   | March 31, 2016   | April 01, 2015   |
| <b>15. Non current borrowings (refer note- 31)</b>       |                  |                  |                  |
| <b>Secured - measured at amortised cost</b>              |                  |                  |                  |
| (a) Term loans   |                  |                  |                  |
| - from others (refer note- 31(a)(i))                     | -                | 190.45           | 682.94           |
|  |                  | <b>190.45</b>    | <b>682.94</b>    |
| <b>Unsecured - measured at amortised cost</b>            |                  |                  |                  |
| (a) Liability component of compound financial instrument | 80,281.53        | 80,281.53        | 80,281.53        |
| (b) Long term maturity of finance lease obligation       | 531.74           | 490.85           | 453.10           |
|  | <b>80,813.27</b> | <b>80,772.38</b> | <b>80,734.63</b> |
|  | <b>80,813.27</b> | <b>80,962.83</b> | <b>81,417.57</b> |

**16. Provisions****Non current****Provision for employees' benefits**

|   |              |              |              |
|---|--------------|--------------|--------------|
| (a) Provision for gratuity (refer note- 32) | 11.97        | 17.09        | 7.05         |
| (b) Provision for leave encashment          | 11.23        | 17.55        | 8.61         |
|   | <b>23.20</b> | <b>34.64</b> | <b>15.66</b> |

**Current****Provision for employees' benefits**

|   |      |      |      |
|---|------|------|------|
| (a) Provision for gratuity (refer note- 32) | 9.57 | 0.46 | 5.10 |
| (b) Provision for leave encashment          | 8.90 | 1.24 | 6.52 |

**Others**

|                                  |               |               |               |
|----------------------------------|---------------|---------------|---------------|
| (a) Provision for contingencies* | 359.57        | 359.57        | 359.57        |
|                                  | <b>378.04</b> | <b>361.27</b> | <b>371.19</b> |

\* Provision for contingencies :

(Amount in ₹ lakhs)

| Particulars                         | Year ended     | Year ended     |
|-------------------------------------|----------------|----------------|
|                                     | March 31, 2017 | March 31, 2016 |
| Opening balance                     | 359.57         | 359.57         |
| Add: provision made during the year | -              | -              |
| Less: utilized during the year      | -              | -              |
| Closing balance                     | <b>359.57</b>  | <b>359.57</b>  |

\* Provision for contingencies - Provision is made against the claim made by Blue Star Limited in respect of the electrical work done at Gurugram unit. Management estimates that these claims are expected to be settled in the next financial year.

(Amount in ₹ lakhs)

| Particulars | As at          | As at          | As at          |
|-------------|----------------|----------------|----------------|
|             | March 31, 2017 | March 31, 2016 | April 01, 2015 |

**17. Current borrowings****Secured - measured at amortised cost**

|  |               |          |          |
|--|---------------|----------|----------|
| (a) Bank overdraft (refer note- 31(a)(ii)) | 951.59        | -        | -        |
|  | <b>951.59</b> | <b>-</b> | <b>-</b> |

**18. Trade payable****Current - measured at amortised cost**

|  |               |               |               |
|--|---------------|---------------|---------------|
| (a) Total outstanding dues of micro enterprises and small enterprises                      | 50.98         | 4.64          | -             |
| (b) Total outstanding dues of creditors other than micro enterprises and small enterprises | 695.24        | 693.06        | 579.33        |
|  | <b>746.22</b> | <b>697.70</b> | <b>579.33</b> |

**19. Other financial liabilities****Current - measured at amortised cost**

|  |                 |                  |                 |
|--|-----------------|------------------|-----------------|
| <b>Secured</b>   |                 |                  |                 |
| (a) Current maturities of long term debt (refer note- 31(a)(i))                  | 219.31          | 521.36           | 542.77          |
| <b>Unsecured</b>   |                 |                  |                 |
| (a) Security deposits  | 54.30           | 49.73            | 39.95           |
| (b) Interest accrued on compulsory convertible debentures (refer note- 31(b)(i)) | 5,180.08        | 10,833.58        | 8,822.38        |
| (c) Capital creditors  | 386.39          | 22.81            | 100.64          |
| (d) Payable to related parties (refer note- 28)                                  | 59.46           | 2.93             | 38.51           |
|  | <b>5,899.54</b> | <b>11,430.41</b> | <b>9,544.25</b> |

**20. Other current liabilities**

|                            |               |                |                |
|----------------------------|---------------|----------------|----------------|
| (a) Statutory dues payable | 674.21        | 1199.60        | 1190.89        |
| (b) Advances from customer | 71.42         | 0.59           | -              |
|                            | <b>745.63</b> | <b>1200.19</b> | <b>1190.89</b> |






| Particulars   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|---|------------------------------|------------------------------|
| <b>21. Revenue from operations</b>  |                              |                              |
| (a) Sale of services  |                              |                              |
| Income from hospital and medical services   | 24,209.81                    | 23,042.40                    |
|   | <u>24,209.81</u>             | <u>23,042.40</u>             |
| (b) Other operating revenues  |                              |                              |
| Income from outlets (refer note- 29)  | 539.69                       | 502.96                       |
|   | <u>539.69</u>                | <u>502.96</u>                |
| <b>Total revenue from operation</b>   | <u>24,749.50</u>             | <u>23,545.36</u>             |
| <b>22. Other income</b>   |                              |                              |
| (a) Interest income on:   |                              |                              |
| i) Optionally convertible debentures measured at fair value                         | 3,438.60                     | 6,436.35                     |
| ii) Non convertible debentures measured at amortised cost                           | 3,083.48                     | -                            |
| iii) Inter corporate deposits measured at amortised cost                            | 55.49                        | 0.35                         |
| iv) Bank deposits   | 7.59                         | 5.61                         |
| v) Income tax refund  | 167.17                       | -                            |
| <b>Total (A)</b>  | <u>6,752.33</u>              | <u>6,442.31</u>              |
| (b) Other non-operating income  |                              |                              |
| i) Liabilities written back   | 74.42                        | 37.09                        |
| ii) Miscellaneous income  | -                            | 0.40                         |
| <b>Total (B)</b>  | <u>74.42</u>                 | <u>37.49</u>                 |
| (c) Others gains and losses   |                              |                              |
| i) Net gain on foreign currency transactions and translation                        | -                            | 0.03                         |
| ii) Net gain arising on sale of financial assets measured at FVTPL                  | 80.52                        | 60.55                        |
| <b>Total (C)</b>  | <u>80.52</u>                 | <u>60.58</u>                 |
| <b>Total other income (A+B+C)</b>   | <u>6907.27</u>               | <u>6540.38</u>               |
| <b>23. Employee benefits expense</b>  |                              |                              |
| (a) Salaries and wages  | 344.52                       | 343.51                       |
| (b) Gratuity expense (refer note 32)  | 6.33                         | 4.38                         |
| (c) Contribution to provident and other funds (refer note 32)                       | 14.00                        | 15.13                        |
| (d) Staff welfare expenses  | 1.45                         | 7.92                         |
|   | <u>366.30</u>                | <u>370.94</u>                |
| <b>24. Finance cost</b>   |                              |                              |
| (a) Interest expense on:  |                              |                              |
| - Compulsorily convertible debentures measured at amortised cost (refer note 31(b)) | 13,936.31                    | 14,145.99                    |
| - Inter company loans measured at amortised cost                                    | -                            | 8.94                         |
| - Bank overdraft (refer note 31(a)(ii))   | 25.40                        | -                            |
| - Term loan measured at amortised cost (refer note 31(a)(i))                        | 68.66                        | 131.65                       |
| - Others  | -                            | 0.06                         |
| (c) Other borrowing costs   |                              |                              |
| - Finance charges on finance lease obligation (refer note 29)                       | 40.89                        | 37.75                        |
|   | <u>14,071.26</u>             | <u>14,324.39</u>             |
| <b>25. Depreciation expense</b>   |                              |                              |
| (a) Depreciation of property, plant and equipment (refer note 3a)                   | 3,098.61                     | 2,857.95                     |
|   | <u>3,098.61</u>              | <u>2,857.95</u>              |



| Particulars  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
|--|------------------------------|------------------------------|
| <b>26. Other expenses</b>                                    |                              |                              |
| (a) Power, fuel and water                                    | 41.13                        | 55.21                        |
| (b) Housekeeping expenses including consumables              | 995.39                       | 972.73                       |
| (c) Radiology expenses                                       | 695.06                       | 674.96                       |
| (d) Consultation fees to doctors                             | 624.33                       | 507.15                       |
| (e) Professional charges to doctors                          | 273.21                       | 244.02                       |
| (f) Repairs and maintenance                                  |                              |                              |
| - Building   | -                            | 15.54                        |
| - Plant and equipment  | 460.13                       | 460.70                       |
| - Others   | 42.13                        | 42.19                        |
| (g) Legal and professional fee                               | 118.93                       | 12.53                        |
| (h) Rates and taxes  | 121.18                       | 111.87                       |
| (i) Insurance  | 24.21                        | 21.03                        |
| (j) Loss on sale of property, plant and equipment            | 43.61                        | -                            |
| (k) Auditors' remuneration (inclusive of service tax)        |                              |                              |
| - Audit fee  | 12.36                        | 7.67                         |
| - Tax audit fee  | 1.24                         | 3.15                         |
| - Certification and other services                           | 4.03                         | 4.89                         |
| (l) Security expenses  | 316.94                       | 303.19                       |
| (m) Property, plant and equipment written off                | -                            | 18.87                        |
| (n) Corporate social responsibility expenses (refer note 37) | 72.00                        | 26.00                        |
| (o) Miscellaneous expenses                                   | 6.86                         | 6.72                         |
| (p) Bank charges   | 2.01                         | 0.80                         |
|  | <b>3,854.75</b>              | <b>3,489.22</b>              |

**27. Income tax****Recognised in profit or loss account****Current tax**

(a) In respect of the current year

2,587.06

-

2,587.06

-

**Deferred tax (refer note- 7)**

(a) In respect of the current year

487.55

2,395.24

487.55

2,395.24

**Tax expense recognised through profit and loss account**

3,074.61

2,395.24

**Recognised in other comprehensive income****Deferred tax**

(a) In respect of the current year

(0.81)

0.35

(0.81)

0.35

**Tax credit recognised through other comprehensive income**

*Rastogi*

*Chahal*

*VL*

28. Related party disclosures

(a) Names of related parties and related party relationship

|   |  |
|---|--|
| Ultimate holding company  | RHT Health Trust (till October 12, 2016) (previously known as Religare Health Trust)<br>RHC Holding Private Limited (w.e.f. October 13, 2016)  |
| Holding company   | Fortis Health Management Limited (FHML) (till October 12, 2016)<br>Fortis Healthcare Limited (w.e.f. October 13, 2016)<br>Fortis Global Healthcare Infrastructure Pte. Limited (Intermediate holding company) (till October 12, 2016)<br>Fortis Healthcare Holdings Private Limited (Intermediate holding company) (w.e.f. October 13, 2016) |
| Fellow subsidiaries (parties with whom transactions have taken place)               | International Hospital Limited (till October 12, 2016)<br>Hospitalia Eastern Private Limited (till October 12, 2016)<br>Escorts Heart and Super Specialty Hospital Limited (till October 12, 2016)<br>RWL Healthworld Limited (w.e.f. October 13, 2016)<br>Fortis Hospitals Limited (w.e.f. October 13, 2016)                                |
| Key management personnel  | Ms. Shalini Tyagi, Whole time director<br>Dr. Virender Kumar Sobti, Director<br>Mr. Arvind Kumar Jha, Chief financial officer (upto June 01, 2015)<br>Mr. Vishesh Verma, Chief financial officer (w.e.f. June 29, 2015)<br>Ms. Anita Rastogi, Company secretary  |
| Group entities of enterprise having significant influence over reporting enterprise | RWL Healthworld Limited (till October 12, 2016)<br>Fortis Hospitals Limited (till October 12, 2016)<br>International Hospital Limited (w.e.f. October 13, 2016)<br>Fortis Global Healthcare Infrastructure Pte. Limited (w.e.f. October 13, 2016)<br>Escorts Heart and Super Specialty Hospital Limited (w.e.f. October 13, 2016)            |
| Enterprise having significant influence over reporting enterprise                   | Fortis Healthcare Limited (till October 12, 2016)<br>Fortis Health Management Limited (w.e.f. October 13, 2016)  |



*Rastogi*  
*Verma*

*VK*

Fortis Hospital Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2017

(b) Summary of transactions with related parties

| Particulars  | For the year ended March 31, 2017 |                     |                                |   |  | For the year ended March 31, 2016 |                     |                                |   |  |
|--|-----------------------------------|---------------------|--------------------------------|---|--|-----------------------------------|---------------------|--------------------------------|---|--|
|  | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| <b>Transactions during the year:</b>                 |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| <b>Income from hospital and medical services</b>     |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                             | 4,119.06                          | 7,175.00            | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| Fortis Healthcare Limited                            | -                                 | -                   | -                              | 8,186.93  | 4,728.81   | -                                 | -                   | -                              | 14,529.69   | 8,512.70   |
| Fortis Hospitals Limited                             | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Income from outlets</b>                           |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| RWL Healthworld Limited                              | -                                 | 129.99              | -                              | 140.92  | -  | -                                 | -                   | -                              | 256.67  | -  |
| Fortis Healthcare Limited                            | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | 1.19   |
| <b>Legal and professional fee</b>                    |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Global Healthcare Infrastructure Pte Limited  | 103.50                            | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Expenses incurred on behalf of the Company by</b> |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                             | -                                 | 41.51               | -                              | 27.76   | -  | -                                 | -                   | -                              | 58.58   | -  |
| Fortis Healthcare Limited                            | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | 6.23   |
| <b>Expenses incurred by the company on behalf of</b> |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Hospitals Limited                             | -                                 | 426.63              | -                              | 588.28  | -  | -                                 | -                   | -                              | 1,044.13  | -  |
| Fortis Healthcare Limited                            | 11.42                             | 0.03                | -                              | 0.42  | 29.36  | -                                 | -                   | -                              | 0.74  | 69.98  |
| RWL Healthworld Limited                              | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| <b>Interest expense</b>                              |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| - On compulsorily convertible debentures             |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| Fortis Healthcare Limited                            | 3,295.94                          | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| Fortis Global Healthcare Infrastructure Pte Limited  | 7,473.68                          | -                   | -                              | 3,166.69  | -  | 14,145.99                         | -                   | -                              | -   | -  |
| - On short term loans                                |                                   |                     |                                |   |  |                                   |                     |                                |   |  |
| International Hospital Limited                       | -                                 | -                   | -                              | -   | -  | -                                 | -                   | -                              | -   | -  |
| Escorts Heart and Super Speciality Hospital Limited  | -                                 | -                   | -                              | -   | -  | -                                 | 0.67                | -                              | -   | -  |
|  |                                   |                     |                                |   |  |                                   | 8.27                |                                |   |  |



*Rastan*

*[Handwritten signature]*

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(b) Summary of transactions with related parties

| Particulars   | For the year ended March 31, 2017 |                     |                                |   |  |                 | For the year ended March 31, 2016 |                                |   |  |
|---|-----------------------------------|---------------------|--------------------------------|---|--|-----------------|-----------------------------------|--------------------------------|---|--|
|   | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company | Fellow subsidiaries               | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| <b>Transactions during the year:</b>                |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Interest income on non convertible debentures       |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Fortis Hospitals Limited                            |                                   | 1,566.82            |                                |   |  |                 |                                   |                                |   |  |
| International Hospital Limited                      |                                   |                     |                                | 1,516.66  |  |                 |                                   |                                |   |  |
| -optionally convertible debentures                  |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| International Hospital Limited                      |                                   | 3,438.60            |                                |   |  |                 | 6,436.35                          |                                |   |  |
| -loan recoverable on demand                         |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| International Hospital Limited                      |                                   | 18.60               |                                | 36.89   |  |                 | 0.35                              |                                |   |  |
| <b>Compensation of key management personnel</b>     |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| <b>Short term benefits</b>                          |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Ms. Shalini Tyagi                                   |                                   |                     | 18.31                          |   |  |                 |                                   | 15.70                          |   |  |
| Mr. Arvind Kumar Jha                                |                                   |                     | 26.58                          |   |  |                 |                                   | 2.93                           |   |  |
| Vishesh Verma                                       |                                   |                     |                                |   |  |                 |                                   | 23.68                          |   |  |
| <b>Post employment benefits</b>                     |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Ms. Shalini Tyagi                                   |                                   |                     | 0.47                           |   |  |                 |                                   | 0.66                           |   |  |
| Mr. Arvind Kumar Jha                                |                                   |                     | 0.43                           |   |  |                 |                                   | 0.31                           |   |  |
| Vishesh Verma                                       |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| <b>Other long term benefits</b>                     |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Ms. Shalini Tyagi                                   |                                   |                     | (0.03)                         |   |  |                 |                                   | 0.22                           |   |  |
| Mr. Arvind Kumar Jha                                |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Vishesh Verma                                       |                                   |                     | 0.56                           |   |  |                 |                                   | 0.50                           |   |  |
| <b>Loan/ advances given</b>                         |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| International Hospital Limited                      |                                   | 2,755.00            |                                |   |  |                 |                                   |                                | 93.00   |  |
| <b>Loans received back during the year</b>          |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Fortis Health Management Limited                    |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| International Hospital Limited                      |                                   | 2,365.00            |                                |   |  |                 |                                   |                                | 93.00   |  |
| Hospitalia Eastern Private Limited                  |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| <b>Loan/ advances received</b>                      |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Escorts Heart and Super Speciality Hospital Limited |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| <b>Loans paid back during the year</b>              |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Escorts Heart and Super-Speciality Hospital Limited |                                   |                     |                                |   |  |                 | 280.00                            |                                |   |  |

Deloitte Haskins & Sells LLP  
Chartered Accountants

Fortis Hospital Limited

Dr. Arvind Jha

Director

Fortis Hospotel Limited  
Notes to Ind AS financial statements as at and for the year ended March 31, 2017

(b) Summary of transactions with related parties

| Particulars  | For the year ended March 31, 2017 |                     |                                |   |  |                 | For the year ended March 31, 2016 |                                |   |  |
|--|-----------------------------------|---------------------|--------------------------------|---|--|-----------------|-----------------------------------|--------------------------------|---|--|
|  | Holding company                   | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company | Fellow subsidiaries               | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise |
| Transactions during the year:  |                                   |                     |                                |   |  |                 |                                   |                                |   |  |
| Security deposit received during the year<br>Fortis Healthcare Limited   | -                                 | -                   | -                              | -   | -  | -               | -                                 | -                              | -   | 0.50   |
| Security deposit paid back during the year<br>Fortis Healthcare Limited  | -                                 | -                   | -                              | -   | -  | -               | -                                 | -                              | -   | 0.50   |
| Receipt on redemption of optionally convertible debentures during the year<br>International Hospital Limited     | -                                 | 24,798.22           | -                              | -   | -  | -               | -                                 | -                              | -   | -  |
| Investment in non convertible debentures during the year<br>Fortis Hospitals Limited                             | -                                 | 48,624.13           | -                              | -   | -  | -               | -                                 | -                              | -   | -  |
| Conversion of optionally convertible debenture into non convertible debentures<br>International Hospital Limited | -                                 | 46,716.77           | -                              | -   | -  | -               | -                                 | -                              | -   | -  |
| Financial guarantee issued on behalf of<br>International Hospital Limited  | -                                 | 2,007.49            | -                              | -   | -  | -               | -                                 | -                              | -   | -  |
| Escorts Heart and Super Speciality Hospital Limited  | -                                 | 901.15              | -                              | -   | -  | -               | -                                 | -                              | -   | -  |
| Fortis Health Management Limited   | 502.47                            | -                   | -                              | -   | -  | -               | -                                 | -                              | -   | -  |

Note: FHML has disposed of 51% economic interest in FHTL on October 12, 2016 to Fortis Healthcare Limited (FHL). Accordingly, FHML has become subsidiary of FHL w.e.f., October 13, 2016.

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Fortis Hospital Limited  
Notes to Ind AS Financial Statements as at and for the year ended March 31, 2017  
(C) Closing balances

| Particulars   | As at March 31, 2017 |                     |                                | As at March 31, 2016  |  |                 | As at April 01, 2015 |                                |   | Enterprises having significant influence over reporting enterprise |
|---|----------------------|---------------------|--------------------------------|---|--|-----------------|----------------------|--------------------------------|---|--|
|   | Holding company      | Fellow subsidiaries | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise | Enterprises having significant influence over reporting enterprise | Holding company | Fellow subsidiaries  | Key management personnel (KMP) | Group entities of enterprise having significant influence over reporting enterprise |  |
| Balances outstanding at the year end:                           |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial assets  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Current   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Investment in optionally convertible debentures                 |                      |                     |                                |   |  |                 |                      |                                |   |  |
| International Hospital Limited                                  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Non-current   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Investment in non convertible debentures                        |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  | 48,024.13            |                     |                                |   |  |                 |                      |                                |   |  |
| International Hospital Limited                                  |                      |                     |                                | 46,716.77   |  |                 |                      |                                |   |  |
| Trade receivables   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  | 2,654.12             |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      | 6,162.86            |                                |   |  |                 |                      |                                |   |  |
| RWL, Healthworld Limited  |                      | 24.20               |                                |   |  |                 |                      |                                |   |  |
| Other current financial asset                                   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Interest accrued but not due on investments and loans           |                      |                     |                                |   |  |                 |                      |                                |   |  |
| International Hospital Limited                                  |                      |                     |                                | 1,349.44  |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      | 1,355.85            |                                |   |  |                 |                      |                                |   |  |
| Advances recoverable  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Other non-current assets  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Technology renewable fund                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  | 30.00                |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      | 46.30               |                                |   |  |                 |                      |                                |   |  |
| Loans   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Loans receivable on demand                                      |                      |                     |                                | 390.00  |  |                 |                      |                                |   |  |
| Financial liabilities   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Non current borrowings  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Compulsorily convertible debentures                             |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Global Healthcare Infrastructure Pte Limited             |                      |                     |                                | 39,337.95   |  | 80,281.53       |                      |                                |   |  |
| Fortis Healthcare Limited                                       | 40,045.58            |                     |                                |   |  |                 |                      |                                |   |  |
| Other current financial liabilities                             |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Interest accrued on compulsorily convertible debentures         |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Global Healthcare Infrastructure Pte Limited             |                      |                     |                                | 1,956.50  |  | 10,833.58       |                      |                                |   |  |
| Fortis Healthcare Limited                                       | 5,223.58             |                     |                                |   |  |                 |                      |                                |   |  |
| Payable to related parties                                      |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Other current liabilities                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Advances from customer  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospitals Limited  |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Financial guarantee issued on behalf of Fortis Hospital Limited |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Hospital Limited   |                      |                     |                                |   |  |                 |                      |                                |   |  |
| Fortis Healthcare Limited                                       |                      |                     |                                |   |  |                 |                      |                                |   |  |

29. Leases

(a) Assets given on operating lease

The Company has leased out some portion of hospital premises on operating lease. The agreements are further renewable at the option of the Company. There are no restrictions imposed by leased agreement and the rent is not determined based on any contingency. The total lease payment received/receivable in respect of the above leases recognised in the Ind AS statement of profit and loss for the year is ₹539.69 lakhs (March 31, 2016 is ₹502.96 lakhs).

(b) Revenue from HMSA

The Company has entered into a Hospital and Medical Services Agreement (HMSA) with hospital operating companies wherein the Company is required to provide and maintain the Company's clinical establishments along with other services like out-patient diagnostics and radio diagnostic. The term of the individual HMSA is 15 years and the Company is entitled to receive composite service fee i.e. base and variable fee. The base fee is fixed and it increases by 3% year on year. The variable fee is based on a percentage of hospital operating companies' net operating income in accordance with the HMSA. Future minimum base fee receivable at the end of the year is as follows:

| Particulars                                       | (Amount in ₹ lakhs)     |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
| Minimum service fee :                             |                         |                         |                         |
| Not later than one year                           | 19,865.07               | 19,286.47               | 18,724.73               |
| Later than one year but not later than five years | 85,601.28               | 83,108.04               | 80,687.42               |
| Later than five years                             | 127,743.06              | 150,101.37              | 171,808.47              |
| <b>Total</b>                                      | <b>233,209.41</b>       | <b>252,495.88</b>       | <b>271,220.62</b>       |

(c) Asset taken on finance lease

The Company holds land at Shalimar Bagh, Delhi under finance lease. The lease term is the perpetual lease.

| Particulars                                       | (Amount in ₹ lakhs)        |                            |                            |   |                            |                            |
|---|----------------------------|----------------------------|----------------------------|---|----------------------------|----------------------------|
|   | As at<br>March 31,<br>2017 | As at<br>March 31,<br>2016 | As at<br>April 01,<br>2015 | As at<br>March 31,<br>2017              | As at<br>March 31,<br>2016 | As at<br>April 01,<br>2015 |
|   | Minimum lease payments     |                            |                            | Present value of minimum lease payments |                            |                            |
| Not later than one year                           | 32.55                      | 32.55                      | 32.55                      | 29.86                                   | 29.86                      | 29.86                      |
| Later than one year but not later than five years | 130.20                     | 130.20                     | 130.20                     | 84.62                                   | 84.62                      | 84.62                      |
| Later than five years                             | 971.64                     | 971.64                     | 971.64                     | 971.64                                  | 971.64                     | 971.64                     |
| <b>Present value of minimum lease payments</b>    | <b>971.64</b>              | <b>971.64</b>              | <b>971.64</b>              | <b>971.64</b>                           | <b>971.64</b>              | <b>971.64</b>              |

Under the lease agreement, the Company is required to pay annual lease rental of ₹ 32.55 lakhs till December 31, 2032. Rent shall be revised thereafter at the end of each successive period of 30 years and such increase shall not at each such time exceed one-half of the increase in the letting value of land as assessed by collector or additional collector of Delhi. The finance lease obligation represents the perpetuity value of annualised lease payment, which is ₹ 971.64 lakhs and will remain same till perpetuity. The finance charge will be ₹ 32.55 lakhs on annual basis till perpetuity.



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*Signature*





30. Commitments

| Particulars   | (Amount in ₹ lakhs)     |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
| Estimated amount of contracts remaining to be executed on capital account and not provided for: |                         |                         |                         |
| Tangible assets (net of capital advances of ₹83.56 lakhs (March 31, 2016 ₹ 66.24 lakhs))        | 875.43                  | 644.22                  | -                       |

The Company has other commitments, for purchase/sales orders which are issued after considering requirements as per operating cycle. The Company does not have any long term commitments or material non-cancellable contractual commitments/contracts, for which there were any material foreseeable losses.

31. Borrowings

(a) Secured loans

(i) Term loan from Philips Electronic India Limited

| Particulars                | As at<br>March 31, 2017   | As at<br>March 31, 2016  | As at<br>April 01, 2015  |
|----------------------------|---|--|--|
| Principal amount (₹ lakhs) | 219.31  | -  | -  |
| Non-current                | -   | 190.45   | 682.94   |
| Current                    | 219.31  | 521.36   | 542.77   |
| Rate of interest (p.a.)    | 9% per annum (first year)<br>SBI base rate plus (+) 50 BP for subsequent years                          | 9% per annum (first year)<br>SBI base rate plus (+) 50 BP for subsequent years | 9% per annum (first year)<br>SBI base rate plus (+) 50 BP for subsequent years |
| Repayment terms            | March 31, 2018  | March 31, 2018   | March 31, 2018   |
| Secured by                 | The loan is secured by first charge by way of hypothecation of certain medical equipment of the Company |  |  |

(ii) Bank overdraft from DBS bank

| Particulars                | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
|----------------------------|-------------------------|-------------------------|-------------------------|
| Principal amount (₹ lakhs) | 951.59                  | -                       | -                       |
| Rate of interest (p.a.)    | 12.25%                  | -                       | -                       |

The above mentioned bank overdraft facility is repayable on demand and is secured by:

- Equitable mortgage by way of first and exclusive charge over the land belonging to Fortis Health Management Limited situated at Chennai.
- Financial guarantee of International Hospital Limited, Fortis Health Management Limited and Escorts Heart and Super Speciality Hospital Limited; and
- Financial guarantee by Fortis Global Healthcare Infrastructure Pte. Limited.

(b) Unsecured loans

(i) Compulsory convertible debentures

The company originally issued 8,704,000 (March 31, 2016 8,704,000 and April 01, 2015 8,704,000) compulsorily convertible debentures (CCD's) of ₹1,000 each to Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL) on October 19, 2012 out of which 51% of CCD were sold by FGHIPL to Fortis Healthcare Limited on October 13, 2016. CCD's are convertible into 267,400,000 equity shares of the Company at a price of ₹32.55 per share. The investor of CCD has a right to convert each CCD into equity share at any time on or prior to the maturity date which

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is 18 (eighteen) years from the date of issuance of the CCDs. These CCDs will carry interest @ 17.5% per annum which is payable on quarterly basis (or such other periods as mutually agreed between the parties).

These CCD's contain two components:

- (i) Financial liability i.e. repayment of accrued interest as per contractual arrangement. Interest has been charged using effective interest rate of 18.14% per annum and included under finance cost (refer note 24). Interest accrued has been calculated after deducting interest paid as per contract from interest charged using effective interest rate and included in other financial liabilities – current amounting to ₹ 5,180.08 lakhs as at March 31, 2017, ₹ 10,833.58 lakhs as at March 31, 2016 and ₹ 8,822.38 lakhs as at April 01, 2015.
- (ii) Equity i.e. contractual right of conversion into a fixed number of equity shares of the Company. Equity component has been calculated as follows and included under other equity (refer note 14).

|                             |                     |
|-----------------------------|---------------------|
| Proceeds of issue of shares | : ₹ 87,040.00 lakhs |
| Less - Liability component  | : ₹ 80,281.53 lakhs |
| Equity component            | : ₹ 6,758.47 lakhs  |

### 32. Employee benefits plan

#### (a) Defined contribution plan

Under the defined contribution plans, the Company makes provident fund (PF) and employee state insurance (ESI) contributions for qualifying employees. The Company is required to contribute a specified percentage of the salary to fund the benefits based on rates specified in the rules of the the Employees' Provident Funds and Miscellaneous Provisions Act, 1952 and Employees State Insurance Act, 1948 respectively. During the year, the Company has recognised the following amounts in the standalone Ind AS statement of profit and loss under the defined contribution plans:

| Particulars         | (Amount in ₹ lakhs)                  |                                      |
|---------------------|--------------------------------------|--------------------------------------|
|                     | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
| Contribution to PF  | 14.00                                | 15.13                                |
| Contribution to ESI | 0.22                                 | 0.01                                 |

#### (b) Defined benefit plan

The Company has a defined benefit gratuity plan, wherein the employee who has completed five years or more of service gets a gratuity on departure at 15 days salary (last drawn basic salary) for each completed year of service. Vesting occurs upon completion of 5 years of service. The gratuity fund is unfunded.

The following table summarizes the components of net benefit expenses recognised in the Ind AS statement of profit and loss and the amounts recognised in the Ind AS balance sheet.

| Particulars  | (Amount in ₹ lakhs)     |                         |
|--|-------------------------|-------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 |
| <b>(i) Movement in net liability</b>                           |                         |                         |
| Present value of obligation at the beginning of the year       | 17.55                   | 12.15                   |
| Current service cost   | 4.96                    | 3.48                    |
| Interest cost  | 1.37                    | 0.95                    |
| Actuarial (gain)/loss recognised in other comprehensive income | (2.34)                  | 1.02                    |
| Plan amendments cost / (credit)                                | -                       | (0.05)                  |
| Benefits paid  | -                       | -                       |
| Present value of obligations at the end of the year            | 21.54                   | 17.55                   |

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(Amount in ₹ lakhs)

| Particulars  | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|--|--------------------------------------|--------------------------------------|
| (ii) Expenses recognised in Ind AS statement of profit and loss is as follows: |                                      |                                      |
| Service cost   | 4.96                                 | 3.48                                 |
| Past service cost  | -                                    | (0.05)                               |
| Interest cost  | 1.37                                 | 0.95                                 |
| <b>Amount charged to Ind AS statement of profit and loss</b>                   | <b>6.33</b>                          | <b>4.38</b>                          |

(Amount in ₹ lakhs)

| Particulars   | For the year ended<br>March 31, 2017 | For the year ended<br>March 31, 2016 |
|---|--------------------------------------|--------------------------------------|
| (iii) Expense recognised in other comprehensive income is as follows:               |                                      |                                      |
| Net actuarial (gain) / loss due to experience adjustment recognised during the year | (3.36)                               | 1.02                                 |
| Net actuarial loss due to assumptions changes recognised during the year            | 1.02                                 | -                                    |
| <b>Amount charged to other comprehensive income</b>                                 | <b>(2.34)</b>                        | <b>1.02</b>                          |

The principal assumptions used in determining gratuity and compensated absences obligation for the Company's plan is as shown below:

| Particulars                         | Year ended<br>March 31, 2017                             | Year ended<br>March 31, 2016                             | Year ended<br>April 01, 2015                             |
|-------------------------------------|--|--|--|
| Rate for discounting liabilities    | 7.10%  | 7.80%  | 7.80%  |
| Expected salary increase rate       | 7.50%  | 7.50%  | 7.50%  |
| Withdrawal / employee turnover rate |  |  |  |
| Age up to 30 years                  | 18%  | 18%  | 18%  |
| Age from 31 to 44 years             | 6%   | 6%   | 6%   |
| Age above 44 years                  | 2%   | 2%   | 2%   |
| Mortality table used                | Indian assured lives mortality (2006-08) (modified) Ult. | Indian assured lives mortality (2006-08) (modified) Ult. | Indian assured lives mortality (2006-08) (modified) Ult. |

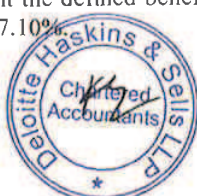
The gratuity scheme is a defined benefit plan that provides for a lump sum payment made on exit either by way of retirement, death disability or voluntary withdrawal. The benefits are defined on the basis of final salary and the period of services and paid lump sum at exit. The plan design means the risks commonly affecting the liabilities and the financial results are expected to be:

- Interest rate risk- The defined benefit obligation is calculated using the discount rate based on government bonds. If bond yields fall the defined benefit obligation will tend to increase.
- Salary inflation risk - Higher than expected increases in salary will increase the defined obligation.
- Demographic risk - This is the risk variability of results due to unsystematic nature of decrements that include mortality, withdrawal disability and retirement. The effect of these decrements on the defined benefit obligation is not straight forward and depends upon the combination of salary increase, discount rate and vesting criteria.

Notes:

- The estimates of future salary increases, considered in actuarial valuation, takes into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- The discount rate used to discount the defined benefit obligation for the year ended on March 31, 2017 is changed from 7.80% (March 31, 2016) to 7.10%.

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- c) Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary increase and mortality. The sensitivity analyses below has been determined based on reasonably possible changes of the respective assumptions at the end of the reporting period, while holding all other assumptions constant.
- If the discount rate is 0.5% higher (lower), the defined benefit obligation would decrease by ₹ 0.74 lakhs (increase by ₹ 0.82 lakhs), as at March 31, 2016: decrease by ₹ 0.57 lakhs (increase by ₹ 0.62 lakhs), as at April 1, 2015: decrease by ₹ 0.32 lakhs (increase by ₹ 0.35 lakhs).
  - If the expected salary growth increases (decreases) by 0.5% the defined benefit obligation would increase by ₹ 0.81 lakhs (decrease by ₹ 0.74 lakhs), as at March 31, 2016: increase by ₹ 0.62 lakhs (decrease by ₹ 0.58 lakhs), as at April 1, 2015: increase by ₹ 0.35 lakhs (decrease by ₹ 0.32 lakhs).
  - If the withdrawal rate increases (decreases) by 5% the defined benefit obligation would decrease by ₹ 0.83 lakhs (increase by ₹ 0.88 lakhs), as at March 31, 2016: increase by ₹ 0.64 lakhs (decrease by ₹ 0.55 lakhs), as at April 1, 2015: decrease by ₹ 0.64 lakhs (increase by ₹ 0.53 lakhs).

#### Method used for sensitivity analysis

The above sensitivity results determine their individual impact on the plan's year end defined benefit obligation. In reality, the plan is subject to multiple external experience items which may move the defined benefit obligation in similar or opposite directions, while the plan's sensitivity to such changes can vary over time.

Furthermore, in presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the year, which is the same as that applied in calculating the defined benefit obligation liability recognised in the Ind AS balance sheet.

There was no change in the methods and assumptions, except the discount rate used in the preparing the sensitivity analysis from prior year.

### 33. Financial instruments

#### (a) Capital management

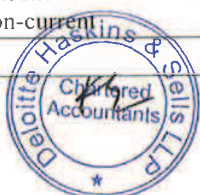
The Company manages its capital to ensure that the Company will be able to continue as going concern while maximising the return to stakeholders through the optimisation of the debt and equity balance. The Company is not subject to any externally imposed capital requirements.

The Company's board review the capital structure of the Company on need basis. The funding requirements are met through a mixture of internal fund generation, convertible debt securities, borrowings from banks and other borrowings from related parties. The Company's policy is to use short-term and long-term borrowings to meet anticipated funding requirements.

#### (b) Categories of financial instruments

(Amount in ₹ lakhs)

| Financial assets   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
|--|-------------------------|-------------------------|-------------------------|
| <b>Measured at fair value through profit or loss (FVTPL)</b> |                         |                         |                         |
| Investment in optionally convertible debenture               | -                       | 71,515.00               | 71,515.00               |
| Investment in mutual funds                                   | -                       | 176.54                  | -                       |
| <b>Measured at amortised cost</b>                            |                         |                         |                         |
| Investment in non-convertible debenture                      | 95,340.90               | -                       | -                       |
| Cash and cash equivalents                                    | 112.56                  | 185.60                  | 144.34                  |
| Other bank balances  | 65.11                   | 101.35                  | -                       |
| Loans  | 390.00                  | -                       | -                       |
| Trade receivables  | 8,931.46                | 10,109.66               | 4,573.38                |
| Other financial assets – current                             | 2,710.19                | 20,920.16               | 15,331.20               |
| Other financial assets – non-current                         | 133.96                  | 130.11                  | 126.49                  |
| <b>Total</b>   | <b>107,684.18</b>       | <b>103,138.42</b>       | <b>91,690.41</b>        |



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(Amount in ₹ lakhs)

| Financial liabilities                                | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
|--|-------------------------|-------------------------|------------------------|
| <b>Measured at amortised cost</b>                    |                         |                         |                        |
| Liability component of compound financial instrument | 80,281.53               | 80,281.53               | 80,281.53              |
| Long term maturity of finance lease obligation       | 531.74                  | 490.85                  | 453.10                 |
| Bank overdraft                                       | 951.59                  | -                       | -                      |
| Trade payables                                       | 746.22                  | 697.70                  | 579.33                 |
| Other financial liabilities – current                | 5,899.54                | 11,430.41               | 9,544.25               |
| <b>Total</b>   | <b>88,410.62</b>        | <b>92,900.49</b>        | <b>90,858.21</b>       |

(c) **Financial risk management objectives**

The Company's financial liabilities mainly comprise of borrowings, trade payables and other payables. The Company's financial assets mainly comprise of investments in debt instrument of related companies, cash and cash equivalents, other balances with banks, loan to related parties and trade receivables and other receivables. The Company's management provides services to the business, co-ordinates access to domestic financial markets, monitors and manages financial risks relating to operations of the Company. These risks include market risk, credit risk and liquidity risk.

Below mentioned disclosures summaries the Company's exposure to financial risks. Quantitative sensitivity analysis have been provided to reflect the impact of reasonably possible changes in market rates on the financial results, cash flows and financial position of the Company.

(d) **Market risk**

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. The Company has no exposure from the international market as the Company's operations are in India only. Financial instruments affected by interest rate risk includes borrowings and other financial liability. The Company is not exposed to other price risk.

(e) **Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. The Company's exposure to credit risk arises primarily from trade receivables.

**Trade receivable**

Majority of trade receivables is receivable at the clinical establishment at Shalimar Bagh, Delhi and Gurugram, Haryana from hospital operating company which is related party. For other trade receivables at clinical establishment, majority of them represents corporate clients which are credit worth parties. Concentration of credit risk other than related party does not exceed 2% of total balance of trade receivable. As at March 31, 2017, 99% (as at March 31, 2016: 99%, as at April 1, 2015: 98%) of the total trade receivables were due from hospital operating companies.

**Other financial assets**

For other financial assets includes investments in debt instrument of related companies, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables, the Company minimises credit risk by dealing with creditworthy counterparties.

(f) **Interest rate risk management**

The Company is exposed to interest rate risk because Company borrows funds at both fixed and floating interest rates and invests in debt oriented mutual funds. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings. These exposures are reviewed by appropriate levels of management. The Company invests cash and current financial asset investments in debt mutual funds to achieve the Company's goal of maintaining liquidity, carrying manageable risk and achieving satisfactory returns.



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Floating rate financial assets are largely mutual fund investments which have debt securities as underlying assets. The returns from these financial assets are linked to market interest rate movements. The Company regularly monitors the market rate of interest to mitigate the risk exposure.

The Company's exposure to interest rates on financial liabilities are detailed in the liquidity risk management section of this note.

**(g) Interest rate sensitivity analysis**

The sensitivity analyses below have been determined based on the exposure to interest rates at the end of the financial year. For floating rate liabilities, the analysis is prepared assuming the amount of the liability outstanding at the end of the financial year was outstanding for the whole year.

The Company had taken a floating rate bank overdraft facility from DBS bank during the financial year 2016-17 and loan from Philips Electronics. A 50 basis point increase or decrease is used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

| Particulars  | (Amount in ₹ lakhs)          |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Decrease in profit for the year                              | (5.29)                       | (3.15)                       |
| Decrease in total equity as at the end of the financial year | (5.29)                       | (3.15)                       |

| Particulars  | (Amount in ₹ lakhs)          |                              |
|--|------------------------------|------------------------------|
|  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Increase in profit for the year                              | 5.29                         | 3.15                         |
| Increase in total equity as at the end of the financial year | 5.29                         | 3.15                         |

**(h) Liquidity risk management**

Ultimate responsibility for liquidity risk management rests with the board of directors for company's short-term, medium-term and long-term funding and liquidity requirements. The Company manages liquidity risk by availing borrowing facilities, by continuously monitoring forecast and actual cash flows and by matching the maturity profiles of financial assets and liabilities.

The Company has access to financing facilities unused at the end of the year. The Company expects to meet its other obligation from operating cash flows and proceeds of maturing financial assets.

| Particulars                      | (Amount in ₹ lakhs)          |                              |                              |
|----------------------------------|------------------------------|------------------------------|------------------------------|
|                                  | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 | Year ended<br>April 01, 2015 |
| Secured bank overdraft facility: |                              |                              |                              |
| - amount used                    | 951.59                       | -                            | -                            |
| - amount unused                  | 48.41                        | -                            | -                            |
| <b>Total</b>                     | <b>1,000.00</b>              | -                            | -                            |

The following tables give details of Company's remaining contractual maturity for its non-derivative financial liabilities with agreed repayment periods. The tables have been drawn up based on the undiscounted cash flows of financial liabilities based on the earliest date on which the company can be required to pay.




(Amount in ₹ lakhs)

| Particulars                              | Within 1 year    | 1-2 year         | More than 2 years | Total             | Carrying amount  |
|--|------------------|------------------|-------------------|-------------------|------------------|
| <b>As at March 31, 2017</b>              |                  |                  |                   |                   |                  |
| <b>Variable interest rate instrument</b> |                  |                  |                   |                   |                  |
| Term loan from Philips Electronics       | 263.56           | -                | -                 | 263.56            | 219.31           |
| Bank overdraft                           | 951.59           | -                | -                 | 951.59            | 951.59           |
| <b>Fixed interest rate instrument</b>    |                  |                  |                   |                   |                  |
| Compulsorily convertible debentures      | 15,232.00        | 15,232.00        | 174,562.89        | 205,026.89        | 85,461.61        |
| <b>Other financial liabilities</b>       |                  |                  |                   |                   |                  |
| Finance lease obligation*                | 162.75           | 32.55            | 4,231.50          | 4,426.80          | 531.74           |
| Trade payables                           | 746.22           | -                | -                 | 746.22            | 746.22           |
| Other financial liabilities              | 500.15           | -                | -                 | 500.15            | 500.15           |
| <b>Total</b>                             | <b>17,856.27</b> | <b>15,264.55</b> | <b>178,794.39</b> | <b>211,915.21</b> | <b>88,410.62</b> |

(Amount in ₹ lakhs)

| Particulars                              | Within 1 year    | 1-2 year         | More than 2 years | Total             | Carrying amount  |
|--|------------------|------------------|-------------------|-------------------|------------------|
| <b>As at March 31, 2016</b>              |                  |                  |                   |                   |                  |
| <b>Variable interest rate instrument</b> |                  |                  |                   |                   |                  |
| Term loan from Philips Electronics       | 573.40           | 267.98           | -                 | 841.37            | 711.81           |
| <b>Fixed interest rate instrument</b>    |                  |                  |                   |                   |                  |
| Compulsorily convertible debentures      | 15,232.00        | 15,232.00        | 189,794.89        | 220,258.89        | 91,115.11        |
| <b>Other financial liabilities</b>       |                  |                  |                   |                   |                  |
| Finance lease obligation*                | 130.20           | 32.55            | 4,264.05          | 4,426.80          | 490.85           |
| Trade payables                           | 697.70           | -                | -                 | 697.70            | 697.70           |
| Other financial liabilities              | 75.47            | -                | -                 | 75.47             | 75.47            |
| <b>Total</b>                             | <b>16,708.77</b> | <b>15,532.53</b> | <b>194,058.94</b> | <b>226,300.23</b> | <b>93,090.94</b> |

(Amount in ₹ lakhs)

| Particulars                              | Within 1 year    | 1-2 year         | More than 2 years | Total             | Carrying amount  |
|--|------------------|------------------|-------------------|-------------------|------------------|
| <b>As at April 1, 2015</b>               |                  |                  |                   |                   |                  |
| <b>Variable interest rate instrument</b> |                  |                  |                   |                   |                  |
| Term loan from Philips Electronics       | 649.33           | 572.87           | 267.45            | 1,489.66          | 1,225.71         |
| <b>Fixed interest rate instrument</b>    |                  |                  |                   |                   |                  |
| Compulsorily convertible debentures      | 15,232.00        | 15,232.00        | 205,026.89        | 235,490.89        | 89,103.91        |
| <b>Other financial liabilities</b>       |                  |                  |                   |                   |                  |
| Finance lease obligation*                | 97.65            | 32.55            | 4,296.60          | 4,426.80          | 453.10           |
| Trade payables                           | 579.33           | -                | -                 | 579.33            | 579.33           |
| Other financial liabilities              | 179.10           | -                | -                 | 179.10            | 179.10           |
| <b>Total</b>                             | <b>16,737.41</b> | <b>15,837.42</b> | <b>209,590.94</b> | <b>242,165.78</b> | <b>91,541.15</b> |

Finance lease obligation stands for perpetual lease so the exact date of settlement can't be ascertained.



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34. Fair value measurement

Fair value of the company's financial assets that are measured at fair value on a recurring basis is as follows:

(Amount in ₹ lakhs)

| Particulars                                    | Fair value           |                      |                      | Fair value hierarchy | Valuation technique(s) and key input(s)  |
|--|----------------------|----------------------|----------------------|----------------------|--|
|  | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |                      |  |
| Financial assets                               |                      |                      |                      |                      |  |
| Investment in optionally convertible debenture | -                    | 71,515.00            | 71,515.00            | Level 3              | These instruments carrying daily call and put option with a notice period of 6 months to either party. Keeping in view the period as insignificant to have any impact on the fair value, the carrying value is considered as fair value. |
| Investment in mutual funds                     | -                    | 176.54               | -                    | Level 1              | Quoted price in active market  |

There was no transfer between Level 1, Level 2 and Level 3 in the year. The carrying amount of financial assets and financial liabilities measured at amortised cost in the Ind AS financial statements are a reasonable approximation of their fair value since the Company does not anticipate that carrying value would be significantly different from the values that would eventually be received or settled.

35. Earnings per share

| Earnings per share (EPS)  | Denomination     | Year ended March 31, 2017 | Year ended March 31, 2016 |
|---|------------------|---------------------------|---------------------------|
| Profit as per Ind AS statement of profit and loss                   | ₹ in lakhs       | 7,006.23                  | 6,497.31                  |
| Weighted average number of equity shares in calculating basic EPS   | Number(in Lakhs) | 2,937.70                  | 2,937.70                  |
| Weighted average number of equity shares in calculating diluted EPS | Number(in Lakhs) | 2,937.70                  | 2,937.70                  |
| Basic and diluted EPS   | ₹                | 2.38                      | 2.21                      |

The following potential equity shares are anti-dilutive and are therefore excluded from the weighted average number of equity shares for the purpose of diluted earnings per share.

(Number of shares)

| Particulars  | Year ended March 31, 2017 | Year ended March 31, 2016 |
|--|---------------------------|---------------------------|
| Shares to be issued on conversion of compulsory convertible debentures | 2,67,400,000              | 2,67,400,000              |



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

During the year ended December 31, 2006, Government of India has promulgated an Act namely, the Micro, Small and Medium Enterprises Development Act, 2006 which came into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the supplier. The Company has certain dues to suppliers registered under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act). The disclosures pursuant to the said MSMED Act are as follows:

| Particulars  | (Amount in ₹ lakhs)     |                         |                        |
|--|-------------------------|-------------------------|------------------------|
|  | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 1, 2015 |
| (i) Principal amount remaining unpaid to any supplier as at the end of the accounting year   | 50.98                   | 4.64                    | -                      |
| (ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year  | 0.10                    | -                       | -                      |
| (iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day  | -                       | -                       | -                      |
| (iv) 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                                  | -                       | -                       | -                      |
| (v) The amount of interest accrued and remaining unpaid at the end of the accounting year  | -                       | -                       | -                      |
| (vi) The amount of further interest due and payable even in the succeeding year, 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 | -                       | -                       | -                      |

Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the management. This has been relied upon by the auditors.

37. 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). Details of CSR expenditures, as certified by the management are as follows:

| Particulars   | (Amount in ₹ lakhs)          |                              |
|---|------------------------------|------------------------------|
|   | Year ended<br>March 31, 2017 | Year ended<br>March 31, 2016 |
| Balance to be spent as per previous year (A)          | -                            | -                            |
| Amount required to be spent for the current year (B)  | 72.00                        | 26.04                        |
| Gross amount required to be spent (A+B)               | 72.00                        | 26.04                        |
| Spent during the year (including monitoring expenses) | 72.00                        | 26.04                        |
| Balance unspent at the end of the year                | -                            | -                            |

38. Segment reporting

The Board of Directors of the Company, which have been identified as being the chief operating decision maker (CODM), evaluates the Company's performance, allocate resources based on the analysis of the various performance indicator of the Company as a single unit. There are no geographical segments as all the operations of the Company are in India. Therefore, there is no reportable segment for the Company as per the requirement of Ind AS 108 "Operating Segments".



### 39. Transfer pricing

The Company has established a comprehensive system of maintenance of information and documents as required by the transfer pricing legislation under Sections 92-92F of the Income Tax Act, 1961. Since the law requires the existence of such information and documentation to be contemporaneous in nature, the Company is in the process of updating the documentation of international transactions with the associated enterprises during the financial year and expects such records to be in existence latest by the due date under the Income Tax Act, 1961. The management is of the opinion that its international transactions are at arm's length so that the aforesaid legislation will not have any impact on the Ind AS financial statements, particularly on the amount of tax expense and that of provision for taxation.

### 40. Contingent liability

As at March 31 2017, the Company has certain outstanding assessments/litigation for the income tax and other legal matters pending with different authorities. Based on the opinion of independent subject matter experts obtained by the Company and the management's own assessment, the Company believes that an unfavorable outcome is remote for these outstanding assessments/litigations.

Further, as per the sponsor agreement dated September 18, 2012 and share purchase agreements signed on various dates on or before listing of RHT Health Trust (the ultimate parent company), the Company is indemnified against any losses suffered arising out of outstanding assessments/ litigation by Fortis Healthcare Limited (the sponsor in the RHT Group).

### 41. Financial guarantee contracts

The Company has issued financial guarantee to DBS bank in respect of overdraft facilities availed for working capital requirement by its related parties. In accordance with the policy of the Company (refer note 2.16) the Company has designated such guarantees as 'insurance contracts'. The Company has classified financial guarantees as contingent liabilities. Accordingly, there are no assets and liabilities recognised in the Ind AS balance sheet under these contracts.

Refer below for details of the financial guarantees issued:

| Guarantee issued on behalf of                       | (Amount in ₹ lakhs)     |                         |                         |
|---|-------------------------|-------------------------|-------------------------|
|   | As at<br>March 31, 2017 | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
| International Hospital Limited                      | 2,007.49                | -                       | -                       |
| Escorts Heart and Super Speciality Hospital Limited | 901.15                  | -                       | -                       |
| Fortis Health Management Limited                    | 502.47                  | -                       | -                       |
| <b>Total</b>  | <b>3,411.11</b>         | <b>-</b>                | <b>-</b>                |

### 42. Specified bank notes (SBN)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R 308 (E) dated March 31, 2017 on the details of the specified bank notes held and transacted during the period from November 8, 2016 to December 30, 2016. The denomination wise SBN's and other notes as per the notification is given below:

| Particulars                                  | (Amount in ₹ lakhs) |                             |        |
|--|---------------------|-----------------------------|--------|
|  | SBNs                | Other<br>denomination notes | Total  |
| Closing cash in hand as on November 8, 2016  | 1.00                | 0.02                        | 1.02   |
| (+) Permitted receipts                       | -                   | 0.10                        | 0.10   |
| (+) Cash withdrawal                          | -                   | -                           | -      |
| (-) Permitted payments                       | -                   | (0.01)                      | (0.01) |
| (-) Amount deposited in banks                | (1.00)              | -                           | (1.00) |
| Closing cash in hand as on December 30, 2016 | -                   | 0.11                        | 0.11   |

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43. Disclosure as per Section 186 (4) of Companies Act, 2013

The particulars of investments made by the Company as required to be disclosed by Section 186(4) of Companies Act, 2013 are as below:

| Nature of the instrument                | Issuer's name                  | Rate of interest | Redemption date   | Secured/unsecured | Principal outstanding amount (₹ in lakhs) as at |                |               |
|---|--------------------------------|------------------|---|-------------------|---|----------------|---------------|
|   |                                |                  |   |                   | March 31, 2017                                  | March 31, 2016 | April 1, 2015 |
| Non-convertible debentures (NCD)        | Fortis Hospitals Limited       | 9.3% per annum   | October 12, 2026  | Unsecured         | 48,624.13                                       | -              | -             |
| Non-convertible debentures (NCD)        | International Hospital Limited | 9.3% per annum   | October 12, 2026  | Unsecured         | 46,716.77                                       | -              | -             |
| Optionally convertible debentures (OCD) | International Hospital Limited | 9% per annum     | At any time on or prior to the maturity date which is 18 (eighteen) years from the date of issuance of the OCDs'. | Unsecured         | -   | 71,515.00      | 71,515.00     |

The above investment has been made for the purpose of business expansion.

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

| Nature of the instrument | Name of the party              | Rate of interest | Due date            | Secured/unsecured | Principal outstanding amount (₹ in lakhs) as at |                |               |
|--------------------------|--------------------------------|------------------|---------------------|-------------------|---|----------------|---------------|
|                          |                                |                  |                     |                   | March 31, 2017                                  | March 31, 2016 | April 1, 2015 |
| Short term loan          | International Hospital Limited | 12% per annum    | Repayable on demand | Unsecured         | 390.00  | -              | -             |

The above loan has been given for meeting the working capital requirement.

The particulars of financial guarantees issued by the Company as required to be disclosed by Section 186 (4) of Companies Act, 2013 are as below:

| Company name  | (Amount in ₹ lakhs)  |                      |                      |
|---|----------------------|----------------------|----------------------|
|   | As at March 31, 2017 | As at March 31, 2016 | As at April 01, 2015 |
| International Hospital Limited                      | 2,007.49             | -                    | -                    |
| Escorts Heart and Super Speciality Hospital Limited | 901.15               | -                    | -                    |
| Fortis Health Management Limited                    | 502.47               | -                    | -                    |
| <b>Total</b>  | <b>3,411.11</b>      | <b>-</b>             | <b>-</b>             |

The above guarantee has been issued in respect of overdraft facilities availed for working capital requirements from DBS bank.

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44a. Reconciliation of total equity as at March 31, 2016 and April 01, 2015

| Particulars  | Notes | (Amount in ₹ lakhs)     |                         |
|--|-------|-------------------------|-------------------------|
|  |       | As at<br>March 31, 2016 | As at<br>April 01, 2015 |
| Total equity (shareholder's funds) under previous GAAP           |       | 38,729.06               | 33,824.74               |
| Adjustment made :  |       |                         |                         |
| (a) Finance lease obligation on land lease under Ind AS          | 1     | (229.36)                | (224.17)                |
| (b) Derecognition of intangible assets under Ind AS              | 2     | (173.49)                | (622.19)                |
| (c) Equity component of compound financial instrument            | 3     | 6,758.47                | 6,758.47                |
| (d) Amortisation of financial liability pertaining to CCD on EIR | 3     | 3,125.49                | 2,039.48                |
| (e) Fair value of mutual fund investment under Ind AS            | 4     | 4.23                    | -                       |
| (f) Deferred tax using the balance sheet approach under Ind AS   | 5     | 58.58                   | -                       |
| Total adjustment to equity                                       |       | 9,543.92                | 7,951.59                |
| Total equity (shareholder's funds) under Ind AS                  |       | 48,272.98               | 41,776.33               |

44b. Reconciliation of total comprehensive income for the year ended March 31, 2016

| Particulars  | Notes | (Amount in ₹ lakhs)                  |          |
|--|-------|--------------------------------------|----------|
|  |       | For the year ended<br>March 31, 2016 |          |
| Profit as per previous GAAP  |       |                                      | 4,904.33 |
| Adjustment made :  |       |                                      |          |
| (a) Fair valuation gain on investment in mutual fund under Ind AS  | 4     |                                      | 4.23     |
| (b) Remeasurement of defined benefit obligation recognised in other comprehensive income under Ind AS (net of tax)               | 6     |                                      | 0.67     |
| (c) Difference in interest expense on bifurcation of compulsorily convertible debentures in to equity and liability under Ind AS | 3     |                                      | 1,086.01 |
| (d) Finance charges recognised on land under finance lease under Ind AS  | 1     |                                      | (37.75)  |
| (e) Reversal of rent for leasehold land recognised under previous GAAP   | 1     |                                      | 32.55    |
| (f) Reversal of depreciation on intangible assets recognised under previous GAAP   | 2     |                                      | 448.69   |
| (g) Recognition of deferred taxes using the balance sheet approach under Ind AS  | 5     |                                      | 58.58    |
| Total effect on transition to Ind AS   |       |                                      | 1,592.98 |
| Profit as per Ind AS   |       |                                      | 6,497.31 |
| Other comprehensive income (net of tax)  | 6     |                                      | (0.67)   |
| Total comprehensive income under Ind AS  |       |                                      | 6,496.64 |

- Under previous GAAP, there was no specific guidance on recognition of land lease. As per Ind AS 17, land lease is recognised in the books based upon the present value of minimum lease payment (MLP) to be made. Present value of MLP is calculated using effective rate of interest and finance charges have been charged to Ind AS statement of profit and loss. Consequently, the finance lease obligation has been recognised amounting to ₹224.17 lakhs and ₹229.36 lakhs as at April 1, 2015 and March 31 2016 respectively. Further, the provision for lease rental recognised under the previous GAAP amounting to ₹32.55 lakhs as at March 31, 2016 has been reversed and finance cost amounting to ₹37.75 lakhs has been recognised during the year ended March 31, 2016 under Ind AS.
- Under previous GAAP, there were certain intangible asset which did not qualify the recognition criteria under Ind AS 38. Hence, these assets including the accumulated amortisation are derecognised as at the transition date. Net intangible assets derecognised as on the transition date is ₹622.19 lakhs and as on March 31, 2016 is ₹ 173.49 lakhs. Further, the depreciation charged during the year ended March 31, 2016 amounting to ₹448.69 under the previous GAAP has been reversed under Ind AS.
- Under the previous GAAP, compulsorily convertible debentures ("CCD") were classified as liability. However, under Ind AS, CCDs have been considered as compound financial instruments in accordance with Ind AS 109 and accordingly, these compound financial instruments have been bifurcated into equity component and liability component. The liability component has been accounted based on the effective interest rate method. The net effect of this change is the increase in the equity amounting to ₹6,758.47 lakhs as at April 1, 2015 and March 31, 2016 and reduction in the interest expense amounting to interest expenses ₹2,039.48 lakhs and ₹3,125.49 lakhs as at April 1, 2015 and March 31, 2016 respectively.
- Under previous GAAP, current investment were measured at lower of cost or fair value. Under Ind AS, these financial assets have been classified as FVTPL and fair value changes are recognised in Ind AS statement of profit and loss. Consequently, ₹ 4.23 lakhs has been recognised as income during the year ended March 31, 2016 on account of the fair valuation of the mutual funds.
- Deferred tax adjustment on the aforesaid item has been considered under Ind AS. Reversal of deferred tax liability for the year ended March 31, 2016 is ₹ 58.58 lakhs.
- Under previous GAAP, actuarial gains and losses were recognised in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability which is recognised in other comprehensive income. The actuarial gains for the year ended March 31, 2016 were ₹0.67 lakhs. This change does not affect total equity, but there is a decrease in loss of ₹0.67 lakhs for the year ended March 31, 2016.

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44c. Reconciliation of cash flows for the year ended March 31, 2016

| Particulars   | (Amount in ₹ lakhs) |             |
|---|---------------------|-------------|
|   | Previous GAAP       | Ind AS      |
| Net cash flow from operating activities   | 12,620.08           | 12,620.08   |
| Net cash flow from investing activities   | 210.47              | 210.47      |
| Net cash flow from financing activities   | (12,789.29)         | (12,789.29) |
| Cash and cash equivalents for the purpose of cash flow statement as at April 1, 2015  | 144.34              | 144.34      |
| Cash and cash equivalents for the purpose of cash flow statement as at March 31, 2016 | 185.60              | 185.60      |

45. Approval of Ind AS financial statements

The Ind AS financial statements were approved for issue by the Board of Directors on September 19, 2017.

For and on behalf of the Board of Directors

  
Shalini Jaggi  
Whole Time Director  
DIN: 06859572

  
Dr. Virender Kumar Sobti  
Director  
DIN: 05287975

  
Anita Rastogi  
Company Secretary

  
Vishesh Verma  
Chief Financial Officer

Place: Gurugram

Date: September 19, 2017

Place: Gurugram

Date: September 19, 2017

