

**Fortis Healthcare Limited**

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South City 1, Sector – 41, Gurgaon,
Haryana – 122 001 (India)

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Website : www.fortishealthcare.com

FHL/SEC/STEX/RR/2018-19

September 28, 2018

**The National Stock Exchange of India Ltd.
Corporate Communications Department
“Exchange Plaza”, 5th Floor, Bandra-Kurla Complex,
Bandra (East), Mumbai – 400051
Scrip Symbol: FORTIS**

**BSE Limited
Corporate Services Department
Phiroze Jeejeebhoy Towers
Dalal Street, Mumbai – 400 001
Scrip Code:532843**

Sub: Annual General Meeting

Dear Sir,

It is hereby informed that Fortis Healthcare Limited (“the Company”) held its 22nd Annual General Meeting (“AGM”) on September 28, 2018 at 12:30 PM at the National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab – 160062. With reference to the above, please find enclosed the following:

1. Proceedings of the AGM in terms of Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015; and
2. Annual Report for the Financial Year 2017-18 as approved and adopted at the said AGM in terms of Regulation 34 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The Voting Results will be notified to the Stock Exchanges in the format prescribed under SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

This is for your information and records please.

Thanking you,

Yours faithfully,

For **Fortis Healthcare Limited**

**Rahul Ranjan
Company Secretary
ICSI Membership: ACS17035**

FORTIS HEALTHCARE LIMITED

Regd. Office : Fortis Hospital, Sector 62, Phase – VIII, Mohali – 160062
Tel : 0172-5096001, Fax : 0172-5096221, CIN : L85110PB1996PLC045933

Proceedings of the 22nd Annual General Meeting

The 22nd Annual General Meeting (“AGM”) of the Members of M/s. Fortis Healthcare Limited (‘the Company’) was held on Friday, September 28, 2018 at 1230 PM (IST) at the National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab - 160062. Mr. Ravi Rajagopal, Chairman of the Company, chaired the meeting. He introduced the other directors/ officials on the dais. The requisite quorum being present, the Chairman called the meeting to order. The Chairman delivered the introductory remarks on the performance of the Company. The Chairman then informed that the Company had provided the Members the facility to cast their vote electronically, on all resolutions set forth in the Notice dated August 14, 2018. Members who were present at the AGM and had not cast their votes electronically were provided an opportunity to cast their votes at the end the meeting. It was further informed that there would be no voting by show of hands.

The following items of business(s), as per the Notice of AGM, were considered at the said meeting.

ORDINARY BUSINESSES

1. Adoption of the Audited Standalone Financial Statements of the Company together with Reports of the Board and Auditors thereon and the Audited Consolidated Financial Statements of the Company including Auditors’ Report thereon for the financial year 2017-18 (Ordinary Resolution).
2. Ratification of Appointment of Statutory Auditors (Ordinary Resolution).

SPECIAL BUSINESSES:

3. Ratification and Confirmation of Remuneration of Cost Auditor

The Board of Directors had appointed Mr. Mukesh Manglik as the Scrutinizer to supervise the e - voting and ballot voting process. The Chairman announced at the meeting that the combined result (E-voting and ballot voting) will be declared on or before the close of business hours of September 29, 2018.



FORTIS HEALTHCARE LIMITED

CIN: L85110PB1996PLC045933

Registered Office: Fortis Hospital, Sector 62, Phase – VIII, Mohali, Punjab - 160062

Tel.: +91-172-5096001, **Fax:** +91-172-5096221

Email: secretarial@fortishealthcare.com, **Website:** www.fortishealthcare.com

NOTICE

Notice is hereby given that the Twenty Second Annual General Meeting of Fortis Healthcare Limited will be held on Friday, September 28, 2018 at 12:30 p.m. at National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062, to transact the following business:

ORDINARY BUSINESS:-

1. To consider and adopt the Audited Standalone Financial Statements of the Company together with Reports of the Board and Auditors thereon and the Audited Consolidated Financial Statements of the Company including Auditors' Report thereon for the financial year ended on March 31, 2018.

2. **Ratification of Appointment of Statutory Auditor**

To consider and, if thought fit, to pass the following resolution as an **Ordinary Resolution**:

"RESOLVED that pursuant to the provisions of Section 139 and all other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014, as amended from time to time, the Company hereby ratifies the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (Firm Registration No. 117366W/W-100018), as Statutory Auditor of the Company to hold office from the conclusion of this Annual General Meeting (AGM) till the conclusion of the 23rd AGM of the Company to be held in the year 2019 to examine and audit the accounts of the Company at such remuneration as may be mutually agreed between the Board of Directors of the Company and the Auditor."

SPECIAL BUSINESS:-

3. **Ratification and Confirmation of Remuneration of Cost Auditor**

To consider and if thought fit, to pass, the following resolution as an **Ordinary Resolution**:

"RESOLVED THAT pursuant to the provisions of Section 148 and other applicable provisions, if any, of the Companies Act, 2013 and the Companies (Audit and Auditors) Rules, 2014 (including any statutory modification(s) or re-enactment(s) thereof, for the time being in force) and Companies (Cost Records and Audit Rules, 2014) remuneration of Rs. 3,00,000 plus out of pocket expenses and taxes, being paid to M/s. Jitender, Navneet & Co., Cost Auditor appointed by the Board of Directors, to conduct the audit of the cost records of the Company, for the Financial Year ended March 31, 2018, be and is hereby ratified and confirmed.

RESOLVED FURTHER THAT the Board of Directors of the Company be and is hereby authorised to do all acts and take all such steps as may be necessary, proper or expedient to give effect to this resolution."

**By Order of the Board
For Fortis Healthcare Limited
Sd/-**

**Rahul Ranjan
Company Secretary**

Date: August 14, 2018
Place: Gurugram

NOTES:

1. The Explanatory Statement pursuant to Section 102(1) of the Companies Act, 2013, is enclosed herewith and forms part of this Notice.
2. **A MEMBER ENTITLED TO ATTEND AND VOTE AT THE MEETING IS ENTITLED TO APPOINT A PROXY (IES) TO ATTEND AND VOTE INSTEAD OF HIMSELF/HERSELF AND SUCH PROXY (IES) NEED NOT TO BE A MEMBER OF THE COMPANY.** Proxies, to be effective shall be duly filled, stamped, signed and deposited, not less than 48 hours before the commencement of the Meeting at the Registered Office of the Company.

Pursuant to the provisions of Companies Act, 2013 and the rules thereunder, a person can act as proxy on behalf of members not exceeding fifty and holding in the aggregate not more than ten percent of the total share capital of the Company carrying voting rights. A member holding more than ten percent of the total share capital of the Company carrying voting rights may appoint a single person as proxy and such person shall not act as proxy for any other person or shareholders.

3. The cut-off date for the purpose of remote e-voting and for physical voting is Friday, September 21, 2018. The E-voting facility will be available from 09:00 a.m. on September 25, 2018 to 05:00 p.m. on September 27, 2018.
4. The Members are requested to bring their copy of Annual Report to the Meeting.
5. Members / Proxies are requested to bring their Attendance slip/proxy form duly filed in, sent herewith alongwith the Notice of the AGM at the Meeting. The members who hold shares in dematerialized form are requested to bring their Client Master List / Depository Participant Statement/Delivery Instruction Slip reflecting their Client ID and DP ID No. for easier identification of attendance at the meeting.
6. Members are requested to notify any changes of address:
 - a. To their depository participants in respect of shares held in dematerialized form, and
 - b. to Company/Registrar and Transfer Agent ("Karvy") in respect of shares in physical form, under their signatures and quoting folio number (including for change of residential status/ e-mail id, bank details etc.)
7. In case of joint holders attending the meeting, only such joint holder whose name appears at the top in the hierarchy of names shall be entitled to vote.
8. Corporate members are requested to send a duly certified copy of the Board Resolution/power of attorney authorizing their representative to attend and vote at the Annual General Meeting.

9. For security reasons, no article/baggage will be allowed at the venue of the meeting. The Members/attendance are strictly requested not to bring any article/baggage, etc. at the venue of the meeting.
10. Those members who have not yet got their Equity Shares dematerialized, are requested to contact any of the Depository Participants in their vicinity for getting their shares dematerialized.
11. Members may avail the nomination facility as provided under section 72 of the Companies Act, 2013.
12. Non-Resident Indian Members are required to inform Karvy immediately of:
 - (a) Change in their residential status on return to India for permanent settlement, and
 - (b) Particulars of their bank account maintained in India with complete name, branch account type, account number and address of the bank with pin code number, if not furnished earlier.
13. Members desiring any information as regards the Accounts are requested to write to the Company Secretary, giving at least 7 days notice prior to the date of Annual General Meeting to enable the Management to reply at the Meeting.
14. The Notice of Annual General Meeting will be sent to those members/ beneficial owners whose name will appear in the register of members/list of beneficiaries received from the depositories as on August 24, 2018. A member who is not a member as on the cut-off date i.e. September 21, 2018 should treat this Notice for information purpose only.
15. The Ministry of Corporate Affairs has undertaken a 'Green Initiative in the Corporate Governance' by allowing paperless compliance by companies. Also, the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, permits companies to send soft copies of Annual Report to all those shareholders who have registered their email address for the said purpose. Members are requested to support this Green Initiatives by registering / updating their e-mail address for receiving electronic communications. The Notice for Annual General Meeting along with the Annual Report of the Company will be made available on the Company's website –www.fortishealthcare.com.
16. The Securities and Exchange Board of India (SEBI) has mandated the submission of Permanent Account Number (PAN) by every participant in securities market. Members holding shares in electronic form are, therefore, requested to submit their PAN to their Depository Participants with whom they are maintaining their demat accounts. Members holding shares in physical form can submit their PAN to the Company/ Karvy.
17. Members who have not registered their e-mail address are requested to register their e-mail address for receiving all communications including Annual Report, Notice, Circulars, etc. from the Company electronically.
18. Electronic copy of the Notice of the 22nd Annual General Meeting of the Company is sent to all members whose email IDs are registered with the Company/Depository Participants for communication purpose unless any member has requested for a hard copy of the same. For members who have not registered their email address, physical copy of the Notice is being sent in the Permitted mode.
19. All Statutory Registers, documents referred to in the Notice and the explanatory statement will be available for inspection at the Company's registered office and/or corporate office during normal business hours between 10:00 a.m. to 12.00 noon on the working days (except Saturday) upto the date of Annual General Meeting.
20. In compliance with the provisions of Section 108 of the Companies Act, 2013 read with Rule 20 of the Companies (Management and Administration) Rules, 2014 (substituted by Companies (Management and Administration) Amendment Rules, 2015 and other applicable provisions, if any, of the Companies Act, 2013 and of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the assent or dissent of the shareholders in respect of the resolutions contained in the Annual General Meeting Notice is also being taken through e-voting facility provided through Karvy Computershare Private Limited.
21. The e voting event number, User ID and Password along with the detailed instruction for remote e-voting are provided in the notice of remote e-voting, being sent along with the Notice of Annual General Meeting.
22. The results on resolutions shall be declared on or before closing business hours i.e. 06:00 p.m. on Saturday, September 29, 2018 at the registered office of the Company and the same along with the scrutinizer's report shall also be available on the website of the Company and on the website of Karvy Computershare Private Limited and that of BSE & NSE.
23. The route map for the 22nd Annual General Meeting of the Company alongwith the Landmark forms part of this notice.
24. The Shareholders can opt for only one mode of voting i.e. remote or physical polling at the meeting. In case of voting by both the modes, vote casted through remote e-voting will be considered final and voting through physical ballot will not be considered. The members who have cast their vote by remote e-voting may also attend the meeting.
25. The Board of Directors has appointed Mr. Mukesh Manglik, Company Secretary in Whole time Practice (C.P. No. 8476) as a Scrutinizer to scrutinize the e-voting process in a fair and transparent manner.

EXPLANATORY STATEMENT (Pursuant to Section 102(1) of the Companies Act, 2013)

Item No. 2

This explanatory statement is provided though strictly not required as per Section 102 of the Companies Act, 2013.

Though the Ministry of Corporate Affairs has vide Companies Amendment Act, 2017, (effective May 7, 2018) removed the requirement of placing the matter relating to appointment of statutory auditors for ratification by members at every annual general meeting, your Company as a matter of good governance, and based on the recommendations of the Audit and Risk Management Committee, proposes to ratify appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditor of the Company at the ensuing Annual General Meeting of the Company.

Deloitte Haskins & Sells LLP, (Firm Registration No.117366W/W-100018), Chartered Accountants, were appointed as the statutory

auditors of the Company for a period of five years commencing from the Financial Year 2015-16, at the Annual General Meeting (AGM) of the Company held on September 23, 2015.

Accordingly, ratification of the members is being sought for appointment of statutory auditor as per the proposal contained in the Resolution set out at Item No. 2 of the Notice.

The Board commends the Resolution at Item No. 2 for approval by the Members.

None of the Directors / Key Managerial Personnel (KMP) / their relatives are concerned or interested, financially or otherwise, in the Resolution at Item No. 2 of the accompanying Notice, except to the extent of their respective shareholding, if any.

Item No. 3

The Board of Directors, on the recommendation of the Audit and Risk Management Committee, has approved the appointment and remuneration of the Cost Auditors to conduct the audit of the cost records of the Company, for the Financial Year ended March 31, 2018 as per the following details:

Name of the Cost Audit Firm	Amount (In Rupees)
M/s. Jitender, Navneet & Co.	3,00,000 (plus out of pocket expenses and taxes)

In accordance with the provisions of Section 148 of the Act read with the Companies (Audit and Auditors) Rules, 2014, the remuneration payable to the Cost Auditors as recommended by the Audit and Risk Management Committee and approved by the Board of Directors, has to be ratified by the members of the Company.

Accordingly, consent of the members is sought for ratification of the remuneration payable to the Cost Auditors for the Financial Year ended March 31, 2018.

None of the Directors / Key Managerial Personnel of the Company/ their relatives are, in any way, concerned or interested, financially or otherwise, except to the extent of their respective shareholding, if any.

The Board of Directors commends the resolution as set out at Item No. 3 for the approval of the Members as an Ordinary Resolution.

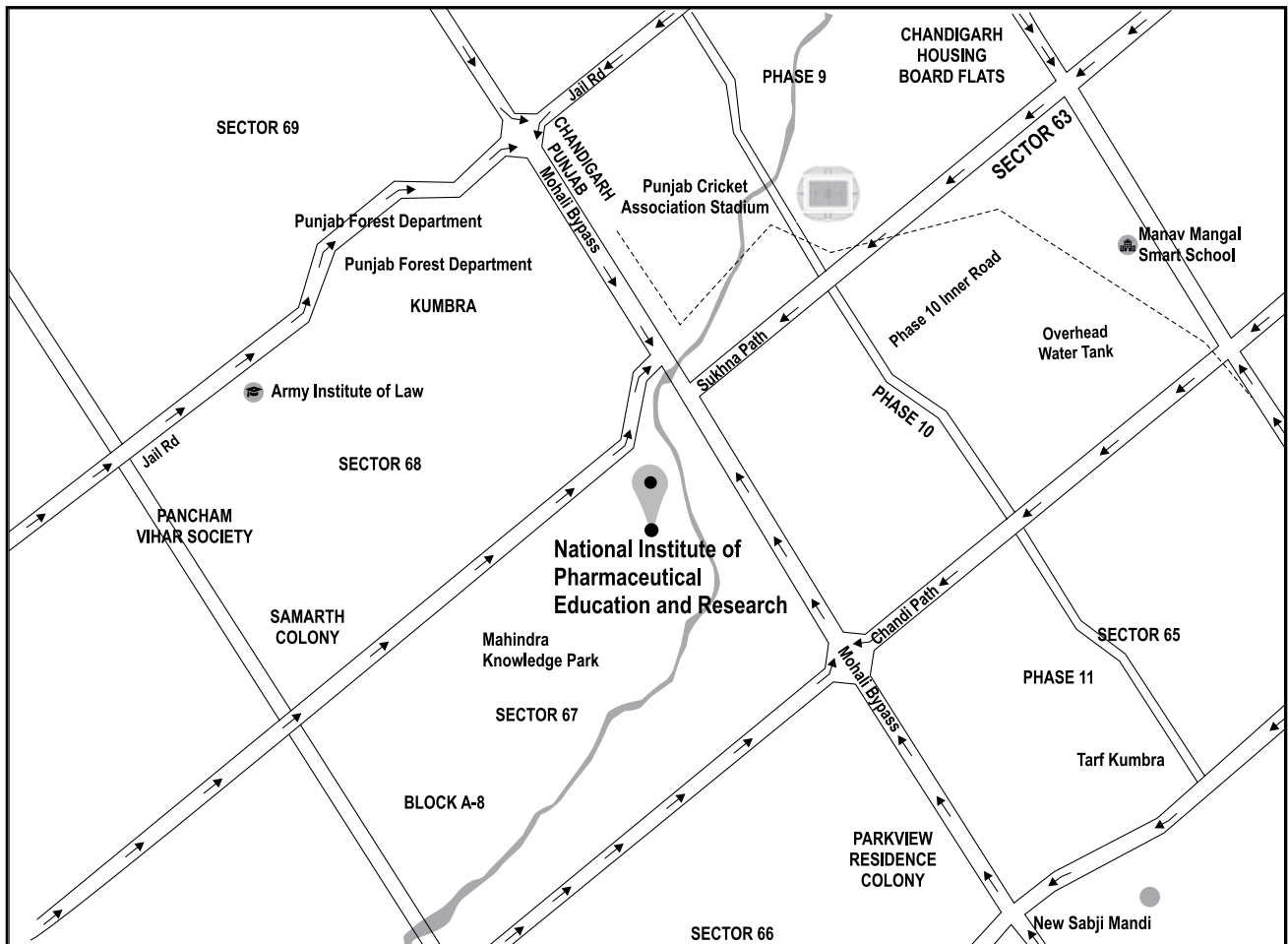
**By Order of the Board
For Fortis Healthcare Limited**

Date: August 14, 2018
Place: Gurugram

Sd/-
Rahul Ranjan
Company Secretary

Route Map of the venue for the 22nd Annual General Meeting of Fortis Healthcare Limited

Day : Friday
Date : September 28, 2018
Time : 12:30 p.m.
Venue : National Institute of Pharmaceutical Education and Research Mohali,
Sector-62, SAS Nagar, Mohali, Punjab-160062



Signature of Shareholder / proxy

A new direction
for a better
tomorrow



Annual Report 2017-18



COMPANY INFORMATION

Board of Directors

CHAIRMAN

Mr Ravi Rajagopal

NON-EXECUTIVE DIRECTORS

Mr Indrajit Bannerjee

Ms Suvalaxmi Chakraborty

CHIEF EXECUTIVE OFFICER

Mr Bhavdeep Singh

CHIEF FINANCIAL OFFICER

Mr Gagandeep Singh Bedi

COMPANY SECRETARY AND COMPLIANCE OFFICER

Mr Rahul Ranjan

AUDITORS

M/s Deloitte Haskins & Sells LLP
Chartered Accountants, New Delhi

Fortis Healthcare Limited

CIN: L85110PB1996PLC045933

Registered Office

Fortis Hospital, Sector - 62

Phase - VIII, Mohali, Punjab - 160062

Tel: +91-172-5096001

Fax: +91-172-5096221

Website: www.fortishealthcare.com

Registrar and Transfer Agent

Karvy Computershare Private Limited

Karvy Selenium Tower B,

Plot 31-32 Gachibowli, Financial District,

Nanakramguda

Hyderabad – 500 032

Tel.: +91-40 – 67162222

Website: www.karvycomputershare.com



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MESSAGE FROM THE CHAIRMAN

Ravi Rajagopal

“Our focus in the future will be on strengthening governance and transparency and restoring the health of the business. With regard to new ventures and initiatives, we have shared our recommendation to the shareholders for approval as mandated. The new partnership which is being finalised post the bidding process and approval of shareholders will, we believe, open up new possibilities, bring in funds and chart a fresh course, thereby, placing Fortis in a far more stronger and resilient position.”

Dear Shareholders,

It is with considerable enthusiasm as well as excitement that I write to you as the Chairman of the new Board of Fortis Healthcare, which was reconstituted at a critical juncture in the journey of Fortis Healthcare.

Healthcare is a universal human need. Healthcare delivery organisations, such as ours, play a very vital role in enabling the nation to move forward by ensuring a healthy population. Moreover, the country is uniquely poised to benefit from the medical tourism opportunities presented by the organised healthcare providers who deliver world-class services at a relatively affordable price point for the international medical patients.

You will be happy to know that in the Financial Year 2017-18, over 26.14 lakh domestic and more than 14.68 thousand international patients received treatment at our hospitals across the country. These numbers speak volumes about the trust that patients in India and abroad have on brand Fortis and I take this opportunity to thank the entire team of clinicians, nurses, paramedics, technicians and all others at Fortis who help deliver an overwhelming experience to the patients and their families in spite of all odds.

2017-18 was a landmark year for the healthcare industry in India. Your Company, too, had to bear the lingering impact of Demonetisation and the introduction of the Goods & Services Tax (GST). In addition, Fortis was also beleaguered by significant internal and external headwinds. However, the Senior Management and staff members bravely took the challenges head-on and continued to make sure that our patients did not suffer at any cost. Their perseverance, commitment and grit gave the newly constituted Board and the Management Team the required motivation to steer the Company out of the troubled waters. As I write to you, I can confidently say that the worst is certainly over and I foresee a very bright future for the Company.

As we rebuild the Company, we are making all efforts to ensure stability of the organisation and take the necessary steps to get Fortis back on its growth path. The new Board is also making a much more involved effort in understanding the controls and process frameworks within the Company.



Our focus in the future will be on strengthening governance and transparency and restoring the health of the business. With regard to new ventures and initiatives, we have shared our recommendation to the shareholders for approval as mandated. The new partnership which is being finalised post the bidding process and approval of shareholders will, we believe, open up new possibilities, bring in funds and chart a fresh course, thereby, placing Fortis in a far more stronger and resilient position.

In parallel, we are continuing to strengthen the systems within the organisation by putting in place the necessary rigours whilst further bulwarking the governance standards on par with other leading companies.

I look forward to your support and cooperation on these processes in the coming months.

Thank you,

Ravi Rajagopal
Chairman



Board of Directors



Ravi Rajagopal
Chairman (Independent Director)



Indrajit Banerjee
Independent Director



Suvalaxmi Chakraborty
Independent Director



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

Bhavdeep Singh

“While we did face immense challenges from varied fronts during the past year, we have introspected deeply, emerged stronger and are ready to get back to the business with full commitment and enthusiasm. Our most important stakeholders have always been our patients and our employees and nothing has deterred us from our goal of achieving “Clinical Excellence and Distinctive Patient Care”. In the recent months alone, we have seen renewed growth in operations and infrastructure across all our hospitals.”

Dear Shareholders,

As they say, “a ship in the harbour is safe but that’s not what ships are built for”.

As we reflect on the financial year gone by, we are once again at a point where we should articulate our purpose. Above all and before everything, we are an organisation that is committed to healing and we are guided and led by our remarkable clinicians through these efforts. We strive to make a difference and will continue to remain focussed on this sole objective.

The year 2017-18 was turbulent for the entire healthcare industry, particularly Fortis. We faced some serious challenges that kept us in the news for the greater part of the year. Unfortunately, the news was not always positive. However, you can only talk for so long about the past. It is now time to move forward.

So, we move forward as a new and recharged organisation. With that said, under the guidance of the New Board, we are now moving forward as a new entity.

While we did face immense challenges from varied fronts during the past year, we have introspected deeply, emerged stronger and are ready to get back to the business with full commitment and enthusiasm. Our most important stakeholders have always been our patients and our employees and nothing has deterred us from our goal of achieving “Clinical Excellence and Distinctive Patient Care”. In the recent months alone, we have seen renewed growth in operations and infrastructure across all our hospitals.

Our core specialities have witnessed several important milestones this past year. Fortis continued to maintain its pole position in Cardiac Sciences, especially in the arena of heart transplants, Left Ventricular Assist Device (LVADs) and Transcatheter Aortic Valve Implantation (TAVIs). The Heart Failure and Transplant Programme at Fortis Malar made the country proud by conducting around 250 transplants, making it one of the largest heart transplant programmes in South East Asia. Fortis Hospital, Mulund, and Fortis Escorts Heart Institute, Okhla Road, continue to make impressive progress in that direction. FEHI also witnessed the first heart transplant from Mumbai to Delhi, wherein a distance



of 1178 kilometres was covered in a record time of two and a half hours. Fortis Hospital, Anandapur, Kolkata, has now joined the select group by becoming the first hospital in the East region to perform a successful heart transplant. On a related point, the Fortis organisation is leading the way in India with a large focus on Cardiac Centres of Excellence.

Fortis Hospital, Shalimar Bagh, New Delhi, launched its own comprehensive Cancer Care Unit for early screening and detection, thereby reducing late-stage diagnosis and mortality. Fortis Escorts, Okhla Road, clocked some notable achievements. It launched a ‘state-of-the-art’ Rehab Lab in collaboration with Olympian shooter Abhinav Bindra. It also performed India’s first ‘Protected Angioplasty and stenting procedure’ with support of the Impella Heart Pump, new miniature and the world’s smallest heart pump. This was the first time the device was used in India. S. L. Raheja Hospital - A Fortis Associate Hospital, Mahim, Mumbai, joined the league of Fortis hospitals offering kidney transplants. A state-of-the-art Advanced Surgeries & Sports Injury Clinic was launched at Fortis Hospital, Cunningham Road, Bengaluru.



Fortis Healthcare's flagship organ donation programme, 'More to Give', grew rapidly this year. 34,000 pledges were made – a 35% jump in the number of official sign-ups from the previous year. A six-city Walkathon was organised and saw 8,500+ people walk the streets to raise awareness about organ donation. The number of transplants across Fortis hospitals went up from 0.7 per month to 2.1 per month. The 50th Organ Donation was marked by the 4th FORT-MOHAN Foundation Training on 'Transplant Coordination'. Fortis Organ Retrieval & Transplant (FORT) and Fortis Gurugram organised India's First Summit on 'Organ donation and transplantation in children'.

Fortis Escorts, Faridabad, launched a multi-speciality Department of Haematology and Bone Marrow Transplant. Fortis Foundation launched five charitable dispensaries, operational under the SEWA programme, offering free medical aid to people. This year, reputed awards were also bestowed upon us. Fortis Healthcare's organ donation initiative won the prestigious CSR Health Impact Award 2017, lauding the Company's focussed approach in raising awareness on organ donation through the 'More to Give' campaign.

Fortis Healthcare's Department of Mental Health and Behavioural Sciences collaborated with Mirinda to launch the programme #RELEASETHEPRESSURE, which focussed on helping parents and children adopt healthy and sustainable studying techniques. They launched an exclusive 24x7 helpline to enable youngsters to tackle the Blue Whale Epidemic.

This last year was a watershed year for India's private healthcare industry. There has been an unprecedented debate and an unfortunately low ebb of trust between common man and healthcare providers, be it doctors or hospitals. We were in a situation where patients walked into a doctor's office with an alarming level of scepticism, almost waiting for him or her to err, and clinicians feeling marginalised and defeated without being able to put forth their point. Nothing can be more detrimental and ill-fated for society.

With all of this going on, it is time for all of us to step back and take a rational view and sit across the table to find some solutions. The debate should not be about Public Vs Private or Doctor Vs Patient. The dialogue should be on how to make world-class quality care affordable and accessible to wider sections of society.

I would like to conclude by saying that as you are all aware, we have been through a vigorous bidding process in the last few months and have reviewed several proposals. While there have been some challenges along the way, we do believe that we are nearing a positive outcome for all shareholders.

Overall, it has been a momentous year. We have kept going, employing both short-term and long-term strategies and I thank you all, for your unstinting support and cooperation during these times. Let us move forward as a united front and strive for improved outcomes and some major milestones in the next year!

Best,

Bhavdeep Singh
Chief Executive Officer

Board of Directors - SRL



Srinivas Chidambaram
Nominee Director



Praneet Singh
Nominee Director



Meenu Handa
Independent Director



Suvalaxmi Chakraborty
Additional Independent Director



Ravi Rajagopal
Additional Independent Director



Bhavdeep Singh
Additional Director



MESSAGE FROM THE CHIEF EXECUTIVE OFFICER-SRL

Arindam Haldar

“SRL Diagnostics, as the leading diagnostics company in the country, believes in providing the best possible solutions to its customers. These are built on the foundations of a 20+ year legacy and the cumulative experience of the best doctors in the industry. Your Company takes pride in building trust with every interaction with customers and partners. SRL’s business philosophy stands on the four strong pillars of Accurate Results, Empathy towards patients and partners, Innovation in every process and Transparency in daily operations.”

Dear Shareholders,

During the last fiscal 2017-18, a period of profound organisational change and increasingly challenging environment, we continued to build our capabilities – people, services and reach – to serve our customers better and enhance the value we deliver to them. There were a few challenges in the industry such as the entry of new regional players, increased price competitiveness and the introduction of Goods and Services Tax (GST). However, your Company continues to grow the business profitably. For over two decades, SRL's purpose has remained focussed on helping people on their path to better health in extraordinary ways. In FY 2017-18, your Company continued this tradition by bringing up-to-date advances in technology, highly trained staff and customer-centric services.

These are exciting times for the diagnostics industry, with the advent of innovation and technology across the diagnostics value chain ranging from the laboratory to the consumer's home. As I look forward, there are four key trends that will define the rules of Diagnostics Industry. One is the movement towards molecular pathology and genetic-based tests. These esoteric tests will redefine the complete gambit of screening and predictive tests. The second trend is about digitisation in diagnostics across the value chain, whether it's during sample collection and logistics, laboratory automation at pre-analytical phase or indeed in the reporting format. The third trend is around increasing importance of accessibility – making diagnostics available, be it at home via Home Collection or via using Point of Care devices. The last but not the least is the increasing importance and voice of the final patient, the consumer. Consumerism in the diagnostic sector is around the corner.

The current trends incline toward consumer empowerment and wellness. Today more than ever, digital platforms, aesthetic and comfortable patient touch points and quality of services, are converging to drive the consumerism in the diagnostics sector. Your Company has launched a series of preventive healthcare packages, SRL Care – which is based on consumer's lifestyle, demographics, life-stage and medical history to provide a uniquely customised solution, and I'm glad to announce that it has seen



tremendous growth in the initial months, with a huge future potential.

SRL Diagnostics, as the leading diagnostics company in the country, believes in providing the best possible solutions to its customers. These are built on the foundations of a 20+ year legacy and the cumulative experience of the best doctors in the industry. Your Company takes pride in building trust with every interaction with customers and partners. SRL's business philosophy stands on the four strong pillars of (1) Accurate Results, (2) Empathy towards patients and partners, (3) Innovation in every process and (4) Transparency in daily operations.

Your Company continues to dominate the Public-Private Partnership (PPP) space in Indian diagnostics, with successful business partnerships with the Himachal Pradesh, Uttar Pradesh and Jharkhand Governments; and consequently, has been able to positively impact customers at the bottom of the pyramid. The Jharkhand business has grown 6 times in the last financial year serving nearly 2.2 lakh patients with over 4.5 lakh tests.

SRL is privileged to have many large Private and



Public Hospitals, as its esteemed and largest customers. SRL labs exist in nearly 118 hospitals, the highest in the country, reflective of the trust that your Company commands amongst doctors. There is also a seamless interface with the hospitals with the intent of enhancing patient care and providing the highest standards of service, which also allows SRL to continuously optimise and innovate its test menu by bringing in novel tests, especially in the realm of Critical Care and core speciality areas of Oncology, Gastrointestinal (GI) Pathology, Nephro-pathology and Cardiology, among others. Your Company is duty bound to serve the needs of the healthcare sector in an accurate and affordable manner with more than 40 accredited labs, where the industry is highly unorganised with only about 1% of total labs being accredited. Your Company's commitment to quality has been duly recognised by the College of American Pathologists (CAP) and the National Accreditation Board for Testing and Calibration of Laboratories (NABL).

In order to increase its footprint and become closer to the market, your Company has launched about 30 new centres across India in select cities – Mumbai, Delhi-

NCR, Pune, Ahmedabad, Surat, Hyderabad, Bengaluru and Kolkata. These new centres serve a comprehensive menu of more than 3500 tests, performed under the supervision of highly experienced pathologists, thus improving the coverage and access to laboratory services in key markets.

The fiscal year 2017-18 also marks a very important milestone in the history of your organisation as the organisational model was restructured, with an enhanced focus on business profitability and customer-centricity, and moving a step closer to the market, while greatly strengthening the technical vertical, which has been the core of its operations and the key to the respect and trust it commands in the industry. The key highlights of this re-energised organisation are the introduction of regional heads to lead the business, institution of a new Centre of Excellence (CoE), led by subject matter experts (SMEs) drawn from various sub-specialties, and a new Marketing vertical to drive Consumer and Clinical initiatives, in close association with the R&D department. This new organisation will drive sustainable growth and healthy profitability in the long run, thriving on (i) Empowered regional leadership (ii) Technical superiority (iii) Customer Centricity and (iv) Focus on operational efficiency with measurable metrics.

I take this opportunity to thank all our stakeholders, investors, private equity partners, vendors, technical and business partners for their continued support and faith in the Company. I also thank the Board members for their continuing guidance and support at every step and place on record my appreciation for every employee of SRL whose hard work and dedication has contributed to our success and journey to become the largest diagnostic player in the country. I am confident that our strengths in technology and people, trust and respect within the medical fraternity amalgamated with our re-energised strategy focussed on innovation and customer-centricity will propel your Company to its next phase of growth.

Arindam Haldar
Chief Executive Officer - SRL



AWARDS AND RECOGNITIONS 2017-18



Two Fortis luminaries, Dr Ashok Seth and Dr Ashok Rajgopal, received the prestigious Dr B. C. Roy National Award from the Hon'ble President of India.



Prof (Dr) Mukut Minz, eminent transplant surgeon and Director – Renal & Pancreas Transplant Surgery, Fortis Hospital, Mohali was honoured with the prestigious Padma Shri for his contribution to the field of Medicine. The Hon'ble President of India Shri Pranab Mukherjee presented the award at a ceremony at Rashtrapati Bhawan.



Dr Ashok Seth, Chairman – FEHI, New Delhi, received the prestigious Master Interventionalist Award and designation by the premier Society of Cardiovascular Angiography and Intervention, USA (SCAI) at their annual meeting in New Orleans. Dr Seth is the first Cardiologist from the Asia Pacific region to receive the honour.



Team Nursing of Fortis Mulund won two prestigious honours at the 7th International Patient Safety Conference, held in Mumbai. One award was for 'Best practice in Anaesthesia and Surgical Safety' for their project 'Bidding Adieu to Retained Surgical Items (RSIs)' and the other was for 'Leadership in Patient Safety' for the project 'Documentation: A Challenge to Beat (Lesser the Better)'.



Three senior Fortis clinicians, Dr K. R. Balakrishnan, Director - Cardiac Sciences and Chief Cardiothoracic & Transplant Surgeon, Fortis Malar Hospital, Chennai; Dr T. S. Mahant, Executive Director, Cardiac Sciences, Fortis Hospital, Mohali and Dr Rama Joshi, Director, Gynaecology, Fortis Memorial Research Institute, Gurugram were honoured with the Double Helical National Health Award, 2017. The awards were presented in the presence of Union Minister of Health Shri J. P. Nadda, at an event in New Delhi.



Dr Manoj K. Goel, Director, Pulmonology, Pulmonary Critical Care and Sleep Medicine at Fortis Memorial Research Institute, Gurugram, received the TR Raghupati Oration Award at BRONCOCON 2017, the 22nd National Conference of Bronchology and Interventional Pulmonology, held at Christian Medical College, Vellore.



The Pharmacy Team at Fortis Hospital, Mulund, has received the 'Pharmacie de Qualite' certification and has been honoured with Platinum rating. The recognition has been conferred on the hospital for its best practices and excellence in Pharmacy Operations as well as 100% compliance with standard parameters.



Fortis Hospital, Mulund, won an award for its project, 'One Fortis: Training in Action' at the Asian Hospital Management Awards 2017. This was the fourth consecutive award at AHMA for the hospital.



Fortis Healthcare won the prestigious 'Gurgaon Best Employer Brand Award 2017.' The award, instituted by the World HRD Congress, was presented at a ceremony in New Delhi.



Fortis Escorts Hospital, Jaipur, won the National Quality Council of India (QCI) D. L. Shah Award for the fifth time in a row.



Fortis Hospitals, Bengaluru, bagged three awards, 'Best Patient Safety Initiative,' 'Best CSR Practices in Healthcare' and 'Best Use of Social Media and Digital Marketing' at Times Television Network - National Marketing Excellence Awards – 2017.



Fortis La Femme won the Social Initiative (Corporate) Award at the FICCI Healthcare Excellence Awards 2017 for Amaara, the only human milk bank at a corporate hospital in Delhi-NCR.



Dr K. R. Balakrishnan, Director – Cardiac Sciences and Chief Cardiothoracic & Transplant Surgeon, Fortis Malar Hospital, Chennai, was honoured with the Best Medical Practitioner's Award, 2017 by the Government of Tamil Nadu. He also received the FICCI Special Jury Award for contribution to Healthcare and Medical Science.



Dr Ajay Kumar, Chairman, Liver & Digestive Diseases Institute, Fortis Escorts, Okhla Road, was recognised at the India News Health Awards 2018 for his excellence in the field of Gastroenterology by Shri J. P. Nadda, Union Minister for Health & Family Welfare.



Fortis Hospital, Bannerghatta Road, Bengaluru, received the Joint Commission International (JCI) accreditation for the fourth consecutive time. With this achievement, Fortis Hospital, Bannerghatta Road, has become the third Fortis facility to maintain its accreditation status for the fourth consecutive term.



Fortis Escorts Hospital, Jaipur, won the National Quality Council of India (QCI) D. L. Shah Award for the fifth time in a row.

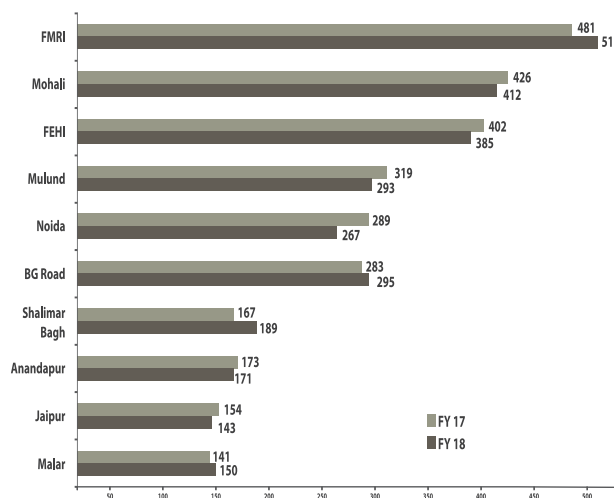


Fortis Escorts Hospital, Faridabad, was recognised as the 'Best Heart Hospital' at the Double Helical State Health Awards 2017. The prestigious award was presented by the Hon'ble Chief Minister of Haryana, Shri Manohar Lal Khattar, at a ceremony in Chandigarh.



OPERATIONS REVIEW

TOP 10 HOSPITALS' REVENUE



Key Hospital-wise revenue performance (in ₹ Crores)

Fortis continues to strive towards providing the best-in-class clinical services and patient care. Our stringent medical processes and protocols are designed to deliver superior clinical outcomes and enhance patient satisfaction. Highly talented and respected clinicians are ably supported with reliable and sophisticated medical technology and globally accredited hospitals for delivering superior results.

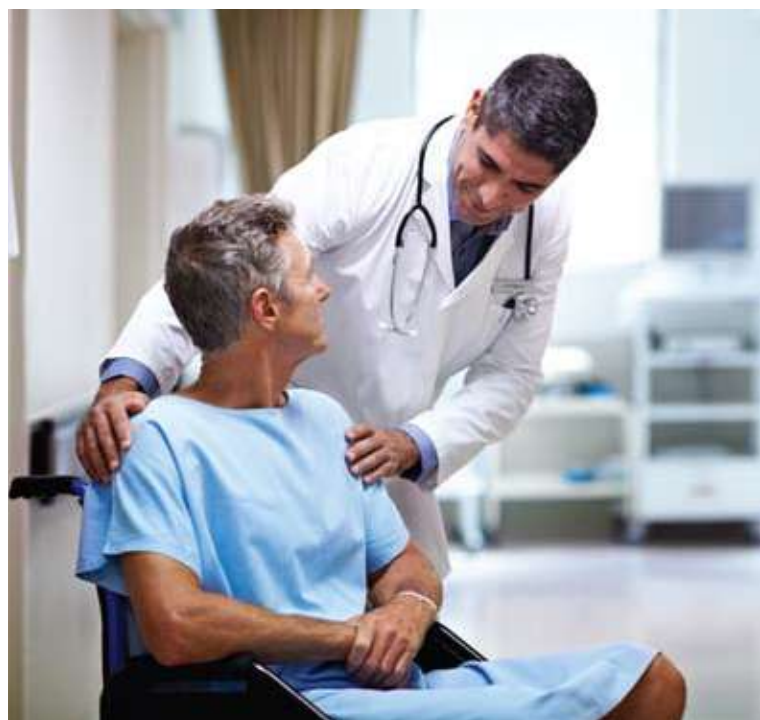
FINANCIAL PERFORMANCE

The Financial Performance of the business during Financial Year 2017-18 was impacted by external headwinds related to the healthcare sector and internal challenges. Factors that impacted the performance include i) Regulatory changes with respect to pricing on certain medical consumables, ii) Management bandwidth constraints due to the Group's and promoter related issues, iii) Prolonged transaction and due diligence process, iv) Funding constraints, which led to a less than optimal CAPEX spend resulting in delay of key business initiatives and v) The hospital business, specifically in North India, was significantly impacted for a few months during the year because of several highly publicised patient related incidents in a few hospitals.

For FY 2017-18, the Company recorded an audited consolidated revenue from operations of ₹ 4,561 Crore compared to ₹ 4,574 Crore reported during the previous year. Consolidated total income (including other income) from the operations for FY 2017-18 was at ₹ 4,701 Crore compared to ₹ 4,740 Crore in the previous year. The Operating EBITDAC i.e. EBITDA before the net costs related to the Business Trust, stood at ₹ 655 Crore, representing a margin of 14.4%. Operating profit/operating EBITDA from the operations for the year stood at ₹ 389 Crore compared to ₹ 362 Crore in the previous year. The Net Profit after Tax for FY 2017-18 stood at ₹ (1,009) Crore as against ₹ 422 Crore for the corresponding previous year. FY 2017-18 PAT after Minority Interest and Share in Associates (PATMI) was primarily impacted by certain provisions and impairment losses.

INDIA HOSPITAL BUSINESS

The India Hospital business witnessed muted performance with FY 2017-18 net revenue of ₹ 3,683 Crore compared to ₹ 3,712 Crore reported in the previous year. The Operating EBITDAC i.e. EBITDA before the costs related to the Business Trust stood at ₹ 500 Crore, representing a margin of 13.6% compared to 14.7% margin reported in the previous Financial Year.



International patient revenues for the hospital business during the year stood at ₹ 402 Crore representing 10.9% of overall hospital business revenue, compared to ₹ 395 Crore reported in the previous Financial Year.

For FY 2017-18, the Average Revenue Per Occupied Bed (ARPOB) stood at ₹ 1.49 Crore compared to ₹ 1.45 Crore in FY 17. Average Occupancy across the Fortis network stood at 70% compared to 75% during the previous year. Average Length of Stay (ALOS) stood at 3.48 days compared to 3.56 days in the previous Financial Year.

Fortis continues to strive towards providing the best-in-class clinical services and patient care. Our stringent medical processes and protocols are designed to deliver superior clinical outcomes and enhance patient satisfaction. Highly talented and respected clinicians are ably supported with reliable and sophisticated medical technology and globally accredited hospitals for delivering superior results.

Through sustained monitoring and measuring of our practices, we have been able to promote transparency and enhanced patient care. Such measures include



clinical outcomes, quality and infection prevention and control practices.

In addition, Fortis continues to launch new medical programmes and dedicated speciality centres across its various facilities to serve its patients. For instance, Fortis Mohali launched an 'Allergy Clinic' and also introduced a new technique, Mechanico Chemical Ablation (MOCA), to treat varicose veins. A state-of-the-art Rehab Lab was launched at Fortis Escorts Heart Institute and Metabolic and Bariatric Surgery Programme was launched at Fortis Anandapur, Kolkata. Fortis has also taken the lead in Robotic Surgery in Delhi-NCR by deploying the latest 4th generation Da Vinci® Xi surgical system at Fortis Memorial Research Institute (FMRI), Gurugram, and Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj (FHVK), New Delhi, during the year.

The Fortis network currently has 4 JCI accredited hospitals, 19 National Accreditation Board for Hospitals & Healthcare Providers (NABH) accredited hospitals, 10 NABH accredited blood banks and 23 hospitals with NABH accredited Nursing programmes.

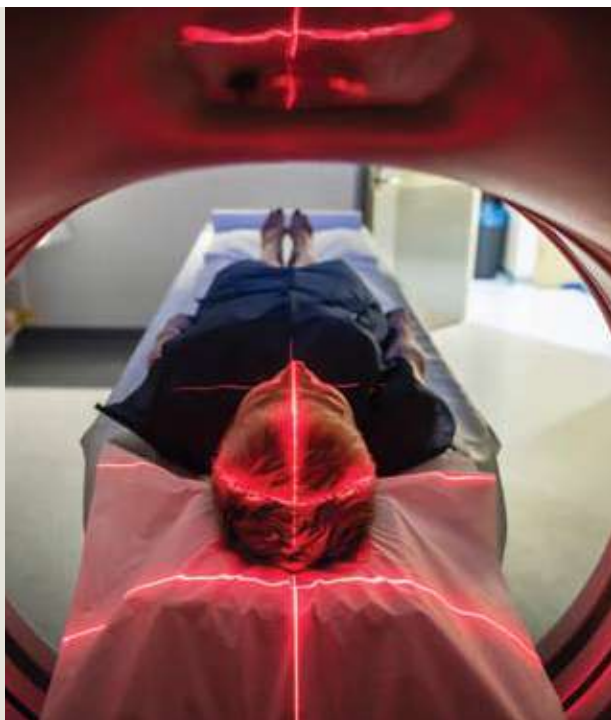
DIAGNOSTICS BUSINESS FINANCIALS

For FY 2017-18, SRL Ltd. reported net revenues of ₹ 854 Crore (net of inter-company sales) compared to ₹ 795 Crore reported during FY 2016-17, a growth of 7.4%. The Company operating EBITDA for the year stood at ₹ 161 Crore, representing a margin of 18.9% as compared to a margin of 21.9% reported during the previous Financial Year. On a standalone basis, SRL's revenues grew at 6% to ₹ 990 Crore compared to ₹ 932 Crore reported in FY 17.

HOSPITALS

The Fortis network is spread across three regions, each headed by a Regional Chief Operating Officer (RCOO). These are – Region Delhi-NCR, Region North & East and Region South & West.

THE MAJOR HOSPITALS IN REGION DELHI-NCR INCLUDE FORTIS MEMORIAL RESEARCH INSTITUTE, GURUGRAM; FORTIS ESCORTS, OKHLA ROAD, NEW DELHI; FORTIS HOSPITAL, NOIDA AND FORTIS FLT LT RAJAN DHALL HOSPITAL, VASANT KUNJ, AMONG OTHERS.



Fortis Memorial Research Institute, Gurugram

Fortis Memorial Research Institute (FMRI), Gurugram, the flagship hospital of Fortis Healthcare, completed five years of operation in May 2018. In the short span, the hospital has become synonymous with world-class clinical excellence and compassionate patient care.

Many new clinical benchmarks were established at FMRI in the course of the year. A rare surgery on the largest recorded meningocele, performed by Dr Sandeep Vaishya, earned him special recognition in the Limca Book of Records. FMRI became the first hospital in Asia to offer Targeted Alpha Therapy to treat prostate and neuro-endocrine cancers. The first robot-assisted joint replacement to be conducted in north India was performed by Dr Ashok Rajgopal. Fortis Organ Retrieval & Transplant (FORT) and FMRI organised India's first summit on "Organ Donation & Transplantation in Children". FMRI became one of the 10 centres in the world to perform robot-assisted radical Cystectomy with Intra-corporeal Neobladder. An Iraqi man with single lung underwent successful bypass surgery. Only 29 such cases have been reported

world over till date. 100 children suffering from a cleft lip and palate were treated free of cost at FMRI, under the Umeed-Smile initiative by Mission Smile and Fortis Foundation.

FMRI continued its community connect activities with Sunday Conversations, weekly health forum, health camps and improved the interaction of communities with doctors. Many support groups for patients of Breast Cancer, Kidney Transplant, Paediatric Oncology, Asthma and Thyroid Cancer were constituted to provide an open forum for resolution of doubts and apprehensions through discussion with doctors and patients who have already undergone treatment.

Fortis Escorts, Okhla Road

Fortis Escorts, Okhla Road, a Joint Commission International (JCI) accredited facility, has been setting benchmarks in cardiac care with path-breaking work over the past 30 years. It is recognised all over the world as a Centre of Excellence in cardiac care, providing the latest treatment such as Cardiac Bypass Surgery, Interventional Cardiology, Non-invasive Cardiology, Paediatric Cardiology and Paediatric Cardiac Surgery. The hospital is backed by the most advanced laboratories performing the entire range of investigative tests in the fields of Nuclear Medicine, Radiology, Biochemistry, Haematology, Transfusion Medicine and Microbiology. Critinext, Asia's first tele-ICU, provides 'intensive care beyond boundaries.'

In 2015-16, Fortis Escorts had added a programme in Liver & Digestive Diseases with the launch of the Fortis Escorts Liver & Digestive Diseases Institute. Extending its ambit of medical services further in 2016-17, the hospital added two new Institutes, namely the Fortis Escorts Kidney and Urology Institute (FEKUI) under the leadership of Dr Vijay Kher and Dr Rajesh Ahlawat; and the Fortis Bone & Joint Institute (FBJI), under the leadership of Dr Ashok Rajgopal. A state-of-the-art DaVinci Xi® Robot was also acquired.

By the end of FY 2017-18, Fortis Escorts had achieved significant volumes in existing as well as the newly introduced medical specialities. So far, 67 Transcatheter Aortic Valve Replacements (TAVRs), 131



Liver Transplants, 129 Kidney Transplants and 9 Heart Transplant procedures were conducted.

Reinforcing its leadership position in Cardiac Sciences, the hospital continues to focus on high-end clinical offerings such as Heart Failure Programme, ECMO Programme, Minimally Invasive Cardiac Surgery and high-end Electrophysiology services, to name a few. The FBJI is additionally focussing on Spine-related disorders and Sports Medicine, apart from various other orthopaedic ailments. The Fortis Escorts Liver & Digestive Disease Institute continues to focus on complex procedures such as Liver Transplants, Laparoscopic procedures, Endoscopic Retrograde Cholangio-Pancreatography (ERCP) and Endoscopic Ultrasound (EUS), among others.

Fortis Hospital, Noida

Fortis Hospital, Noida is located in a populous satellite suburb of Delhi that is a part of the National Capital Region (NCR). The hospital received a makeover to cater to the special needs of patients and their families. The hospital's design reflects its zeal to deliver patient care with maximum ease, warmth and effectiveness.

The NABH accredited hospital has space allocation that exceeds the current Indian norm of 800-900 square feet/bed. This allows for better flexibility to adapt and accommodate future requirements of patient care. This tertiary care hospital is known for its highly successful Liver Transplant and Kidney Transplant programmes. It addresses a wide range of healthcare needs and prides itself in performing many first procedures in India and Uttar Pradesh. It was one of the first facilities in the State to carry out liver and bone marrow transplants. The hospital conducted 106 liver transplants and 42 kidney transplants in FY 2017-18. In view of the importance of its Transplant Programme, a full-fledged Transplant Block is being set up. Fortis Noida also has an active joint replacements programme with 600 joint replacements having been conducted during the last year.

The hospital received the Green OT certification, underscoring its sustainable and environment-friendly approach to healthcare. In line with its commitment to patient care, Fortis Hospital, Noida acquired one of the fastest and most powerful CT scanners and state-of-the-art MRI equipment. The hospital was



recognised as the 'Comprehensive Neurosciences Service Provider Company of the Year' by Frost & Sullivan in 2015. The Cardiac Centre for Excellence at Fortis Hospital, Noida has carved a name for itself in the medical fraternity. The hospital is known for its high standards and excellence in various specialities.

Commitment towards patient welfare and providing quality healthcare is reflected in the unique design attributes of the hospital. The hospital won the all three positions (1st, 2nd & 3rd) at the National Energy Conservation Awards by Government of India. In 2016, the government lauded Fortis Noida at the National Energy Conservation Awards for its efforts towards energy conservation. The Society for Emergency Medicine, India, named Fortis Noida as a Centre of Excellence. The Week magazine recognised Fortis Hospital, Noida as the third best hospital in Delhi-NCR under the Multi-Speciality Hospital category for 2017.

Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj

Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj, which is spread over a sprawling 1.56-acre campus in South Delhi, provides world-class integrated healthcare

services to a large number of patients from various parts of the world. The NABH accredited hospital offers a fine blend of medical skills and compassionate care across all major specialities.

The hospital launched an IVF programme successfully and is looking to increase the scope for Oncology with the establishment of the Head-Neck & Breast Oncoplasty Department. The hospital received over 98,000 OPD patients during the year and screened over 10,000 patients. Over 1,400 kidney transplants were conducted with 95% success rate. Fortis, Vasant Kunj, in association with Lioness Delhi, launched the "UMEED" programme.

The hospital also reported several instances of clinical excellence. A 52-year-old patient weighing 200 kgs underwent 'Lifesaving Bariatric Surgery' at Fortis, Vasant Kunj. The world's largest Adrenal Tumour was removed from a patient with BMI of 48 by Dr Randeep Wadhwan.

The hospital conducted outstation OPDs at many places in the North and North-Eastern parts of the country where there is a lack of super specialised healthcare facilities. Every month, experienced clinicians from the Orthopaedic and Nephrology departments of the hospital provide consultations at these OPDs.

REGION NORTH & EAST COMPRISES FORTIS HOSPITAL, MOHALI; FORTIS ESCORTS HOSPITAL, AMRITSAR; FORTIS HOSPITAL, LUDHIANA; FORTIS ESCORTS HOSPITAL, JAIPUR AND FORTIS HOSPITAL, ANANDAPUR AMONG OTHERS.

Fortis Hospital, Mohali

Established as the first hospital of Fortis Healthcare Ltd., Fortis Mohali continues to retain its laser-sharp focus on clinical excellence. The hospital runs highly successful programmes in Cardiac Sciences, Cardiothoracic & Vascular Surgery (CTVS), Orthopaedics & Joint Replacement, Oncology, Transplants, Critical Care and Neurosciences.

In July 2014, the hospital added Fortis Cancer Institute to its fold, offering the latest, most technologically



advanced and comprehensive cancer treatment in the region. The facility houses an array of state-of-the-art equipment and has expertise in Gynae-Onco, Uro-Onco, Paediatric-Onco, Ortho-Onco, Haemato-Onco, Neuro-Onco and Breast-Onco, besides capabilities to treat Endocrine, Liver, Head & Neck, Oral and Ocular cancers as well as Colorectal cancers.

In 2017-18, Fortis Mohali introduced robotic surgery to the region, becoming the first hospital to conduct surgeries with the DaVinci Xi® Robot. The surgical robot eliminates hand tremors and provides a magnified view for surgeons to operate upon, resulting in extremely precise surgeries. This surgical precision is needed for complicated cancer surgeries where complete excision of cancerous tissue can drastically slow down the progress of the dreaded disease.

In the same year, Fortis Mohali also added Interventional Neuro Radiology and Interventional Radiology to the repertoire of procedures, which have been a boon for acute brain stroke and hepato-biliary patients respectively.

Fortis Mohali has become the largest kidney transplant

centre in the region and is capable of conducting ABO incompatible transplants, paediatric transplants, robotic transplants and swap transplants in addition to providing care for renal cancer as well as acute and chronic kidney disease patients.

Besides being re-accredited for NABH & NABL, the hospital also won several awards during the year, including the AHPI Award for Quality Beyond Accreditation, the North-West Qual Tech - Quality Innovator Award and the CII National Award for Excellence in Energy Management.

Patient satisfaction and patient-centric care has been a strong focus of the hospital and this, coupled with the most respected clinical talent and state-of-the-art infrastructure, have made Fortis Mohali the most coveted hospital in the region.

Fortis Escorts Hospital, Amritsar

This NABH accredited facility is located in a populous city that attracts a large number of tourists. The multi-speciality hospital has strong tertiary care capabilities in Cardiac Sciences, Urology, Neurosciences, Paediatrics, Internal Medicine and Gynaecology among others.



Fortis Amritsar is equipped with four major operation theatres, two cardiac operation theatres and two cardiac catheterisation labs.

The facility offers e-ICU capability, leveraging technology to enhance reach and treat patients in remote ICUs from the e-ICU hub. Through 'InteleEYE', an intensivist can monitor and interact with remotely located patients in several ICUs and hold discussions with the care delivery teams.

As a responsible corporate citizen, the hospital conducted several programmes to enhance health and safety awareness of society. Sessions on Fire Safety, Hand Hygiene and Basic Life Support were held throughout the year. The hospital is also running successfully Swatch Bharat Campaign every month throughout the year for under privileged children educating them on personal hygiene and health-related matters. The hospital organised interactive Continuing Medical Education (CME) sessions for the clinical and paramedical staff. Fortis Amritsar also runs a Post Graduate Diploma in Critical Care programme recognised by the Indian Society of Critical Care Medicine (ISCCM).

Fortis Escorts Hospital, Jaipur

Fortis Escorts Hospital, Jaipur, Rajasthan's first NABH accredited hospital and a proud recipient of NABH for Nursing Excellence accreditation, completed 10 years of its glorious existence this year. With the aim to bring world-class healthcare service within the reach of every individual in the State, the hospital is committed to achieve and maintain excellence in clinical services, research and academic programmes.

With 49 specialities, state-of-the-art technology and perfect blend of experience and innovation, Fortis Jaipur has built world-class capabilities in high-end procedures such as complex kidney transplant, congenital heart defect, complex cardiac surgery, gastrointestinal and bariatric surgery, minimally invasive surgery, computer-aided neuro surgery, trauma and critical care to name a few. The hospital has now added Robotics in joint replacement surgery. The hospital has also introduced a new Department of Hyper Baric Medicine and installed a six-seater multi-place chamber for Hyperbaric Oxygen Therapy. To minimise transfusion transmitted infection, Fortis Escorts, Jaipur, has introduced the latest Nucleic Acid Amplification Testing technology, which enables stringent screening of blood.

The hospital won a slew of accolades during the year. The Week - AC Nielsen Best Hospital Survey 2017 ranked Fortis Escorts Hospital, Jaipur, as the best multi-speciality hospital in Jaipur. The hospital also won the National Quality Council of India - D. L. Shah Award for the fifth consecutive year. Jaipur Nagar Nigam recognised the hospital with the Swachha Award for its contribution towards the government's cleanliness initiative.

Fortis Jaipur launched a La Femme unit on its premises as part of its 10th anniversary celebration. The new La Femme facility offers comprehensive, tailor-made, clinical and holistic care just for women, ensuring focussed attention to their complete health and wellness needs. The hospital also obtained its heart transplant registration certificate and became the proud recipient of the Green Operation Theatre certification.



Fortis Hospital, Anandapur

Fortis Hospital, Anandapur, Kolkata, has positioned itself as a trusted healthcare provider for the patients in Eastern India and the neighbouring countries. This multi-speciality hospital has strong focus on Cardiac Sciences, Pulmonology, Gastroenterology, Neurosciences, Orthopaedics and Renal Sciences.

During the year, Fortis Anandapur became one of the first private hospitals to receive the much-awaited licence for Heart Transplant Surgery. The Department of Cardiac Sciences successfully conducted a heart transplant. The Department of Respiratory Medicine also received the special recognition of being the Centre of Excellence in Pulmonology. The Medical Emergency Team proved its expertise by reviving a marathoner who had collapsed on the track and was pulseless for around 20 minutes.

The new clinical programmes launched in FY 2017-18 included the launch of the Epilepsy Clinic - a specially-focussed clinic for treatment of the disorder and its associated co-morbidities. An immunisation programme for underprivileged children was also launched.

The Nursing Team bagged the first position at the 30th Quality Circle Convention organised by CII and at the 7th Asia Pacific Enterostomal Therapy Nursing Association in Indonesia.

The hospital continued the impetus on research and medical education, conducting multiple projects in the areas of Respiratory Medicine, Cardiology, Orthopaedics, Neuropsychology and Microbiology to name a few. Five DNB courses in Cardiology, Respiratory Medicine, Genito-Uro Surgery (Urology), Emergency Medicine and Anaesthesiology are running at Fortis Hospital, Anandapur, in association with National Board of Examinations. Diploma courses in Dialysis Technology, Cath Lab Technician, Perfusion Technician, Medical Laboratory Technician, Operation Theatre Technician and Radiology are being offered in association with the State Medical Faculty of West Bengal. Apart from these, a diploma course in Respiratory Technician is also conducted at Fortis Hospital Anandapur in association with Jadavpur University along with a Master's course in Emergency Medicine and an Indian Diploma in Critical Care Medicine.



Fortis Hospital & Kidney Institute, Kolkata

Fortis Hospital & Kidney Institute, Rashbehari Avenue, Kolkata, is a 60-bed hospital situated at a prime location in South Kolkata. The Foundation Stone of the hospital was laid by Mother Teresa and the facility was inaugurated in July 1999. The hospital has developed as a specialised centre for Renal Sciences, providing succour to patients from Eastern India and the adjoining countries.

The hospital has four operation theatres and a 12-bed Dialysis facility which runs all 24 hours and is equipped with the 4th generation shock wave Lithotripter. It offers complete solutions for Kidney Stones, Prostate Cancer, Urinary Incontinence, Laparoscopic Uro-Surgery, Reconstructive Urology, Hypospadias, Uro-Oncology, Uro-Gynaecology, Paediatric Urology and Urinary bladder disorders in addition to diseases of the Kidney and the Urinary tract. The facility also has 24-hour Renal Medical & Urological Emergency units in addition to OPDs for other specialities such as General & Laparoscopic

surgery, Diabetology, Gastroenterology, Cardiology, Orthopaedics and Psychiatry.

THE KEY HOSPITALS IN REGION SOUTH & WEST ARE FORTIS HOSPITAL, CUNNINGHAM ROAD; FORTIS HOSPITAL, BG ROAD; FORTIS HOSPITAL, MULUND; AND FORTIS MALAR HOSPITAL, CHENNAI, AMONG OTHERS.

Fortis Hospital, Cunningham Road

Fortis Hospital, Cunningham Road, Bengaluru, has a glorious history of excellent clinical work spanning over 28 years. The hospital has earned the trust of patients by setting new benchmarks. The facility is renowned for its work in the specialities of Cardiac Sciences and Cardiovascular & Thoracic Surgery, and has strong capabilities in Neurosciences, Urology, Orthopaedics and Gastroenterology among others. The hospital also runs a successful kidney transplant programme and is strongly focussed on Diabetes management.

Fortis CG Road has a state-of-the-art Emergency and Critical Care team. The Heart Brigade, a dedicated team of Emergency Doctors, Nurses, EMT technicians and Ambulance drivers is available 24x7 to provide emergency care at a short notice. The facility's diagnostic capability includes CT scanners, Intravascular Ultrasound (IVUS), Rotablator, Vivid E9 Echo Machine with 4D probe and EP Study Lab.

The hospital is quality focussed and has received the coveted NABH certificate for complying with pre-accreditation entry level standards along with NABH accreditation for Emergency Department and for Nursing Excellence. During the year, the facility launched a Geriatric clinic for elderly care and a Sports Injury clinic.

Fortis CG Road has continuously focused on 360-degree patient involvement through a series of programmes called Life After CABG, Life After Angioplasty and Life after Joint Replacement to help patients carry out necessary lifestyle modifications and lead a healthy and productive life.



Fortis Hospital, BG Road

Fortis Hospital, BG Road, Bengaluru, is a tertiary care hospital accredited by the Joint Commission International (JCI), the National Accreditation Board for Hospitals & Healthcare Providers (NABH) and the National Accreditation Board for Testing and Calibration Laboratories (NABL). Continuing its glorious tradition, the hospital had undergone the fourth JCI re-accreditation, second NABH re-accreditation, first Emergency Room NABH audit and first NABH Nursing Excellence re-accreditation audit during the year.

Several new clinical programmes were launched in the course of the year. These include the Liver Clinic, Bone Health Clinic, BMT surgeries, Heart Transplant and Robotic Surgeries. We have also outsourced Dental and Ophthalmological services to enhance the scope of services.

To further enhance patient safety within the hospital, a training programme on Bio-medical Waste Segregation, 'Bin it Right' was conducted. Antimicrobial Stewardship, Occupational Health and Safety and

Radiation Safety related training were also imparted to staff members.

The hospital undertook an innovative campaign to spread the Organ Donation message by connecting with students and business houses to organise an organ donation walkathon. The staff members joined hands to participate in community awareness building activities on World Hand Hygiene Day, World Blood Donation Day, Nurse's Day and World Breastfeeding Week. On World Head Injury Day, World Heart Day, World No Tobacco Day, International Women's Day and World Kidney Day, Fortis BG Road designed programmes for the public and created awareness. The hospital also drove the cleanliness message by participating in the 'Cleaner Bengaluru, Greener Bengaluru' campaign.

Fortis BG Road won several recognitions through the year. Prominent among these were the Healthy Workplace Award and the D. L. Shah Gold award for the 'Project Radio Safe.' The hospital also received three National Healthcare Excellence Awards for Best Patient Safety, Best CSR and Best Digital



Marketing initiatives and an Energy Efficiency award at CAHOCON.

Fortis Hospital, Mulund

Fortis Hospital, Mulund, the first hospital in South Asia to receive the coveted Joint Commission International (JCI) accreditation, is known for its clinical excellence in multiple specialities, including Cardiac Sciences, Orthopaedics, Oncology and Neurosciences among others. The hospital has carved a niche for itself in the organ transplants space, especially heart transplants, with 82 transplants being conducted thus far. The first Heart and Lung Transplant was also successfully conducted at the hospital, heralding the beginning of a new chapter in the hospital's glorious history.

On the clinical excellence and patient care front, the hospital notched up several successes. A new LVAD and VAD programme was launched. The first paediatric Bone Marrow Transplant was conducted on a 14-year-old child suffering from Hodgkin's Lymphoma. Geriatric and Heart Rhythm clinics were launched. An immunisation programme was also introduced. The hospital's first faecal microbiota transplant was also performed.

The facility continued its journey as a Centre for Academic Excellence with the hospital receiving new additional accreditation for DNB programmes in General Surgery, Critical Care, Paediatrics, Radio Diagnosis and Emergency Medicine along with the existing specialities. The unit also received accreditation for fellowship in Paediatric Critical Care. The DNB-Neurology accreditation was renewed. Fellows were enrolled as part of the Maharashtra University of Health Sciences (MUHS) Fellowship Programme in various specialities. The hospital was recognised as a regional centre for final examination by NBE and ISCCM. It has also become a facilitator for courses in Radiology, Nursing, Dialysis and OT run by Maharashtra Technical Institute. Several major symposiums, including State conference in Paediatric Critical Care Nursing, were organised.

The Emergency Department of Fortis Mulund became the first in the country to receive the NABH accreditation. The hospital also received the NABH Nursing Excellence and the Green OT certificates. Fortis Mulund won Excellence in Energy Management Award at the CII 18th National Awards 2017. The hospital also won an award for "One Fortis: Training in Action" under the category of Talent Development at the Asian Hospital Management Awards 2017. The hospital also won two awards under the Leadership in Patient Safety and Best Practice in Anaesthesia & Surgical Safety categories for the projects titled Documentation: A Challenge to Beat (Lesser the Better) and Bidding Adieu to RSIs (Retained Surgical Items) at the Asian Patient Safety Awards 2017.

Fortis Hospital, Kalyan, Mumbai

Fortis Hospital, Kalyan - A Fortis Network Hospital, is a multi-speciality tertiary care hospital located at Kalyan. The hospital had started as satellite clinic in December 2007. It is the first and only NABH accredited hospital in the Kalyan-Dombivali area. The hospital has also received the NABH Nursing Excellence Certification in recognition of its world-class nursing care.

The hospital was the first in Kalyan to have a Cath Lab. Cardiac Science and Orthopaedics being core specialities, the hospital has emerged as the biggest



referral centre for Emergency and Trauma patients in the neighbourhood. The hospital has done some remarkable work in delivering clinical excellence and quality patient care.

The facility worked actively towards improving community health by organising over 50 health camps during the year wherein more than 5,000 people were screened. Over 2,000 people participated in Basic Life Support training programmes held through the year. The hospital utilised occasions such as World Cancer Day, International Women's Day and World No Tobacco Day to spread awareness. The hospital has strengthened patient and community connect through various health education activities such as Dialysis Support Group, Hand Hygiene awareness, International Women's Day celebration and plantation drive. The hospital received Non-transplant Organ Retrieval Centre licence recently and started organ donation awareness programmes in the community.

Hiranandani Hospital, Vashi - A Fortis Network Hospital

Hiranandani Hospital, Vashi - A Fortis Network

Hospital, is a multi-speciality hospital run under the Public Private Partnership model in collaboration with the Navi Mumbai Municipal Corporation (NMMC). The hospital is NABH & Nursing Excellence accredited and provides free treatment to 800 patients every year.

The hospital has successfully done a live kidney transplant re-initiation in February 2018. A new Women's Wing was also launched on International Women's Day. During the year, 40 consultants were empanelled with the commencement of the new Gynaecology and Paediatric departments. The Cardiovascular and Thoracic Surgery programme was re-developed and a new Liver Clinic was launched. As part of the clinical excellence measurement initiative, the hospital has started monitoring the clinical outcome of kidney transplants.

The hospital has also focussed on increasing patient satisfaction through various ways such as ICU counselling through Clinical Psychologist, doctors and experienced nursing staff and quick action on 'left against medical advice' (LAMA) cases. The MDT of critical cases helped in ensuring patient communication and



satisfaction. Out-patient services were also improved. The Nursing Department streamlined the surgery and OT processes by preparing the OT dashboard and sending it to all the concern departments. A new initiative of Day Care Surgery has been undertaken, especially for cataract surgeries, which has improved patient satisfaction and enabled quick discharge processes.

The hospital has actively worked towards improving community health by organising over 205 activities in which 58,570 people were screened. Health camps were held in schools, colleges and residential societies, covering a large number of people. Active participation was seen in Basic Life Support training programmes held through the year. The hospital celebrated various occasions such as International Women's Day, Road Safety Awareness Week, Nurses' Day and Doctors' Day.

The hospital tracks various clinical parameters such as Infection Control, Clinical Outcome and Clinical Pathways as per NABH standards. The hospital received the Pharmacie De Qualité - Platinum

certification (98% compliance) in September 2017 and was re-assessed in June 2018 wherein it was recognised for 100% compliance.

S. L. Raheja Hospital - A Fortis Associate Hospital, Mahim

S. L. Raheja Hospital - A Fortis Associate Hospital, Mahim, Mumbai, is an advanced tertiary care, multi-speciality hospital equipped with 154 beds and spread over an area of 1,80,000 sq. ft. The unit runs on the Operate & Maintain (O&M) model and offers 10% free beds to patients from the weaker section and indigent patients. The NABH accredited hospital has repositioned itself as a state-of-the-art facility by focussing on process improvement, talent acquisition and garnering new tie-ups. During the year, the hospital received the NABH accreditation as well as the NABH Nursing Excellence Certificate. The hospital also received NABL accreditation for its lab.

The Kidney Transplant Programme at the hospital commenced this year after the receipt of requisite licences from the Directorate of Health Services and subsequent registration with the Zonal Transplant Coordination Committee (ZTCC). Several new clinical programmes, including the Oncology, Pulmonology and ENT specialities were launched. The Obstetrics & Gynaecology Department added a new maternity ward.

During the year, new specialities, including Nuclear Medicine, Bone Marrow Transplant and Paediatric Cardiac Sciences were launched. The hospital won a slew of awards, underscoring the patient-centric work being undertaken. Prominent among these were the Golden Star Awards won at an event organised by the World Quality Congress and CMO Asia in Bengaluru, for the 'Best Medical Programme' for holistic Diabetes treatment with the team of consultants and infrastructure catering to the huge number of diabetic patients; 'Best Use of Technology' for the Vocalizer App developed by consultants and the 'Best Hospital' award. The hospital also won the 2nd place at the National Energy Conservation Awards, 2017.



Continuing its focus on academic activities, the facility successfully completed three batches of the Critical Care Nursing Programme (CCNP). A Nursing Fellowship in Critical Care was launched. In addition, several new CPS affiliated courses were launched, such as Diploma in Anaesthesia, Diploma in Orthopaedics and Diploma in Tropical Medicine & Health. While all approvals have been received for the Fellowship in Hepato-pancreatic Biliary surgery course, plans are afoot to launch MUHS-affiliated one-year Fellowship courses in Pulmonary Critical Care and Medical Oncology.

In addition to the hospitals across India, Fortis operates hospitals in Mauritius (Fortis Clinique Darné and Wellkin Fortis Hospital) and Nigeria (Lagoon Hospitals).

Fortis Clinique Darné, Mauritius

Over the last 12 months, Fortis Clinique Darné (FCD) has continued to consolidate its five pillars of excellence – Patient Centricity, Integrity, Ownership,

Teamwork and Innovation. These core values translate into putting our patients at the heart of everything we do, being open and sincere in providing compassionate care, in creating a sense of belonging and participation among our patients and team of professionals, in continuously investing in new technologies and advanced protocols, and being constantly ahead of the learning curve in pursuit of clinical excellence.

FCD has stayed ahead of the learning curve, encouraging new initiatives and spurring innovation, in a bid for continuous improvement such as the launch of Interventional Radiology, introduction of new equipment such as Mammography and C Arm with Vascular packages for the treatment of Varicose Veins, receiving Laboratory Accreditation and empanelment of new doctors.

The hospital plans to introduce new programmes in Oncology, Orthopaedics, Paediatrics, Bariatric Surgery and Interventional Pulmonology, among others. A Breast Clinic has also been planned.



Wellkin Fortis Hospital, Mauritius

In 2017-18, Wellkin Hospital saw a substantial growth in year-on-year revenue. The hospital touched its highest occupancy ever since inception. The hospital is witnessing a surge in surgical cases. During the year, the doctor engagement programmes were enhanced with an increased collaboration with leading public and private sector doctors. Fortis Operating System (FOS), Clinical Excellence Scorecard, Medical Operating System, STEMI and FAST medical programmes were implemented. Employee-led engagement initiatives such as Nursing Connect, Doctors Connect, Monthly TGIF, Induction Training and Employee Awards were implemented. The hospital introduced Holmium Laser facility for the first time in Mauritius.

Some of the major projects initiated during the year include management of the medical post on the east coast, management of laboratory facilities at Wellkin Hospital and launch of the Patient Delight Management System.

The hospital intends to launch services to meet the needs of patients suffering from non-communicable diseases, going forward. Mauritius has a high prevalence of non-communicable diseases such as Diabetes, Hypertension and Cancer. Almost 20% of the population has Diabetes, 30% has blood pressure and 40% is overweight. The hospital also intends to launch aggressive campaigns in Madagascar and Seychelles and is planning to enter into agreements with the Indian community in Madagascar.

Lagoon Hospitals – Nigeria

Lagoon Hospitals is a member organisation of Hygeia Nigeria Ltd., and has consistently been providing healthcare of international standards to the people of Nigeria. Currently, Lagoon Hospitals is the largest private healthcare services group in Nigeria with six healthcare facilities including three in-patient and three out-patient facilities in Lagos, Lagoon Hospital Apapa, Lagoon Hospital Awolowo Way Ikeja, Lagoon Clinic Adeniyi Jones Ikeja, Lagoon Specialist Suites, Lagoon Hospital Victoria Island and Lagoon Hospital Ikoyi, a recent acquisition. The hospital operates a total of 135 beds across all its facilities.

The hospital has capabilities in most major medical specialities, including Orthopaedics & Trauma (including Joint Replacement), Neurosciences, Urology, Nephrology, Cardiac Sciences, Critical Care, Minimal Access General Surgery and Gastroenterology among others. It is well equipped to meet tertiary medical needs. In 2014, Lagoon Hospitals made a pioneering move to become the first private hospital in the country to perform a successful open-heart surgery.

Lagoon Hospitals is the first and only hospital in sub-Saharan Africa with the coveted JCI accreditation, having been accredited in 2011 and re-accredited in 2016. Recently, Lagoon Hospitals received another JCI re-accreditation.

FORTIS LA FEMME

Women's health goes way beyond just their reproductive age. There exists a gap in terms of holistic healthcare



solutions directed at physical and mental health issues of women across age groups adolescence, youth, midlife and later years. Internationally, this lacuna has been long acknowledged, spurring pioneers like the Mayo Clinic and The Women's in Australia to bridge the gap. La Femme is a healthcare offering dedicated to improving Women and Child health and well-being.

La Femme Vision, Mission & Values

La Femme's vision is to be a globally respected woman and child healthcare provider known for exemplary clinical and holistic wellness care. Its mission is to be the global healthcare destination for women and children, with world-class clinicians, superlative nursing and empathetic teams creating a culture of patient centricity where patients feel safe, cared for and nourished in mind, body and spirit.

Fortis La Femme Positioning

Across the country, most women and child centres are seen primarily as birthing centres with negligible focus on other specialities. Fortis La Femme breaks that stereotype and is positioned as an all-encompassing

'Women's Health' provider. The addressable target group spans women in the age group of 15 to 65 years. The new positioning for Fortis La Femme has been conceptualised to provide a comprehensive; tailor-made, clinical and holistic care offering designed just for women; caring for their complete health and wellness needs, in warm and nurturing spaces.

Being a women-centric business, the focus is to create a powerful brand that touches the target group at an emotional level, becoming her true partner for all health and wellness issues.

La Femme takes an integrated approach to women's health and covers every medical aspect in Obstetrics, Gynaecology, IVF, Neonatology, Anaesthesia (Painless Labour), General & Laparoscopic Surgery, Cosmetic Surgery, Genetic and Foetal Medicine, and Preventive Medicine. La Femme also has a unique department catering to the holistic birthing care needs, Mamma Mia, which complements the Fortis La Femme brand, offering a range of complementary services like Lamaze classes, pre and post-natal fitness and yoga, massage therapy and fertility counselling.



A Year of Consolidation at La Femme, Greater Kailash, New Delhi

FY 2017-18 saw La Femme, GK, receive recognitions for its commitment to clinical excellence and patient care. Amaara, the first milk bank across private hospitals in the Delhi-NCR region, received the FICCI award for the Best Corporate Social initiative. The hospital bagged the “Award for Most Trusted Hospital in Gynaecology” by Readers Digest. In addition, the hospital also received the coveted NABH Nursing Excellence Certificate.

The hospital strengthened its credentials in clinical care as it received accreditation from FOGSI for conducting two certificate programmes, viz., Endoscopic Gynaecology & IVF.

Expansion at Fortis La Femme, Richmond Road, Bengaluru

The second La Femme standalone hospital, a 70-bed Greenfield project launched in Bengaluru in October 2015, now offers the entire gamut of medical services like Minimal Access Surgery, Bariatric Surgery, Cosmetology, Plastic Surgery,

Dermatology, Ophthalmology, Surgical Oncology, Uro-Gynaecology, Dentistry, Clinical Psychiatry, Clinical Psychology, Antenatal and Postnatal Physiotherapy, Yoga and Lamaze Classes and Reflexology, apart from core business specialities like Obstetrics & Gynaecology, Neonatology, Paediatrics along with sub-specialities like Paediatric Cardiology, Paediatric Surgery and Paediatric Orthopaedics, Foetal Medicine, General Surgery, Comprehensive & Preventive Health Check programme, Medical Gastroenterology, Medical Intensive Care (MICU), tertiary Level 3 Neonatal Intensive Care (NICU) and Paediatric Intensive Care services (PICU). The hospital also houses Amaara Human Milk Bank which was launched in Oct. 2017, the only not-for-profit Human Breastmilk bank in Karnataka. The hospital also focuses on Speciality Clinics like Adolescent Obesity Clinic, PCOS Clinic, Menopause Clinic & Breast Clinic under the banner of #Priority Health. The Hospital is set to launch IVF facility shortly along with Andrology Clinic.

The hospital is preparing to apply for NABH accreditation. Also, it has started working on DNB courses in Obstetrics and Gynaecology.

First Full Year of La Femme Box-in-Box: Shalimar Bagh and Jaipur

The unique La Femme box-in-box concept has proven to be a resounding success financially and operationally. Basis a comprehensive “Ways of Working,” operations have run smoothly in tandem with the main hospital units.

The La Femme box-in-boxes have been able to focus on women’s health and keep the promises of exemplary service, priority on patient privacy and clinical excellence, leading to an improved patient experience. FY 2017-18 saw the box-in-boxes registering revenue and profitability upside, by way of attracting new clinicians with strong caregiver engagement and innovative business models.

Launch of Clinical Outcomes

This year marks the commencement of institutionalising systematic capturing of clinical outcomes at La Femme. Clinical outcomes for Caesarean section and Hysterectomy have been designed and implemented



in all units across La Femme. The outcome data is currently being captured and validated. We aim to publish this data online next year.

CORPORATE FUNCTIONS

Medical Strategy & Operations Group

At Fortis, we continue to strive towards providing the best in clinical services and patient care. Our stringent medical processes and protocols are designed to deliver superior clinical outcomes and enhance patient satisfaction. Highly talented and respected clinicians are ably supported with reliable and sophisticated medical technology and globally accredited hospitals for delivering superior results.

Through sustained monitoring and measuring of our practices, we have been able to promote transparency and enhanced patient care. Such measures include clinical outcomes, quality and infection prevention and control practices.

Robust medical processes and structured medical audits aide in maintaining organisational standards across hospitals.

Clinical Outcomes

As a pioneering initiative, we started measuring and reporting clinical outcomes well before any other organisation in India. As globally agreed upon, evidence-based measurable indicators for changes in health or quality of life resulting from patient care with respect to a specific disease or procedure, clinical outcomes offer transparency and facilitates informed decision making by patients.

As part of the steering committee at International Consortium for Health Outcomes Monitoring (ICHOM) for designing the Coronary Artery Disease (CAD) Standard Set, Fortis has been instrumental in promoting the evidence-based medicine. We are the first healthcare chain in India to publish ICHOM CAD outcomes data on our website.

Since 2016, Fortis has partnered with Vital Health (an ICHOM Certified Software Provider) for the use of Quest Manager™ software to ensure complete compliance with respect to ICHOM norms. All Fortis hospitals continue to record clinical outcomes data for major specialities. This data is periodically reviewed



and deliberated upon by senior clinicians as well as management personnel.

In FY 2017-18, we added three new clinical outcomes to our clinical outcomes directory - Heart Transplant, Liver Transplant and Mental Health (Depression and Anxiety). A Heart Failure registry was also designed and is under implementation at our Delhi-NCR hospitals. Recording of Patient Reported Outcomes Measure (PROM) for Coronary Artery Disease patients was also included and marks a major milestone by measuring patient experience along with clinical outcomes.

Kidney Transplant and Radiation Oncology outcomes have now been added on the list of procedures for which outcomes data is published on Fortis website [see table, "Fortis Escorts Heart Institute [FEHI] Cardiac Outcomes Data as published on Website"]. Fortis clinical outcomes can be viewed online at <http://www.fortishealthcare.com/clinical-outcomes>.

Table: Fortis Escorts Heart Institute [FEHI] Cardiac Outcomes Data as published on Website

CORONARY ARTERY BYPASS GRAFT (CABG)	Jan'16 - Jun'16	Jul'16 - Dec'16	Jan'17 - Jun'17	Benchmarks
Use of left Internal Thoracic Artery graft	80.25 %	73.71 %	80.11 %	74.20 % *
Need for a Bail out Intra-aortic Balloon Pump (IABP)	0.31 %	0.65 %	0.86 %	-
Perioperative Myocardial Infarction	0.00 %	0.00 %	0 %	0.96 % **
Post procedure neurological stroke	3.40 %	0.16 %	0.14 %	0.80 % *
Need of Re-exploration surgery	0.46 %	2.42 %	1.86 %	3.50 % *
Deep sternal wound infection	0.15 %	0.32 %	0.29 %	0.20 % *
Predicted mortality (using EuroScore II)	2.20 %	1.95 %	2.24 %	-
Observed mortality	2.01 %	2.26 %	1.72 %	-

References:

* Cleveland Clinic Outcomes Report 2014

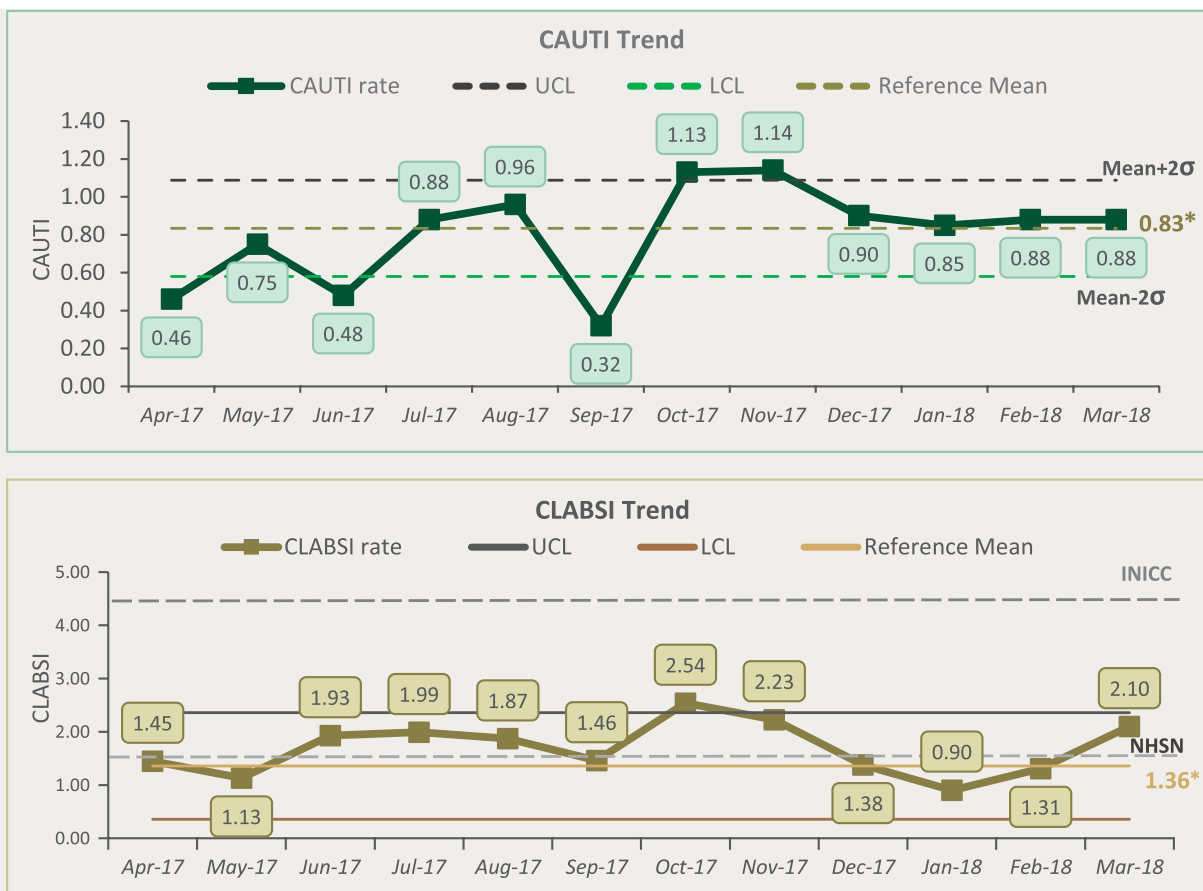
** Texas Heart Institute 2014

PERCUTANEOUS TRANSLUMINAL CORONARY ANGIOPLASTY (PTCA)	Jan'16 - Jun'16	Jul'16 - Dec'16	Jan'17 - Jun'17	Benchmarks
Emergency CABG for failed procedure	0.00 %	0.00 %	0 %	1.2% *
Vascular complication at puncture site requiring intervention (beyond simple compression)	0.00 %	0.00 %	0 %	1.1% *
Acute vessel occlusion requiring emergency re-intervention	0.06 %	0.00 %	0 %	-
Post procedure neurological stroke	0.06 %	0.06 %	0 %	0.284 % **
Post procedure Renal failure requiring hemodialysis	0.13 %	0.13 %	0 %	-
Any Bleeding event requiring transfusion/ intervention (within 72 hrs.)	0.51 %	0.39 %	0.33 %	4.0 % *
Delayed vascular complication at puncture site	0.00 %	0.13 %	0 %	-
Readmission with acute Myocardial Infarction within 30 days	0.13 %	0.26 %	0.07 %	-
Mortality during same hospital admission	1.34 %	0.71 %	0.66 %	1.7 % *

References:

* US National Registry Data 2013

** Cleveland Clinic Outcomes Report 2014



Quality and Patient Safety Report

Patient safety is the cornerstone of high-quality health care. Sustained and continuous monitoring at Fortis hospitals has led to improvements in patient safety standards and quality, such as reductions in hospital-acquired infections. However, we continue to focus on key clinical quality indicators to bring about desired patient outcomes.

Clinical Excellence Scorecard (CESC): This initiative aims to define quality parameters to be monitored across the Fortis network. Quality indicators were identified for which data was to be collected, analysed and shared with relevant stakeholders. Currently, 18 parameters are tracked as part of the CESC, including infection rates, medication errors and patient safety parameters.

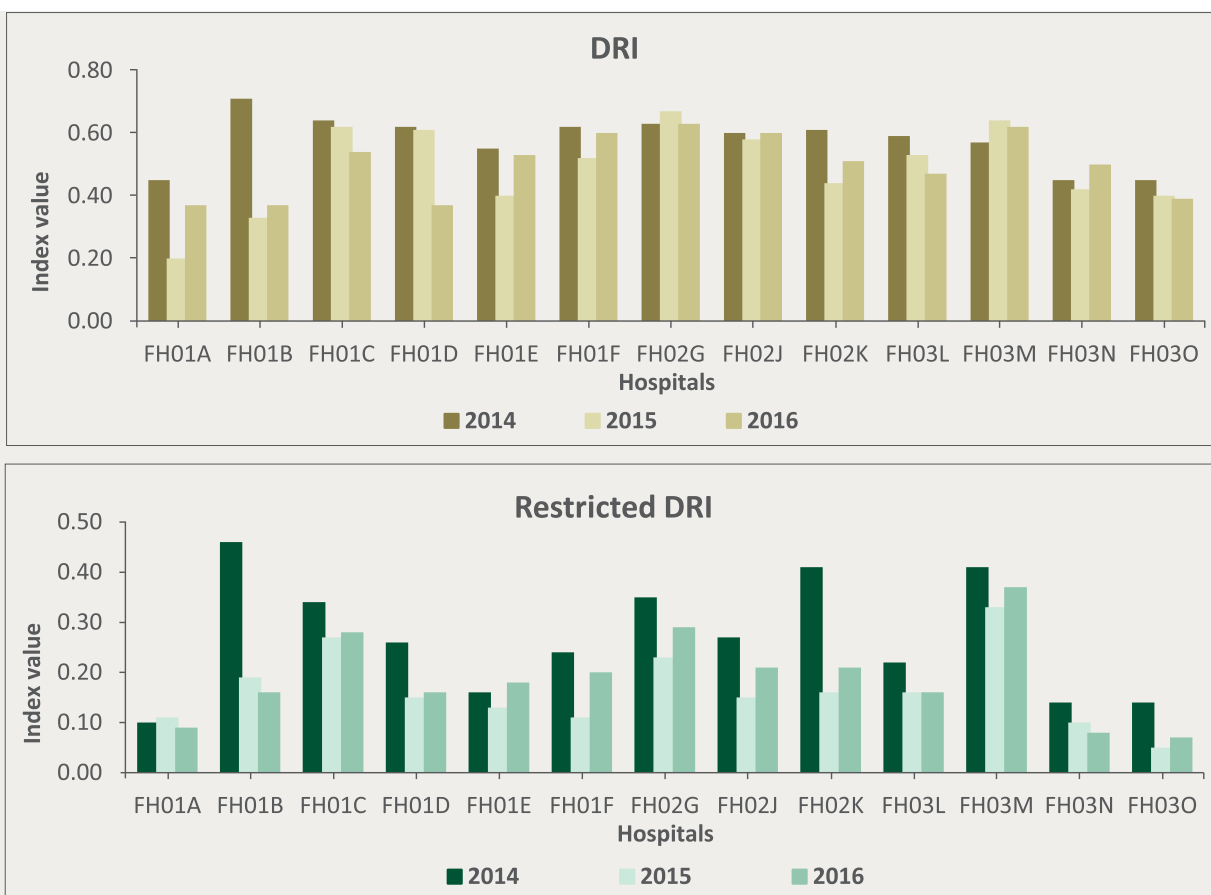
Fortis hospitals have performed well against all the indicators and have outperformed industry

benchmarks, confirming the high level of quality care being provided to our patients [see graphs, “CAUTI Trend” and “CLABSI Trend”].

Healthcare Associated Infection: Healthcare-associated infections (“HAIs”) remain a major challenge often due to the significant increase in antimicrobial resistance. Thus, infection prevention and control is a key performance indicator and the Fortis hospitals are focussed on this aspect of their operations.

Incident Reporting–Near miss, Adverse events and Sentinel events: Incidents are classified by the ‘degree of harm’ they cause. Our staff appreciates that we can prevent future harm to patients by learning from errors and identifying hazards. A robust incident reporting system ensures that nothing from near misses to adverse events or sentinel events are missed or ignored.

Each serious incident is subjected to robust investigation and careful monitoring of the associated



action plan is done. Adverse clinical events are monitored and reviewed, with detailed reports indicating the root cause and the necessary action to be taken to reduce further the chances of similar events occurring in the future.

Antimicrobial Stewardship (AMS): Antimicrobial resistance has been identified as a global emergency. Although antimicrobial resistance is a natural feature of bacterial evolution, inappropriate use of antimicrobials increases the potential for resistance. Inappropriate prescribing of antimicrobials continues to be an issue in India and the Government of India released the National Antimicrobial Resistance Strategy to guide the response to the threat of antibiotic misuse and resistance.

At Fortis, the AMS programme is run as a coordinated programme in order to address the growing menace of microbial resistance. Through this initiative clinicians and hospitals are encouraged towards appropriate

use of antimicrobials (including antibiotics), reduces microbial resistance, reduce infection rates especially for multidrug-resistant organisms thereby improving patient outcomes.

People infected with antimicrobial-resistant organisms are more likely to have longer, more expensive hospital stays and may be more likely to die as a result of an infection.

Drug Resistance Index (DRI): As a monitoring tool, the Drug Resistance Index (DRI) is able to assess the effectiveness of the Antimicrobial Stewardship (AMS) programme. The DRI is able to simplify and present a single, composite measure or index, reflecting the relationship between drug resistance trend and antimicrobial usage practice.

For the past four years, Fortis has been monitoring its own Drug Resistance Index [see graphs, “DRI” and “Restricted DRI”].



Accreditation and Certifications:

Fortis Healthcare Accreditation & Certifications											
Accreditation/ Certification	JCI	NABHHCO/ SHCO Accreditation	NABH Entry Level	NABH Blood Bank	NABH Emergency	Nursing Excellence	NABH Safe I	NABL	Green OT Certification by ABBOT	Pharmacy Certification by ABBOT	Total
No. of Hospitals	4	19	4	10	4	23	3	17	8	8	100

Medical Processes: To develop a structured system-based approach, and ensure standard processes across the organisation, Fortis has implemented Medical SOPs in Clinical, Para-Clinical and Regulatory Areas. There are 35 centrally controlled Procedure Specific Consent Forms. The SOPs are reviewed periodically and updated based on stakeholder's inputs and regulatory changes ensuring that adequate checks are maintained in each process. The compliance of the various hospitals on the processes is monitored through the Management Control Framework at Unit, Regional & Central Level.

New Medical Programmes

Robotics: Fortis has taken the lead in Robotic Surgery in Delhi-NCR by deploying the latest 4th generation

Da Vinci® Xi surgical system at Fortis Memorial Research Institute (FMRI), Gurugram and Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj (FHVK), New Delhi.

The Da Vinci®Xi is the 4th generation surgical robot offering a high-precision, minimally invasive alternative to large-incision surgeries. The equipment offers 3D High Definition vision along with bend-and-rotate capabilities beyond the capacity of a human hand. The robot has four arms, providing four quadrant access to the site of the surgery. The Laser Targeting System provides precision, leading to superior outcomes.

Academics and Training:

International Clinical Observership Programme: Fortis, in collaboration with Ministry of External Affairs



initiated specialised training programmes for medical doctors from Africa. Under this initiative, 100 doctors have been provisioned, who would be undertaking such training, learning advanced medicine and treatment protocols across Fortis hospitals. The first batch of 25 doctors, representing countries such as Tanzania, Republic of Niger, Zimbabwe, Malawi, Algeria, Ethiopia and Kenya were stationed across our network hospitals for towards their skill enhancement.

Fortis Certified Clinical Observership & Fellowship Programmes: Fortis received 42 candidates for the observership programme in specialities like Gastroenterology, Cardiology and Psychiatry among others. Candidates represented countries such as Cambodia, Afghanistan, Bangladesh and Iraq among others.

DNB Programme: SKYPE tutorials, across network hospitals, were initiated for DNB students in the fields of Cardiology, Anaesthesiology and Orthopaedics. Enrolment for overseas, non-DNB students were also made available from units at Mauritius.

In addition to the established DNB programmes, speciality courses were introduced for Gastroenterology, Anaesthesiology, Critical Care, Emergency Medicine, Minimal Access Surgery, General Surgery and Paediatrics.

Master's in Emergency Medicine and Fellowship in Movement Disorder were introduced as well.

NBE Course Status:

Exit FY 17: DNB+FNB Courses – 24 Specialities & 266 Students

Exit FY 18: DNB+FNB Courses – 31 Specialities & 304 Students

Medical Process Assurance (MPA): A robust and structured audit programme, conceptualised to enhance the organisation's governance mechanism through continuous improvement pertaining to clinical and para-clinical fields. MPA supports the Medical and HR functions in assessing risks and compliance towards laid down protocols.

Importantly, as an independent assurance mechanism, MPA reviews the design and operating effectiveness of the organisation's management control framework.

The programme comprises of a pre-defined audit calendar for unit level field work. Subsequently, management interactions lead to the identification of improvement opportunities and development of specific Management Action Plans. Finally, remediation testing and review to ascertain the level of understanding and implementation of action plans at units.

Clinical Research: The function of clinical research at Fortis is well organised with the centralisation of the research process and business development initiatives. Pan-network SOPs have been designed and implemented and regular training of Research Staff and Coordinators is undertaken. This year saw Fortis being awarded 45 new projects with an estimated total value nearing ₹ 11 Crore. All hospitals undertaking research have applied for NABH accreditation of their Ethics Committee. Our endeavour would be to position



Fortis in original research and encourage investigator-initiated research work.

Nursing

Having undergone a major restructuring of regions and post the development of a new Nursing Leadership structure in FY 2016-17, the Nursing function witnessed a year of consolidation of the gains and sharpening of focus on key result areas during FY 2017-18. Through this eventful year, Fortis nurses rose to the various challenges and left their mark in significant ways, enhancing patient safety, raising care quality and improving patient satisfaction, while supporting optimal management of hospital resources. Some of the highlights of this year are:

Nursing Excellence Standards: 25 units across India have received Nursing Excellence certification from the National Accreditation Board for Hospitals & Healthcare Providers (NABH). This certification assesses nursing services on standards related to patient safety, competent and ethical nursing care, collaboration with patients, families and communities,

and nursing empowerment to provide great patient care.

Nurse Operating System: Analysis of NOS parameters on monthly basis helped the team to put in place strategies for further strengthening of the process compliance and gave us a balanced perspective and information on the areas of improvement. Our Nursing teams could easily relate to the broad company strategies through these metrics that focus on customer satisfaction, nursing processes, patient safety, talent retention and training. Effectiveness of this tool is evidenced in the NOS scores migrating from initial score of 79.2% in April 2017 to 87.2% in March 2018. The highest score was seen in February 2018 wherein Pan India NOS score was at 95.6%. Apart from various processes getting streamlined, it is noteworthy to mention the level of improvement seen in Patient Satisfaction with Nursing exiting at 73.7% and Hand Hygiene at 87.7%.

Upgrading Capabilities: Structured Induction & Orientation programme was introduced in the last



quarter wherein emphasis has been laid on two main modules i.e. Objective Structured Clinical Exams (OSCE) based training based on developing skills on the essential nursing procedures. Simulation labs set-up in some of the major facilities such as Fortis Hospital, Mohali, and FMRI, Gurugram, complemented the teaching methods and developing skills and competencies. A pilot project on Communicating Care Module, facilitated by HR, emphasised on developing soft skills through AIDET (Acknowledge, Introduce, Duration, Explain, Thank you), handling of irate customers through LEAP (Listen, Empathy, Apologise, Provide Solution) and providing meaningful feedback on patients to the doctors through ISBAR (Introduction, Situation, Background, Assessment, Recommendation) techniques. Regular feedback is obtained to measure the effectiveness of training and learning forums are used to reinforce the lessons. A pilot project was also conducted for standardisation of Nursing Documentation and is expected to roll out in the next financial year. Peer exchange programme launched for the Nursing function wherein Regional and Unit level

CNOs went through the process and emphasised the importance of experiential learning. Implementation of Nurse Leadership Programme is a strategic initiative for succession planning and its effectiveness is seen in some of the second in line taking up the role of a CNO.

Nurse Engagement Strategies: Short-term courses have been launched and successfully completed in various regions. Such courses include Bone Marrow Transplant Nursing, Advanced Dialysis Programme, Electrocardiography, Extracorporeal Membranous Oxygenation (ECMO) Nursing, Neonatal Nursing, Critical Care Nursing, Oncology Nursing and Operation Theatre skills among others. The effectiveness of training and privileging of nurses is done through a structured format wherein the employee is categorised as Novice, Advanced Beginner, Competent, Proficient and Expert. Nurses also received certification from affiliated bodies such as National Neonatology Forum (NNF) and Indian Society for Critical Care Medicine (ISCCM). Standardised tools such as 5555 have been implemented successfully and aided in providing timely support to the new recruits as and when needed. 'Care for care givers' module to handle stress by self-awareness and self-management through interactive sessions was emphasised as well. Nurses Week Celebration was conducted with great zeal across all units, having an amalgamation of academic and cultural activities. Similarly, other festivities like Onam, Diwali, Holi and Christmas were celebrated with great fanfare.

Nurses were encouraged to attend seminars, conferences and workshops and they also participated in various competitions held at National and International levels.

Awards & Accolades: Fortis nurses received numerous awards and accolades from various institutions. For instance, FHVK received the prestigious award for Nursing Excellence recognised by Association of Healthcare Providers of India (AHPI). FMRI, Gurugram received the first prize in a video presentation at CAHOCON under the category of Innovation. Fortis



Hospital, Noida received the first prize in Paper presentation at 20th Annual Conference of Delhi Neurological Association and 16th Neuro Nurses Forum. Fortis Hospital, Anandapur received the first prize at the 30th Quality Circle Convention organised by Confederation of Indian Industries (CII). Fortis Anandapur also received the first prize in the poster competition at 7th Asia Pacific Enterostomal Therapy Nursing Association Conference held in Indonesia. Fortis Hospital, Mulund received the first prize in Paper Presentation at 6th National Conference of Infusion Nurses Society in the category of Innovation. The hospital also received the first prizes in Paper Presentation at 7th International Patient Safety Conference in the categories of Leadership in Patient Safety and Best Practices in Anaesthesia and Surgical Safety. Fortis Hospital Bannerghatta Road received prizes in Paper Presentation at CAHOCON & NNF.

Human Resources

As we progress on our journey towards becoming a purpose-led organisation, “Clinician Led, Patient Focussed” approach has been at the centre of all our

initiatives. FY 2017-18 has been a very challenging year with respect to external and internal environment. Having endured endless speculations about potentially fraudulent transactions, investigations, failed deals and merger proposals, Team Fortis has emerged stronger with renewed resolve to gain lost glory.

We focussed our collective energy to strengthen our organisation to deliver better patient care and pick up financial steam. The Fortis brand continues to command respect in the field of healthcare delivery and is a preferred workplace for good talent. Testimony to this lies in our ability to retain and hire talent at the same level as that of last year.

Employee Connect & Engagement: We made concerted efforts towards strengthening our communication channels with the employees to listen and provide opportunities for them to voice their concerns. This not only involved traditional face to face interactions but was also achieved by adopting best-in-class digital platform, ‘Workplace by Facebook’, for collaborating and communicating with 16,000 employees across Fortis network.



The Leadership Team met on various occasions to evolve and sharpen the focus on priority areas. Business and functional leaders played a key role in managing engagement and communication channels with their respective teams on a sustained and continuous basis. Proactive, open and transparent communication has become 'a given' under the current circumstances where brand Fortis is attracting media attention in abundance.

Despite all the noise, clinicians, nurses and other employees alike, took it upon themselves to find innovative ways of collaboration and inclusive working styles which helped them to remain purposeful and fully involved in their work. Such a cohesive environment has ensured steadfastness of brand Fortis.

Rewards & Recognition: Celebrating small and big achievements alike is the core element of Fortis spirit. Fortis values of Patient Centricity, Ownership, Integrity, Innovation and Teamwork are displayed in daily transactions and conduct by Fortisians across our network. It is important to remain agile and active to

ensure that we all continue to be passionate towards our values and display empathy towards patients and caregivers. Our R&R framework is an active proponent of this philosophy and purpose.

Talent Management: Employee value proposition continues to get stronger with a healthy leadership pipeline as our focus has been to nurture talent and groom them through ranks. A unique platform was created for peer learning by engaging in a Joint Vision Programme with Johnson & Johnson. Key management personnel from both organisations developed a common agenda for exchange of ideas around Talent Management, L&D and IR practices.

Talent Acquisition: We have initiated developing talent pool in line with the Facility Management Trainee Programme for Unit Administration Head role by participating in campus hiring at IIM – Ahmedabad's Armed Forces Programme. These resources can later be groomed for leadership roles within the organisation.

Enhancing Human Resources Management Capability: In our endeavour to continuously enhance capabilities for effective execution and reinforce our HR systems, the first module of the programme was conducted for all unit HR Heads. The key focus was to augment competences and adherence to compliances, thereby resulting in ameliorating employee engagement and building a culture of fairness, transparency, trust and empathy.

Clinician Hiring and Engagement: The Clinician Hiring and Engagement function has been further consolidated and strengthened by effective talent and medical programme mapping. We have been able to retain clinical talent and minimise business impact where exits have taken place. Series of activities have been conducted to position Fortis as a preferred employer for prospective clinicians – these include campus connect programmes, focussed social media campaigns, and branding on website clinician career page and external media. Our focus has also been on supporting clinical and academic skills development of young doctors to provide them with growth opportunities and also keep attrition under check. Engagement of clinicians in activities like Medical Councils and Clinical Committees



has improved their ownership in business and administrative matters.

Nursing: In line with our commitment to continuously focus on skilling and building capabilities of our nurses, a three-day programme 'Communicating Care' was initiated for our new nurses. The programme focusses on imparting, skilling, applying and reinforcing Patient Centric Service Behaviours. Designed and developed on globally recognised healthcare models and proven practices such as AIDET (Acknowledge, Introduce, Duration, Explain, Thank you), LEAP (Listen, Empathy, Apologise, Provide Solution), ISBAR (Introduction, Situation, Background, Assessment, Recommendation), Hand Hygiene, Grooming standards and their application in real life-based scenarios equips our nurses to come across as able, confident healthcare professionals providing best in class, effective & compassionate patient care.

Learning and Development

'How to series...': Learning programmes which provide combination inputs on knowledge of tasks/ processes, skills and behavioural competence to enhance efficiencies at job. Over a dozen short duration trainings such as 'How to explain procedures to

patients effectively', 'How to be an effective representative of your unit' and many others were designed and conducted, leveraging internal expertise with focus to achieve the goals by problem-solving versus general soft skills programmes.

Peer Exchange Programme: To further enable knowledge sharing, the exchange programme was initiated for Unit functional heads. The programme provides a structured platform to learn problem-solving, generate new ways or ideas for addressing process gaps, resource mobilisation, communicating or influencing patients and business owners and high-performance workplace or best practices for achieving cost-efficient patient experience and seamless operation excellence. The exchange programme conducted by pairing functional leaders enables participants from across Fortis to shadow, observe and mutually learn by drawing on each other's expertise and experiences.

E-learning Curriculum: This was launched across the organisation to facilitate just in time, self-paced, flexible and learner-driven experience leveraging the new learning methodology of e-learning entailing gamification, video-based simulations, animation,



interactive quizzes and assessments. The learning content of the curriculum is aligned to address specific knowledge requirements pertaining to medical know-how, patient safety, patient rights and responsibilities and has been created in collaboration with external and internal subject matter expert (SMEs).

Customised Functional Learning Paths: Paths for specific roles for providing requisite knowledge, skills, and attitudes of a new joiner coupled with a revamped One Fortis Induction Version 2.0 focussing on enhancing new joiner experience and fostering engagement and integration have been successfully rolled out this year.

As on March 31, 2018 the Company had a total employee base of 20,816, which includes hospitals and diagnostics business.

Information Technology

Fortis Healthcare will continue to invest in technology as we strongly believe that Information Technology will play a pivotal role in healthcare delivery, more so in the environment where there is an increasing focus on healthcare delivery cost and increase in regulatory interventions. Further, in order to ensure

that we deliver Clinical Excellence and Distinctive Patient Care in a seamless and consistent environment across our chain of hospitals, technology and process standardisation is key. In anticipation of a time when citizens will prefer Mobile and Technology channels for their Health and Care, we at Fortis Healthcare have continued with a Mobile-First and Cloud-first strategy in all our investments and solutions.

The Oracle EBS implementation on Public Cloud for consolidating the backend processes across Finance, Supply Chain and Human Resources has started to bear fruit, particularly in Supply Chain and Human Resources. We have initiated a review to further strengthen the automated controls in Finance and to automate more processes across the three functions while increasing the automation in Supply Chain and HR processes.

Last year, two deployments changed the way patient care was delivered at our hospitals. We launched the Patient Delight Management System, an online feedback system which captured the patient feedback at every point in their journey and delivered insights to the Patient Experience Teams and the Leadership to further work on delivering Distinctive Patient Care. We also improved our engagement with our patients on the Patient Engagement Platform by enhancing the MyFortis Mobile App and integrating our websites and Queue Management System to ensure a seamless experience to the patients. This end-to-end integration helped us deliver an under 5 minute wait time for all our Online Patients who used this channel and paid online.

OneFortis, the in-house developed Hospital Information System is all set to go live in the NCR region in August and this will be the beginning of consolidating the front-end processes and systems and will help in Patient Portability.

We continue to work with start-ups in India, by incubating and piloting innovative ideas thereby building and enriching the healthcare technology ecosystem. Fortis Healthcare is represented in the CHIME (College of Healthcare Information Management Executives) India Board. CHIME India is working with the other Healthcare Providers and Technology Partners across India to improve the technology ecosystem.



CORPORATE SOCIAL RESPONSIBILITY – Journey Through The Year (2017-18)

As a responsible corporate citizen and a member of the Indian healthcare ecosystem, we at Fortis Healthcare strongly believe that we can meaningfully alleviate the problem of inequitable access to quality healthcare. By creating and supporting social sector programmes linked to health and well-being, we seek to leverage our skills, experience, capabilities, technologies and facilities to address a critical social need for the vulnerable sections of society. We have continuously enabled programmes and initiatives, based on rigorous needs assessment, leading to not just improvement in healthcare service delivery but also creating social awareness and change. We believe this is the best way to have the greatest impact, because our interventions are capable of transforming lives, building aware communities and protecting the environment.

The CSR initiatives for Fortis Healthcare Limited are led through Fortis Charitable Foundation, its designated CSR vehicle. The work of the Foundation is supported and executed by two entities: The Fortis Charitable Foundation (FCF) - a Trust set up in 2005

and The Fortis Foundation (FF) - a Section 8 Company set up in 2013.

These entities work in a collaborative and inclusive manner not only to align and synergise the social enterprise work of the group companies but also to expand their circle of partnerships with Government, Non-Government Organisations (NGOs), other corporates and individuals.

Working through a dedicated team of employees and volunteers, their work focusses on three programmes that work towards:

- The health and well-being of the Mother and Child (AANCHAL)
- The provision of timely medical support in the event of a disaster and enabling Charitable Medical Infrastructure (SEWA)
- Creating and supporting open platforms for Healthcare Information (SAVERA)

Fortis Healthcare Limited had chosen to support the SEWA in FY 2015-16 and has been continuously supporting it along with SAVERA (2015-16, 2016-17 and 2017-18). Fortis Healthcare Limited continues to support the disaster relief initiative, SEWA.



ABOUT SAVERA PROGRAMME

SAVERA focusses on developing, collating and providing access to healthcare information.

It leverages different channels of communication – children's books, audio-visuals, posters, and social media to create awareness on nutrition, health and hygiene.

SAVERA seeks to provide a platform to initiate and share research to create awareness on critical health issues and work towards driving opinion and public policy around viable options.

SAVERA has created a credible knowledge repository of disease-related information under an open platform for sharing.

SAVERA focusses on:

- Anti-Tobacco Campaign
- First Aid & Basic Life Support Training
- E-communication portal for Health Information - www.gyankaari.com

ANTI-TOBACCO CAMPAIGN

As part of the anti-tobacco campaign, Fortis Foundation has collaborated with Sambandh Health Foundation

to increase awareness about COTPA (Cigarettes and Other Tobacco Products Act).

Over 33,700 challans were issued and over 9,500 police and education officials were sensitised about COTPA and its enforcement.

FIRST AID/BLS TRAINING

As part of this, Fortis Foundation has collaborated with Save Life Foundation to provide Basic Trauma Life Support (BTLS) training to police personnel in Delhi-NCR as they are the first responder in emergency situations. Over 110 police personnel have been trained. The volunteers are now trained to save lives in case of an emergency.

GYANKAARI

The bi-lingual Health Information portal - www.gyankaari.com - was launched in December 2017. The open platform contains doctor-verified information about diseases, causes, symptoms, prevention, myths and possible treatment options.

HEALTH INFORMATION PUBLICATIONS

Over the past year, the Foundation has created awareness on health, hygiene and nutrition by distributing over 3,51,500 illustrative books and pamphlets on preventive and remedial health information. The information has been distributed across 25 Non-Government Organisations and 31 hospitals pan India.

ABOUT DISASTER RELIEF INITIATIVE, 'SEWA PROGRAMME'

India has been historically vulnerable to disasters with floods, cyclones, earthquakes and landslides being a recurrent phenomenon. In the event of a disaster, thousands of lives are affected, and livelihoods worth millions are destroyed. The urgent need in such situations is access to medical care.

SEWA is a Disaster Relief Initiative that aims to provide emergency medical relief services in an organised and time sensitive manner to people affected by disasters. SEWA's core commitment is to support the government's efforts in providing medical relief during a calamity.

Fortis Healthcare Ltd. in FY 2017-18 structured its volunteer base to provide medical relief services at times of disasters.

CLINICAL EXCELLENCE

- ★ Successful bilateral lung transplant at Fortis Malar gave a new lease of life to a Ukrainian patient. In a first-of-its kind transplant surgery, a team led by Dr K. R. Balakrishnan, Director, Cardiac Sciences and Dr Suresh Rao K. G., HOD Critical Care & Cardiac Anaesthesia, conducted a successful bilateral lung transplant on a 21-year-old Ukrainian patient suffering from pulmonary hypertension (high lung blood pressure). As a result of the condition, the heart's right ventricle was also affected, necessitating a transplant.
- ★ A 32-year-old lady became the world's youngest recipient of a successful bilateral total knee replacement surgery for a rare case of Ankylosing Spondylitis at Hiranandani Hospital, Vashi - A Fortis Network Hospital.
- ★ A team of doctors led by Dr Vivek Vij, Director – Liver Transplant, Fortis Healthcare, treated complex case of Biliary Atresia, a rare congenital defect wherein the bile duct fails to develop completely, leading to impaired liver function. The condition requires a liver transplant in most patients.
- ★ A 21-month old Iraqi child suffering from Biliary Atresia underwent a challenging ABO incompatible liver transplant surgery at Fortis Escorts, Okhla Road, New Delhi. The child's mother, having 'A' blood group, donated a part of her liver to the child with 'O' blood group. Both have recovered well after the surgery.
- ★ Fortis Escorts Hospital, Jaipur, achieved a new milestone by performing 9 Ventricular Septal Defect (VSD) closure surgeries in a single day, the highest number reported in North India.
- ★ Doctors at Fortis Noida performed a rare, life-saving and complex surgery on a 48-year-old patient to remove a large tumour measuring 7x8 square cms. The cricket ball-sized tumour occupied close to 60% of the heart.
- ★ Doctors at Fortis Hospital, BG Road, Bengaluru, gave a new lease of life to a baby born with two critical congenital heart defects, Coarctation of the Aorta and Ventricular Septal Defect (VSD).



- ★ A team of doctors led by Dr Z. S. Meharwal, Director, Cardio Thoracic & Vascular Surgeon, at Fortis Escorts, New Delhi, performed a life-saving heart transplant in a 50-year-old patient from Muzzafarnagar, Uttar Pradesh. The transplant was made possible after the family of a 21-year-old brain dead patient in Jaipur consented to donate their kin's organs.
- ★ Dr H. K. Bali, Director - Cardiology, Fortis Hospital, Mohali, presented a new technique of Ostial Coronary Artery Stenting at the prestigious Interventional Cardiology conference, 'Transcatheter Therapeutics,' held at Denver, United States. The technique can potentially change the way ostial coronary artery disease is treated. The technique has been successfully used on several patients at Fortis Mohali.



- ★ The Cardiac Transplant Team at Fortis Hospital, Mulund, achieved the 50th heart transplant milestone by conducting a transplant surgery on a 32-year-old patient from Ukraine. Dr Anvay Mulay, Head of the Cardiac Transplant Team, led the surgery.
- ★ The Fortis Centre for Heart Failure and Transplant at Fortis Malar Hospital, Chennai, under the leadership of Dr K. R. Balakrishnan, Director Cardiac Sciences and Dr Suresh Rao K.G., Chief of Cardiac Anaesthesia and Critical Care, performed 8 consecutive organ transplant surgeries in a span of just 10 days, setting a new benchmark.
- ★ The Fortis Bone & Joint Institute (FBJI), under the leadership of Dr Ashok Rajgopal, Executive Director & Chairman, completed a year of operation, blazing a trail of clinical excellence. The Institute achieved the 3,000th surgery milestone and conducted the first robotic knee replacement surgery in north India.
- ★ A team of doctors led by Dr Susheen Dutt, Consultant - ENT, Head and Neck Surgeon at Fortis Hospital, Nagarbhavi, Bengaluru successfully performed a rare tongue reconstruction surgery on a 37-year-old patient diagnosed with tongue cancer.
- ★ A team of doctors led by Dr Swapna Misra, Additional Director, Obstetrics and Gynaecology, Fortis Hospital, Mohali, performed robotic surgery on three women using the Da Vinci Surgical System, making these the first such operations in Punjab.
- ★ Fortis Hospital, Mohali, introduced the new Glue Closure Technique to treat Varicose Veins for the first time in India. This modern yet simple technique does not require application of anaesthesia.
- ★ The In-Vitro Fertilisation (IVF) unit, launched a year ago at Fortis Flt Lt Rajan Dhall Hospital, Vasant Kunj (FHVK), New Delhi, has resulted in the birth of 20 babies, representing a success rate of 99%.



SRL KEY HIGHLIGHTS: 2017-18

Our Company's business delivery stands on four strong pillars of accurate diagnostic reports, empathy towards our customers, innovation-driven processes and transparent operations. Our legacy strengths in technology and people, strong relationships and respect within the doctor community, and the new re-energised strategy with the customer at its focal point have positioned SRL as the best poised to capture this next phase of growth.

India's thriving economy is driven by urbanisation and development of an expanding middle class, with rising disposable incomes to spend on healthcare. While currently only a small portion (~15%) is managed by national and regional diagnostic chains, it is expected to become much more organised and consolidated with a lot of small and independent laboratory players becoming franchisees for the larger players. Being established in the industry for over two decades now, your Company has made a name as one of India's largest diagnostic companies. Founded in 1995, your Company has an impressive reach, providing superior quality diagnostics services to its customers through an efficient network of labs and collection points. The vision to create SRL Diagnostics was driven by the philosophy to provide high-quality accurate tests at affordable prices to the masses. The reputation that your Company has built over the last 23 years is a living testimony to the quality of services that we have been able to deliver consistently over the years.

Having been committed to delivering quality services, your Company has, since its inception, had a strong desire to achieve high-quality standards and a well-established quality assurance programme in place. With their state-of-the-art research and development, highly skilled physicians, and a proven heritage, your Company has stood the test of time and won the trust of generations.

Your Company enjoys the leadership position in the diagnostics industry in terms of its size and reach to the customers, present across the range of diagnostics services of pathology and radiology. Your Company enjoys being the largest player in terms of its laboratory footprint in the industry, with 368 labs and wellness centres. In addition to these, your Company has 1,062 collection centres and 5,539 sample pick-up points, which are the direct clients. The international presence of your Company spans across multiple countries with 4 international labs and 67 collection centers. The collection points serve to pick samples across India and feed satellite and reference labs through a robust logistics channel. Your Company reaches out to over 60,000 doctors and at an average conducts over 125,000 tests in a day.



The SRL strategy for the year is Growth3 – Growing Revenues, Growing Margins and Growing Reputation; and one of its key enablers is a nimble, dynamic and a responsive organisation structure that empowers the employees, circles around the customer, and is closer to the market. The overall organisation was restructured shifting the focus from a functional organisation to a business organisation; the key outcome being accountability and ownership at all strategic business levels. The complete exercise was very meticulously managed by an Organisation Transformation Office comprising of a cross-functional team which looked at all the major aspects of the restructuring – design of operation model, internal communication, training, data integration and business intelligence support.

Your Company commands the pioneer position in the wellness or preventive healthcare segment, owing to the 30+ wellness centres with services ranging across all pathology segments viz. screening, diagnostic, predictive, preventive and monitoring tests. Your Company is deeply committed to the healthcare needs of this nation, with focussing on the preventive care segment. Your Company has launched a separate



preventive test packages division, SRL Care, which is a series of specially designed preventive test packages by the R&D team which are customised basis your lifestyle, demographics and health condition. The packages are the highest growing products across all our divisions, across the regions.

In Hospital lab Management space, your Company made significant inroads with the strategic aggressive expansion of key accounts like Indira IVF. Your Company's association with the Fortis hospitals gives it that cutting-edge expertise in the managing of Labs inside the hospitals. Your Company manages and operates 118 hospital labs, both private and government, within and outside the country.

FUTURE OUTLOOK

As per the international statistics, nearly 70% of the clinical decisions are based on diagnostic results. The diagnostics industry in India is poised for a sustainable growth in the next 5 years, with an increased dominance of laboratory medicine in the decision making in therapeutic medicine, which is reinforced by increasing spends in healthcare infrastructure

and increased awareness among customers. As the leading industry player in this industry, your Company looks forward to hold its technical superiority and consumer preference to gain market share in all the key markets.

The emergence of regional organised players and entry of new players signifies another major trend in the diagnostics market, driven by the local retail nature of the business which provides easy accessibility and low prices, in the absence of strong entry barriers due to lower regulatory control.

The focus and innovation has also now shifted to predictive diagnostics and preventive healthcare and wellness, which is also envisioned in new National Health Policy 2017 - helping patients to make lifestyle changes and create awareness about the predisposition to a certain disease. The preventive healthcare section of the diagnostics business will be the key driver of consumer growth in the forthcoming years. The use of technology-aided innovation, in every aspect of diagnostic service delivery, will play a crucial role in the near future – transitioning from a mere Diagnosis



(screening and monitoring) to preventive and big-data aided personalised medicine.

Your Company's business delivery stands on four strong pillars of accurate diagnostic reports, empathy towards our customers, innovation-driven processes and transparent operations. Our legacy strengths in technology and people, strong relationships and respect within the doctor community, and the new re-energised strategy with the customer at its focal point have positioned SRL as the best poised to capture this next phase of growth.

TRENDS IN DIAGNOSTICS

The diagnostics industry is in a constant changing paradigm. This brings about a shift in the historic doctor/patient relationship marking the onset of an era of patient empowerment in which the patient shall become more responsible for maintaining good health. There are four key trends:

The movement towards Molecular Diagnostics: Molecular diagnostic enables understanding of

diseases at a much earlier stage, which are not possible using traditional methods. China, Japan, India and Singapore are leveraging genetic technologies to develop molecular diagnostic platforms which are much more efficient and effective in tracking diseases. Molecular diagnostic also facilitates understanding of gene pattern and detecting of cell behaviour. Such resources prove most useful in tracking cancerous cell growth. Besides, the method is also gaining application in detection of diseases at the foetal stage and indicates any abnormalities in a child that may occur after birth.

Digital Transformation in Diagnostics Industry: The second trend is about digitisation in diagnostics across the value chain, whether it's during sample collection and logistics, laboratory automation at pre-analytical phase or indeed in the reporting format. Data analytics and artificial intelligence via machine learning help us in reducing the diagnosis time significantly in certain areas like cytogenetic, histopathology and radiology. Tele-radiology is a reality now, where the services of an eminent radiologist can be utilised by someone sitting in a remote location using technology intervention.

Consumerism in Diagnostics Industry: The current trend inclines toward consumer choices, consumer empowerment and consumer wellness. Today more than ever, digital platforms, aesthetic and comfortable patient touch points and quality of services, are converging to drive the consumerisation of diagnostics sector. Our current diagnostic reports are designed keeping doctors in mind. However, we have to think through how to make them far more patient-friendly.

Ease of accessibility: Another key trend is about creating ease of accessibility in terms of both consumer touch points and technology. Consumers now have the convenience to use mobile apps and web platforms to book their tests, as well as the opportunity to get the samples collected at home via Home Collection. Similarly, on the technology front, POCT devices will play a crucial role in making diagnostics accessible in time crunch situations with better and affordable technologies.



AWARDS AND ACCOLADES

SRL has grown from strength to strength; always keeping our customers' interests at the core of everything it does and believe in. The dedication and hard work of your Company has resulted into winning several prestigious awards and accolades this year. While the recognition reinforces its strong credentials and helps establish the Company as a leader in the Indian diagnostics sector, it is a conclusion of the trust it enjoys from the customers.

Among its numerous accolades and recognitions, in FY 17-18 your Company was conferred the "ABP News Healthcare Leadership Awards 2017" in November, under the category of "Best Diagnostic Service Provider of the Year" second year in a row. Presented by the ABP News and endorsed by the CMO Asia group, the award is a premium forum bringing together the elite in the field of healthcare, recognising all those who have made outstanding contributions in the industry, under various categories.

SRL was also recognised as the "Best Diagnostic Company of the Year" by The Medgate Today at the

7th MT India Healthcare Awards 2017 in April-17. Following are a few other awards and recognitions conferred to your Company -

1. Elets Healthcare and Wellness Summit 2018 Award in the category "Leader Brand in Clinical Laboratory" for our project 'Fellowship Training Programme for Skilled Medicos in Molecular Pathology', March 2018
2. Dr. B.R. Das, Advisor and Mentor - R&D, SRL Diagnostics appointed as the International Affairs Committee member of Association of Molecular Pathology (AMP), USA.
3. Ms Debjani Roy, Chief People Officer, SRL Diagnostics was felicitated by the World HRD Congress for being one of the 'Top 100 HR Leaders in the country who Made a Difference'
4. "Gurgaon's Best Employer Brand Award 2017" by the World HRD Congress
5. Certificate of Appreciation from IPAQT (The Initiative for Promoting Affordable Quality TB Tests) for our valuable contribution as an IPAQT Partner towards TB control in India

DIRECTORS' REPORT

Dear Members,

Your Directors have pleasure in presenting here the Twenty Second Annual Report of your Company along with the Audited Standalone and Consolidated Financial Accounts and the Auditors' Report thereon for the Year ended March 31, 2018.

FINANCIAL RESULTS

The highlights of Consolidated Financial Results of your Company and its Subsidiaries are as follows:

(₹ in Lacs)

Particulars	Consolidated	
	Year ended March 31, 2018	Year ended March 31, 2017
Continuing Operations		
1. Operating Income	456,081	457,371
2. Other Income	13,973	16,601
3. Total Income (1+2)	470,054	473,972
4. Total Expenditure (Excluding finance cost, depreciation & tax expenses)	428,769	422,083
5. Operating Profit (EBITDA) (3-4)	41,285	51,889
6. Finance Charges, Depreciation & Amortization	49,675	45,162
7. Loss before exceptional items and tax (5-6)	(8,390)	6,727
8. Exceptional items	(88,103)	(164)
9. Loss before tax (7+8)	(96,493)	6,563
10. Tax Expenses	2,265	7,240
11. Net Profit for the year (9-10)	(98,758)	(677)
12. Share in profits of associate companies	5,316	48,606
13. Profit/ (Loss) for the year from continuing operations (11+12)	(93,442)	47,929
14. Discontinuing Operations		
Profit/ (Loss) before tax from discontinuing operations	-	-
Tax expense of discontinuing operations	-	-
Profit/ (Loss) after tax and before minority interest from discontinuing operations	-	-
Share in profits/ (losses) of associate companies	-	-

(₹ in Lacs)

Particulars	Consolidated	
	Year ended March 31, 2018	Year ended March 31, 2017
Profit for the year from discontinuing operations (B)	-	-
15. Profit for the year (13+14)	(93,442)	47,929
Profit for the year attributable to:		
Owners of the Company	(100,921)	42,167
Non-controlling interests	7,479	5,762
Profit for the year before other comprehensive income	(93,442)	47,929
16. Other comprehensive income	367	(2,734)
17. Total comprehensive income (15+16)	(93,075)	45,195
Total comprehensive income for the year attributable to:		
Owners of the Company	(100,541)	39,457
Non-controlling interests	7,466	5,738

The highlights of financial results of your Company as a Standalone entity are as follows:

(₹ in Lacs)

Particulars	Standalone	
	Year ended March 31, 2018	Year ended March 31, 2017
Continuing Operations		
1. Operating Income	65,948	64,511
2. Other Income	13,789	16,920
3. Total Income (1+2)	79,737	81,431
4. Total Expenditure (Excluding finance cost, depreciation & tax expenses)	69,710	79,164
5. Operating Profit (EBITDA) (3-4)	10,027	2,267
6. Finance Charges, Depreciation & Amortization	9,262	13,298
7. Loss before exceptional items and tax (5-6)	765	(11,031)
8. Exceptional items	(6,794)	(373)
9. Loss before tax (7+8)	(6,029)	(11,404)
10. Tax Expenses	343	(3,934)
11. Net Profit for the year (9-10)	(6,372)	(7,470)
12. Discontinuing Operations		
Profit/ (Loss) before tax from discontinuing operations	-	-
Tax expense of discontinuing operations	-	-
Profit/ (Loss) after tax and before minority interest from discontinuing operations	-	-

(₹ in Lacs)

Particulars	Standalone	
	Year ended March 31, 2018	Year ended March 31, 2017
Share in profits/ (losses) of associate companies	-	-
Profit for the year from discontinuing operations (B)	-	-
13. Profit for the year (11+12)	(6,372)	(7,470)
14. Other comprehensive income	32	107
15. Total comprehensive income (13+14)	(6,340)	(7,363)

STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

The Financial Performance of the business during FY 2017-18 was impacted by external headwinds related to the healthcare sector and internal challenges. Factors that impacted the performance include i) Regulatory changes with respect to pricing on certain medical consumables, ii) Management bandwidth constraints due to distraction arising from promoter related issues leading to change in controlling interest, iii) Prolonged transaction and due diligence process to augment capital resources along with restructuring of ownership, iv) Constraints in capex resulting in delay of certain significant business initiatives and v) Impact on the hospital business, specifically in North India, over a few months during the year arising from several highly publicised patient related incidents in a few hospitals.

For the Financial Year 2017-18, the Company recorded a consolidated revenue from operations of ₹ 4,561 Crore compared to ₹ 4,574 Crore reported during the previous year. Consolidated total income (including other income) from the operations for the Financial Year 2017-18 was at ₹ 4,701 Crore compared to ₹ 4,740 Crore in the previous year. Operating Profit (EBITDA) for the year stood at ₹ 413 Crore compared to ₹ 519 Crore in the previous year. The Net Profit after Tax for the Financial Year 2018 stood at ₹ (1009) Crore as against ₹ 422 Crore for the corresponding previous year. FY2018 PAT after Minority Interest and Share in Associates (PATMI) was primarily impacted by certain provisions and impairment losses.

Your Company accords the highest priority to providing world-class quality and affordable healthcare services to all patients. During the year, your Company commenced several new medical programmes and specialties across various facilities whilst strengthening the existing medical offerings. Patient centricity and clinical excellence continue to drive your Company while it makes all efforts to bridge the expanding demand-supply gap in the delivery of healthcare services in the country. Your Company also has a number of ambitious projects on the anvil, aimed at spurring growth and development.

The healthcare verticals of the Company primarily comprise day care specialty, diagnostics and tertiary and quaternary care. As of March 31, 2018,

the Company had a network of 43 healthcare facilities (including projects under development in India and abroad, with approximately 4,800 operational beds. In India, the Company is one of the largest private healthcare chains comprising a network of 39 healthcare facilities, including 31 operating facilities, 3 satellite and heart command centres located in public and private hospitals and 5 healthcare facility projects which are under development or are greenfield land sites. In addition, its Indian diagnostics business has a presence in over 600 cities and towns, with an established strength of 368 laboratories including 197 self-operated laboratories (includes 23 Wellness Centres which are in addition to Standalone Wellness Centres), 118 laboratories inside Hospitals including 27 labs located in Fortis facilities, 42 Franchisee labs, 7 wellness centres and 4 international laboratories. It also has over 5,539 Direct points, 1062 Collection Centers which includes 88 collection centers that are owned and 67 collection centres at International locations. Your Company is driven by the vision of becoming a leader in the integrated healthcare delivery space and of serving the larger purpose of saving and enriching lives through clinical excellence.

There has been no change in the nature of business of the Company during the year under review.

SIGNIFICANT MATTERS DURING THE YEAR UNDER REVIEW

The Board has from time to time during the year under review updated its stakeholders about the key developments that took place by disseminating necessary information to the stock exchanges and through various means of communications to the investors. Some of key activities are mentioned below:

- **Investigation initiated by the erstwhile Audit and Risk Management Committee-** Basis the reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans (“ICDs”) given by a wholly owned subsidiary of the Company, the erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm. The details as to the terms of reference of the investigation are detailed in the Notes to Financial Statements forming part of this Annual Report. Subsequent to the close

of the Financial Year, the investigation report (“Investigation Report”) was submitted to the current Board on June 8, 2018. The current Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report are also detailed in the Notes to Financial Statements forming part of this Annual Report.

- **Delay in submission of financial results for the Quarter ended September 30 and December 31, 2017 and Financial Year 2017-18-** There have been many media news released relating to the Company during the period February and March, 2018, the necessary intimations of which have been made to the stock exchanges from time to time. This had resulted in enhancing the scope of limited review audit by the statutory auditors for the quarters ended September 30, 2017 and December 31, 2017, which, was considered just and equitable in the interest of governance and investors at large. In view of the above situation, the un-audited financial results for the quarter ended September 30 and December 31, 2017 were submitted to the stock exchanges beyond the stipulated period as per SEBI Regulations. Also, in view of the ongoing investigations coupled with promoter related issues, the un-audited financial results for the quarter and Financial Year ended March 31, 2018 were also submitted to the stock exchanges beyond the stipulated period. References to the above non-compliances have been explained in Corporate Governance Report forming part of this Annual report.
- **RHT Acquisition-** The Board of Directors in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust (“RHT”) into the Company and its subsidiaries. The Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT’s entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately Rupees

465,000 lacs ("the Proposed Transaction"). On February 12, 2018, parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent enumerated in the definitive agreement(s) which includes regulatory approvals. The Company and RHT are in process of applying for regulatory approvals. Requisite approval of the shareholders of the Company have been obtained.

- **Fortis and SRL Brand**-The "Fortis" trademark was owned by RHC Holding Pvt Ltd. (RHCPL)- erstwhile ultimate holding company of Fortis Healthcare Limited (FHL) and FHL used to pay the license fees to RHCPL for use of the trademark "Fortis" as per the various terms of the Brand License Agreement entered between FHL and RHCPL. RHCPL during the Financial Year 2017-18 assigned all the rights, title and interest in the "Fortis" trademark to RHC Healthcare Management Services Private Limited (RHMSL) and subsequent to that the license fees for use of the trademark "Fortis" has been accrued and paid by FHL to RHMSL till March 2018.

SRL Limited (SRL) entered into a Brand License Agreement with RHC Holding Private Limited (RHCPL) in November 2015 valid until May 2021 according to which SRL paid a fee as per the various terms of the Brand License Agreement entered between SRL and RHCPL. RHCPL, assigned all the rights, title and interest in the "SRL" trademark to Headway Marketing Private Limited (HMPL) in December 2017 and intimated SRL in February 2018. SRL has accrued the fee payable to Headway Marketing Private Limited.

DIVIDEND AND TRANSFER TO RESERVES

Keeping in view the losses for the year under review, the Board of Directors of your Company have not recommended any dividend for the Financial Year 2017-18. Accordingly, there has been no transfer to general reserves.

The Company has formulated a Dividend Policy in terms of SEBI Circular No. SEBI/LAD-NRO/6N/2016-17/008 and the same is available on the website of the Company at http://cdn.fortishealthcare.com/0.06032700_1507627501_Dividend-Distribution-Policy.pdf.

MATERIAL CHANGES

The following are the material changes and commitments, affecting the financial position of the Company which have occurred between the end of the Financial Year 2017-18 and the date of this report:

- **Fund-raising proposal**- The Board of Directors, at its meeting on March 27, 2018, approved a Composite Scheme of Arrangement with Manipal Health Enterprises Private Limited. Owing to concerns raised by certain shareholders of the Company, binding bids were invited from interested parties viz IHH Healthcare Berhad, Hero-Burman Consortium, Radiant and TPG-Manipal Consortium. The Board decided to appoint an Expert Advisory Committee (EAC) & an additional financial advisor to evaluate all binding offers. Subsequently, in the Board Meeting held on May 10, 2018, the Board, by majority, approved a preferential allotment of equity shares for Rupees 800 Crores and preferential allotment of warrants for Rupees 1,000 Crores to Hero-Burman Consortium. Consequent upon this agreement, the agreement with TPG-Manipal Consortium was terminated. Further on the May 28, 2018 the Board received a letter from Hero-Burman Consortium giving its consent to initiate a fresh bidding process; consequently the Hero-Burman Consortium's offer, accepted by the Board on May 10, 2018, was mutually terminated. The Board at its meeting held on May 28-29, 2018 decided to initiate a fresh, time-bound process for receiving bids from interested parties. The details of the process were disclosed to the National Stock Exchange of India Limited and BSE Limited. Pursuant to the above, the Board of Directors of the Company received binding bids on July 3, 2018 from IHH Healthcare Berhad and TPG-Manipal Consortium. The Board on July 13, 2018, unanimously accepted the proposal of IHH Healthcare Berhad, which included an infusion of ₹ 4000 crore in the Company through additional equity capital and recommended for shareholder approval. The proceeds of the issue shall primarily be used for: (i) acquisitions contemplated under the master purchase agreement dated 12 February 2018 among, *inter alia*, the RHT Health Trust Manager Pte. Ltd and the Company in relation to the proposed disposal of the entire asset portfolio of

RHT Health Trust; (ii) providing exit to the private equity investors of SRL Limited; and (iii) other short term liquidity needs of the Company (i.e. to meet the Company's working capital requirements, capital expenditure for identified infrastructure upgrades, salary payments, statutory dues, immediate creditors, other corporate expenses, and cost of raising funds and retiring high cost debt). The same is currently subject to the approval of the regulatory authorities. Upon approval of transaction pursuant to acceptance of the binding bids, there will be consequential change in the capital structure and board composition.

- **Changed Board-** The Company appointed Mr. Rohit Bhasin as Additional Independent Director w.e.f. April 19, 2018 (who thereafter resigned w.e.f. June 26, 2018). Also the Company received a requisition from National Westminster Bank Plc as Trustee of Jupiter India Fund (as represented by Jupiter Asset Management Limited), East Bridge Capital Master Fund Ltd. and East Bridge Capital Master Fund I Ltd., the shareholders of Company, for induction of Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee as members of the Board and removal of Mr. Harpal Singh, Ms. Sabina Vaisoha, Dr. Brian William Tempest and Lt. Gen. Tejinder Singh Shergill from the directorship of the Company. Considering the profiles of the proposed board members, the Board at its meeting held on April 26, 2018, decided to appoint the new board members on immediate basis. Accordingly, Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee were appointed as Additional Independent Directors w.e.f. April 27, 2018. Subsequently, Mr. Harpal Singh, Ms. Sabina Vaisoha and Lt. Gen. Tejinder Singh Shergill resigned from the directorship w.e.f. May 20, 2018 and the shareholders at its meeting held on May 22, 2018, regularized Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee as directors of the Company and removed Dr. Brian William Tempest from directorship. On June 1, 2018, the board unanimously decided to appoint Mr. Ravi Rajagopal as Chairman of the Company.
- **Withdrawal of the Scheme of Amalgamation and Demerger amongst SRL Limited and Fortis Malar Hospitals Limited-** The Company had at its board meeting held on August 19, 2016 approved

the composite scheme of arrangement and amalgamation involving (a) transfer of the hospital business undertaking of Fortis Malar Hospitals Limited ("FMHL") to the Company, as a going concern, by way of slump sale, in lieu of payment of a lump sum consideration by the Company to FMHL ("Slump Sale"), (b) transfer of the undertaking of the Company pertaining exclusively to the diagnostics business as identified in the Scheme to FMHL by way of a demerger in lieu of issuance of equity shares by FMHL to shareholders of the Company as per approved share entitlement ratio ("Demerger"); (c) the amalgamation of SRL Limited ("SRL") into FMHL and dissolution of SRL without winding up, and the consequent issue of equity shares by FMHL to the shareholders of SRL and the cancellation of equity shares of SRL held by FMHL ("Amalgamation"), and various other matters consequential or otherwise integrally connected therewith. The Company had obtained necessary approvals/ no objection from BSE Limited, National Stock Exchange of India Limited, equity shareholders and unsecured creditors of the Company. Also, the Board had through circulation on December 14, 2017, approved extension of the Long Stop Date of the Scheme from December 31, 2017 to June 30, 2018. Considering that the entire process, due to reasons beyond the Company's control, has been continuing for over 18 months without a completion, it was agreed to abort the Scheme. Accordingly, the Company at its hearing on June 15, 2018 presented the matter before NCLT and the same was duly approved. The said Scheme has thus been terminated by the Company, SRL and FMHL.

- **Sale of certain units held in RHT Health Trust-** In order to meet urgent cash requirement, the Company had sold 18.2 million units of RHT Health Trust (an associate of the Company) held through the wholly owned subsidiary Fortis Healthcare International Limited on May 30, 2018 for a consideration of 13.65 million Singapore Dollars.
- **Disinvestment of shareholding held in Lalitha Healthcare Private Limited (LHPL)-** The Company has through its subsidiary- Fortis Cancer Care Limited divested its entire shareholding in LHPL (79.43% equity stake) on June 29, 2018 due to recurring financial losses and infrastructure constraints.

- **Re-classification of category of shareholders-** The Company is in process of seeking regulatory approvals for re-classification of Mr. Malvinder Mohan Singh, Malvinder Mohan Singh- Trust, Dr. Shivinder Mohan Singh, Mr. Harpal Singh, Mr. Abhishek Singh, Fortis Healthcare Holdings Private Limited, Malav Holdings Private Limited and RHC Holding Private Limited, from the "Promoter and Promoter Group" to the "Public" shareholding of the Company and classification of Northern TK Venture Pte Ltd as "Promoter" subsequent to the completion of the preferential allotment of Equity Shares to Northern TK Venture Pte Ltd.
- **Other key movements-** The Board terminated the employment of Mr. Malvinder Mohan Singh as Lead- Strategic Initiatives w.e.f. June 26, 2018. The details in this regard have been duly incorporated in the notes to financial statement for FY 2017-18. Updates w.r.t. ongoing regulatory investigations (viz. SEBI and SFIO), outcome of the Luthra and Luthra Investigation Report and other legal matters are also detailed in the notes to financial statement for FY 2017-18.

STATEMENT IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS

Statutory Auditors have, in their report to the Board of Directors 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") made the following Adverse Opinion and are categorized as "Adverse Opinion". The directors response to the comments of the auditors is given below :

Basis for Adverse Opinion

The matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 of the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on the Consolidated Ind AS Financial Statements for the year ended March 31, 2018, and the control weaknesses observed in the Company's financial closing and reporting process in regard to assessment of the impairment of goodwill where the Company did not have adequate internal controls for identifying impairment indicators, selection and application of various inputs to

be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, have resulted in material weaknesses in the internal financial controls over financial reporting as the Company and its subsidiaries have not (a) adhered to their internal control policies (b) safeguarded their assets (c) prevented and detected possible frauds and errors (d) ensured the accuracy and completeness of the accounting records, and (e) prepared reliable financial information on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, because of the effect/possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company, its subsidiary companies, its associate companies and a jointly controlled company, which are companies incorporated in India, have not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of March 31, 2018 based on the internal financial 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind AS Financial Statements of the Company for the year ended March 31, 2018 and these material weaknesses have, *inter alia*, affected our opinion on the said Consolidated Ind AS Financial Statements and we have issued a qualified opinion on the said Consolidated Ind AS Financial Statements.

Director's response to comments of the statutory auditors in the Audit Report:

In relation to the deficiencies identified in impairment of goodwill, the Company will strengthen the appropriate internal controls for identifying impairment indicators, selection and application of various inputs to be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, which could potentially result in material misstatement in the financial statements arising from inaccurate carrying value of goodwill and impairment thereof reported in the financial statements. Further, in order to strengthen the testing of control under ICFR a direction has been given to the management to develop a process of quarterly testing plan to cover sample hospitals every quarter with the help of an external firm to ensure independence.

DETAILS OF SUBSIDIARY/JOINT VENTURES/ ASSOCIATE COMPANIES

During the year under review:

- The aggregate shareholding of Fortis Healthcare Holdings Private Limited (FHHPL) has been reduced to less than 51% and thereby FHHPL ceases to be the Holding Company of your Company (as per the definition given under Companies Act, 2013);
- The Company acquired additional 15% stake in M/s. Hiranandani Healthcare Private Limited, a subsidiary company from M/s. Fortis Healthcare Holdings Private Limited, a promoter company w.e.f. July 28, 2017 at a consideration of ₹ 61 crore;
- M/s. Fortis Hospitals Limited acquired additional 51% stake in M/s. Fortis Emergency Services Limited, its associate company from M/s. Fortis Healthcare Holdings Private Limited, a promoter company w.e.f. July 28, 2017 at a consideration of ₹ 25500. Consequently, it became a wholly owned subsidiary;
- M/s. Escorts Heart Institute and Research Centre Limited acquired additional 70.61% stake in M/s. Fortis HealthStaff Limited, its subsidiary company from M/s. Fortis Healthcare Holdings Private Limited and M/s. RHC Holding Private Limited, promoter companies w.e.f. July 28, 2017 at an aggregate consideration of ₹ 3,46,000. Consequently, it became

a wholly owned subsidiary. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ₹ 794.50 lacs to a promoter group company, the details of which are disclosed under Notes to Financial Statements forming part of this Annual report ; and

- The Company sold its entire stake (49% in aggregate) in M/s. Fortis Medicare International Limited, an associate company, to M/s. Fortis Global Healthcare Private Limited, a promoter company on August 30, 2017 at 1 USD, as part of business strategy and with a view of de-linkage from the promoters .

Further note that your Board of Directors have adopted a policy for determining "material subsidiary" pursuant to SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The said policy is available at <http://cdn.fortishealthcare.com/Policy-on-material-subsiidiary.pdf>.

In terms of the said policy, Fortis Hospitals Limited (FHsL) and SRL Limited (SRL) are considered as Material Subsidiary(ies). Necessary compliances w.r.t. material subsidiaries have been duly carried out except that the Company is yet to appoint an Independent Director from the Board of Fortis Healthcare Limited on the Boards of FHsL.

PERFORMANCE AND FINANCIAL POSITION OF EACH OF THE SUBSIDIARIES, ASSOCIATES AND JOINT VENTURE COMPANIES

The consolidated financial statements of the Company and its subsidiaries, prepared in accordance with applicable accounting standards, issued by the Institute of Chartered Accountants of India, forms part of the Annual Report. In terms of the Section 136 of the Companies Act, 2013, financial statements of the subsidiary companies are not required to be sent to the members of the Company. The Company will provide a copy of separate annual accounts in respect of each of its subsidiary to any shareholder of the Company who asks for it and said annual accounts will also be kept open for inspection at the registered office of the Company. Performance and financial position of each of Subsidiaries, Associates and Joint Ventures included in the Consolidated Financial Statements of the Company is annexed herewith as Annexure-I in the prescribed format (Form AOC-1).

LOANS/ADVANCES/INVESTMENTS/GUARANTEES

Particulars of Loans/Advances/Investments/guarantees given and outstanding during the Financial Year 2017-18 are mentioned in Notes to Financial Statements.

PUBLIC DEPOSITS

During the year under review, your Company has not invited or accepted any deposits from the public, pursuant to the provisions of Section 73 of the Companies Act, 2013 read with Companies (Acceptance of Deposit) Rules, 2014 and therefore, no amount of principal or interest was outstanding in respect of deposits from the Public as of the date of Balance Sheet.

AUDITORS

Statutory Auditors

M/s. Deloitte Haskins & Sells, LLP, Chartered Accountants, were appointed as Statutory Auditors of your Company w.e.f. September 23, 2015 for period of 5 years subject to ratification by members at every Annual General Meeting.

Though the Ministry of Corporate Affairs has vide Companies Amendment Act, 2017, (effective May 7, 2018) removed the requirement of placing the matter relating to appointment of statutory auditors for ratification by members at every annual general meeting, your Company as a matter of good governance, and based on the recommendations of the Audit and Risk Management Committee, proposes to ratify appointment of M/s Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company at the ensuing Annual General Meeting of the Company.

The existing Statutory Auditors have, in their report to the Board of Directors on the Consolidated Financial Statements of the Company made the following comments which are self-explanatory and are categorized as "Matter of Emphasis", hence no comments in this regard have been offered by your Board of Directors.

- a) Notes 14 (II) (A) and (B) relating to outcome of income tax assessments in respect of Escorts Heart Institute and Research Centre Limited (EHIRCL), one of the subsidiaries in the Group, regarding amalgamation of two Societies and its subsequent conversion to EHIRCL.
- b) Notes 14 (II)(C), (D) and (E) relating to the outcome of the civil suit / arbitrations with regard to

termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Hon'ble High Court of Delhi in relation to provision of free treatment / beds to poor by Escorts Heart Institute and Research Centre Limited.

- c) Note 14 (III) regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation ('NMMC') vide order dated January 18, 2018.

Based on the advice given by external legal counsel, no provision/ adjustment has been considered necessary by the Management with respect to the above matters in these Consolidated Ind AS Financial Statements.

The existing Statutory Auditors have, in their report to the Board of Directors on the Consolidated Financial Statements of the Company made the following qualification:

Basis for Qualified Opinion

1. As explained in Note 38 of the Consolidated Ind AS Financial Statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm (including identification of certain systemic lapses and override of internal controls), which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, are summarised in the said Note.

Also, as explained in the said Note:

- a) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Consolidated Ind AS Financial Statements.

- b) With respect to the other matters identified in the Investigation Report, the Board intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report including, *inter alia*, initiating an internal enquiry.
- c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.
- d) Various regulatory authorities are currently undertaking their own investigation (refer Note 39 of the Consolidated Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.
- e) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

In view of the above, we are unable to comment on the regulatory non-compliances, if any, and the adjustments / disclosures which may become necessary as a result of further findings of the ongoing or future regulatory / internal investigations and the consequential impact, if any, on these Consolidated Ind AS Financial Statements.

- 2. As explained in Notes 36 and 37 (b) of the Consolidated Ind AS Financial Statements, the Group has recognised a provision aggregating to Rupees 44,502.62 lacs against the outstanding ICDs placed (including interest accrued thereon of Rupees 4,259.62 lacs) and Rupees 2,549.02 lacs

against property advance (including interest accrued thereon of Rupees 174.02 lacs), due to uncertainty of recovery of these balances. The recognition of interest income aggregating to Rupees 4,433.64 lacs as at March 31, 2018 on these doubtful ICDs and property advance is not in compliance with Ind AS 18 'Revenue' and consequently interest income and exceptional items (net) are overstated to that extent.

- 3. As explained in Note 14 (I) of the Consolidated Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICDs were assigned – refer Note 36 of the Consolidated Ind AS Financial Statements) ('Assignee' or 'Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit.

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the said certain party.

Whilst this matter was included as part of the investigation carried out by the external legal firm referred to in paragraph 1 above, the external legal firm did not report on the merits of the case since the matter was *sub judice*.

In addition to the above, the Company has also received four notices from the Claimant claiming (i) ₹ 1,800 lacs as per notices dated 30 May, 2018 and 1 June, 2018 (ii) Rupees 21,582 lacs as per notice dated 4 June, 2018; and (iii) and Rupees 1,962 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, the certain party has also asserted rights to invest in the Company as part of the alleged transaction involving the Claimant. It has also alleged failure on part of the Company to abide by

the aforementioned Term Sheet and has claimed ownership over the brands as well.

Since the Civil Suit is *sub-judice*, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on these Consolidated Ind AS Financial Statements.

4. As explained in Note 9(4) of the Consolidated Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 38 (d) (iv), (ix) and (x) of the Consolidated Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

In the absence of all required information, we are unable to comment on the completeness/accuracy of the related party disclosures/details in these Consolidated Ind AS Financial Statements and the compliance with the applicable regulations and the consequential impact, if any, of the same on these Consolidated Ind AS Financial Statements.

5. As explained in Note 37 (c) of the Consolidated Ind AS Financial Statements, the Company through its overseas subsidiaries made investments in an overseas fund. Subsequent to the year end, investments held in the fund were sold at a discount of 10%. As at March 31, 2018, the consequential foreseeable loss of Rupees 5,510.14 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) has been considered in these Consolidated Ind AS Financial Statements.

In absence of sufficient information available with the Group demonstrating the reasonability of the discount recorded as provision for foreseeable loss in the value of the investment in the overseas fund, we are unable to comment on the same.

6. As explained in Note 43 of the Consolidated Ind AS Financial Statements, the Company having considered all necessary facts and taking into account external legal advice, has decided to treat as *non est* the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002.39 lacs is shown as recoverable in the Consolidated Ind AS Financial Statements of the Company for the year ended March 31 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of ₹ 2,002.39 lacs has been made which has been shown as an exceptional item.

As stated above, due the nature of dispute and uncertainty involved, we are unable to comment on the tenability of the refund claim, the provision made for the uncertainty in recovery of the amounts, the recovery of the assets in possession of the erstwhile Director and other non-compliances, if any, with the applicable regulations and the consequential impact, if any, of the same on these Consolidated Ind AS Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures referred to in the Other Matters paragraphs below, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, which are not quantifiable, and our comments in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' below, the aforesaid Consolidated 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 Ind AS and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2018, and their Consolidated loss, Consolidated total comprehensive loss, their Consolidated cash flows and Consolidated statement of changes in equity for the year ended on that date.

Director's response to comments of the statutory auditors in the Audit Report:

- (a) With regard to the comments of the statutory auditors in paragraph 1 of the Basis for Qualified Opinion of Audit Report, pertaining to the Investigation Report, it is submitted that, based on the investigation carried out by the external legal firm, and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. However, the Board will be assessing additional requisite steps to be taken to address various matters identified in the report. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known. For more details please refer to Note 38 of consolidated financial.
- (b) With regard to the comments of the statutory auditors in paragraph 2 of the Basis for Qualified

Opinion of Audit Report, pertaining to the recognition of interest income, please refer to Notes 28 and 36 of consolidated financial.

- (c) With regard to the comments of the statutory auditors in paragraph 3 of the Basis for Qualified Opinion of Audit Report, pertaining to certain claims against the Company, the Company has filed appropriate submissions in the court denying all allegations and praying for dismissal of the suit. For more details, please refer to Note 14 of consolidated financial.
- (d) With regard to the comments of the statutory auditors in paragraph 4(a) of the Basis for Qualified Opinion of Audit Report, pertaining to matters relating to grant of loans in the form of ICD's to three borrower companies, this is a part of the investigation referred to in point no.1 above. Please refer to Notes 36 and 38 of consolidated financial for more details.
- (e) With regard to the comments of the statutory auditors in paragraph 4(b) of the Basis for Qualified Opinion of Audit Report, pertaining to the roll-over of ICDs, this is a part of the investigation referred to in point no.1 above. Please refer to Notes 36 and 38 of consolidated financial for more details.
- (f) With regard to the comments of the statutory auditors in paragraph 4(c) of the Basis for Qualified Opinion of Audit Report, pertaining to the acquisition of equity interest in Fortis Healthstaff Limited, this is a part of the investigation referred to in point no.1 above. Please refer to 38 for more details.
- (g) With regard to the comments of the statutory auditors in paragraph 4(c) of the Basis for Qualified Opinion of Audit Report, pertaining to matters relating to acquisition of equity interest in Fortis Emergency Services Limited, please refer to 38.
- (h) With regard to the comments of the statutory auditors in paragraph 5 of the Basis for Qualified Opinion of Audit Report, pertaining to related party transactions, please refer to Note 38.
- (i) With regard to the comments of the statutory auditors in paragraph 6 of the Basis for Qualified Opinion of Audit Report, pertaining to the

foreseeable loss in the value in the overseas fund, please note that the consequential foreseeable loss of Rupees 5,510.14 lacs, has been recorded and considered in the consolidated financial statements. For more details, please refer to Note 37(c) of consolidated financial.

- (j) With regard to the comments of the statutory auditors in paragraph 7 of the Basis for Qualified Opinion of Audit Report, pertaining to the LoA issued to the erstwhile Executive Chairman, please note that the Company, having considered all necessary facts, has decided to treat as non est the LoA issued to the erstwhile Executive Chairman and is taking suitable legal measures to recover the payments made to him under the LoA as well as all the Company's assets in this possession. For more details, please refer to Note 43 of consolidated financial.

The Statement on Impact of Audit Qualifications as stipulated in regulation 33(3)(d) is placed below:

Qualifications in the Auditor's Report

The re-constituted Board of Fortis Healthcare Limited, wherein all the Board members have been appointed subsequent to the year-end i.e. March 31, 2018, have dealt with the matters stated in the qualifications in statutory auditor's report on the Consolidated Financial Results of Fortis Healthcare Limited ("the Parent" or "the Company") and its subsidiaries (the Parent/Company and its subsidiaries together referred to as "the Group") and its share of profit /(Loss) of its joint ventures and associates for the year ended March 31, 2018 ("the Consolidated Annual Results") included in the Statement of Consolidated Financial Results ("the Consolidated Statement") to the extent information was available with them.

(₹ in Lacs)

Sl. No.	Particulars	Audited Figures (as reported before adjusting for qualifications)	Adjusted Figures (audited figures after adjusting for qualifications)#	Adjusted Figures (audited figures after adjusting for qualifications)\$
1	Turnover / Total income	470,054	465,620	Not Determinable
2	Total Expenditure	563,496	559,062	---Do---
3	Net Profit/(Loss)	(93,442)	(93,442)	---Do---
4	Earnings Per Share	(19.46)	(19.46)	---Do---
5	Total Assets	862,169	862,169	---Do---
6	Total Liabilities	330,473	330,473	---Do---
7	Net Worth	531,696	531,696	---Do---
8	Any other financial item(s) (as felt appropriate by the management)	-	-	-

for Qualification D.2 of the Auditor's Report.

\$ for Qualifications D.1, D.3 to D.7 of the Auditor's Report.

Qualification D.1 of the Auditor's Report

- Details of Audit Qualification:** As explained in basis of qualification-1 above
- Type of Audit Qualification :**
Qualified Opinion
- Frequency of qualification:**
First time

- For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:**
Not Applicable
- For Audit Qualification(s) where the impact is not quantified by the auditor:**
 - Management's estimation on the impact of audit qualification:**
Not quantifiable.

(ii) If management is unable to estimate the impact, reasons for the same:

There were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans (“ICDs”) given by Fortis Hospitals Ltd (“FHsL”) a wholly owned subsidiary of Fortis Healthcare Ltd. The erstwhile Audit and Risk Management Committee of the Company in its meeting held on February 13, 2018 decided to carry out an independent investigation through an external legal firm. Based on the investigation carried out by the external legal firm, and the information available at this stage, all identified / required adjustments/ disclosures arising from the findings in the Investigation Report, have been made. However, the Board will be assessing additional requisite steps to be taken to address various matters identified in the report. Further, various regulatory authorities are currently undertaking their own investigation. Any further adjustments/ disclosures, if required, would be made in the books of account, pursuant to the actions to be taken by the Board and as and when the results of the various investigations are known.

(iii) Auditors’ Comments on (i) or (ii) above:

In view of the fact that the Board will be assessing additional requisite steps to be taken to address various matters identified in the report and various regulatory authorities are currently undertaking their own investigation, we are unable to comment on the regulatory non-compliances, if any, and the adjustments/ disclosures which may become necessary as a result of further findings of the ongoing or future regulatory / internal investigations and the consequential impact, if any, on the Consolidated Annual Results/the Consolidated Statement for the year ended March 31, 2018. This has resulted in an audit qualification.

Qualification D.2 of the Auditor’s Report**1. Details of Audit Qualification:**

As explained in basis of qualification-2 above

2. Type of Audit Qualification :

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management’s Views:

Fortis Hospitals Ltd (“FHsL”), a wholly owned subsidiary of Fortis Hospitals Ltd, has recognised interest income aggregating to Rupees 4,434 lacs as at March 31, 2018 on doubtful ICDs and property advance since they were due from the respective parties and for the purpose of including the same in the legal claim on the borrowers/entity. In view of the uncertainty in realisability, the interest accrued has been provided for in the Consolidated Annual Results/the Consolidated Statement.

5. For Audit Qualification(s) where the impact is not quantified by the auditor:**(i) Management’s estimation on the impact of audit qualification:**

Not Applicable

(ii) If management is unable to estimate the impact, reasons for the same:

Not Applicable

(iii) Auditors’ Comments on (i) or (ii) above:

Not Applicable

Qualification D.3 of the Auditor’s Report**1. Details of Audit Qualification:**

As explained in basis of qualification-3 above

2. Type of Audit Qualification :

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Not Applicable

5. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Not quantifiable.

(ii) If management is unable to estimate the impact, reasons for the same:

A third party (to whom the ICDs were assigned by a subsidiary, Fortis Hospitals Limited ('FHsL') ("Assignee" or "Claimant") has filed Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company and have, *inter alia*, claimed implied ownership of brands "Fortis", "SRL", "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 with a certain party, the Company is liable for claims owned by the Claimant to the certain party.

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with certain party.

In additions to the above, the Company has also received four notices from the Claimant claiming financial claims which has been duly responded to by the Company denying any liability whatsoever.

Separately, certain party has alleged rights to invest in the Company. It has also alleged failure on the part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brand as well.

Allegations made by the aforesaid party has been duly responded to by the Company denying (i) execution of any binding agreement with the certain party and (ii) liability of any kind whatsoever. Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

(iii) Auditors' Comments on (i) or (ii) above:

As explained in (ii) above, since the matter is *sub-judice*, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, on the Consolidated Annual Results/ the Consolidated Statement for the year ended March 31, 2018. This has resulted in an audit qualification.

Qualification D.4 of the Auditor's Report

1. Details of Audit Qualification:

As explained in basis of qualification-4 above

2. Type of Audit Qualification:

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Not Applicable

5. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Not quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:

a) With regard to Qualification 4 (a) and 4 (b):

Fortis Hospitals Ltd ("FHsL"), a wholly owned subsidiary of Fortis Healthcare Ltd ("FHL") had placed

secured short-term investments in the nature of Inter Corporate Deposits (ICDs) with three companies (borrowers') aggregating to ₹ 49,414 lacs on July 1, 2017 for a term of 90 days.

There were reports in the media and enquiries from, *inter alia*, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm.

Please refer to Notes 8 and 23 of Consolidated Statement for more details.

b) With regard to Qualification 4(c):

The Company through its subsidiary (i.e. Escort Heart Institute and Research Centre Limited ("EHIRCL")) acquired 71% (approx.) equity interest in Fortis Healthstaff Limited. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ₹ 794.50 lacs to a promoter group company. Please refer to 23 (d) (viii) of Consolidated Statement for more details.

The Company through its subsidiary (i.e. Fortis Hospitals Ltd ("FHsL")) has acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited which was used to repay an outstanding unsecured loan amount to the said promoter group company. Please refer to 23 (e) of Consolidated Statement for more details.

(iii) Auditors' Comments on (i) or (ii) above:

As explained in (ii) above, with respect to:

- a) Granting of loans in the form of ICDs to three borrower companies - we are unable to comment whether aforesaid loans and advances made by the subsidiary on the basis of security have been properly secured or whether they are prejudicial to the interests of the Group. The Group has recognised a provision aggregating to Rupees 44,503 lacs against outstanding ICDs placed (including interest accrued thereon of Rupees 4,260 lacs).
- b) Roll-over mechanism devised for granting of ICDs to three borrower companies - we are unable to determine whether these transactions in substance represent book entries or whether they are prejudicial to the interests of the Group as these were simultaneously debited and credited to the bank statement.
- c) Acquisition of equity interests in and advancing of loan to Fortis Healthstaff Limited and Fortis Emergency Services Limited - we are unable to determine whether these transactions are prejudicial to the interests of the Group.

The above matters have resulted in audit qualifications.

Qualification D.5 of the Auditor's Report

1. Details of Audit Qualification:

As explained in basis of qualification-5 above

2. Type of Audit Qualification:

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Not Applicable

5. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Not quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:

The related party relationship as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report and the information available with the Management. In the absence of specific declarations from the erstwhile Directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile Directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, not known to the Management.

(iii) Auditors' Comments on (i) or (ii) above:

As explained in (ii) above, in the absence of all required information, we are unable to comment on the completeness/accuracy of the related party relationships as required under Ind AS 24 – Related Party Disclosures, the Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (as amended) and the compliance with the other applicable regulations and

the consequential impact, if any, of the same on Consolidated Annual Results/ the Consolidated Statement for the year ended March 31, 2018. This has resulted in an audit qualification.

Qualification D.6 of the Auditor's Report

1. Details of Audit Qualification:

As explained in basis of qualification-6 above

2. Type of Audit Qualification :

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Not Applicable

5. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Not quantifiable

(ii) If management is unable to estimate the impact, reasons for the same:

The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas funds. Subsequent to the year end, investments held in Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018 the carrying value of the investment in the overseas fund has been recorded at the net recoverable value based on subsequent realisation. The consequential foreseeable loss of Rupees 5,510 lacs (the difference between the previously recorded carrying value of the investment and the amount subsequently realised) has been considered in the Consolidated Annual Results.

The investigation report of external legal firm (appointed by the erstwhile Audit and Risk Management Committee of the Company) noted that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, in the internal correspondence within the Company the investment in the overseas funds have been referred to as related party transactions.

(iii) Auditors' Comments on (i) or (ii) above:

As explained in (ii) above, in absence of sufficient information available with the Group demonstrating the reasonability of the discount recorded as provision for foreseeable loss in the value of the investment in the overseas fund, we are unable to comment on the same. This has resulted in an audit qualification.

Qualification D.7 of the Auditor's Report

1. Details of Audit Qualification:

As explained in basis of qualification-7 above

2. Type of Audit Qualification :

Qualified Opinion

3. Frequency of qualification:

First time

4. For Audit Qualification(s) where the impact is quantified by the auditor, Management's Views:

Not Applicable

5. For Audit Qualification(s) where the impact is not quantified by the auditor:

(i) Management's estimation on the impact of audit qualification:

Not quantifiable.

(ii) If management is unable to estimate the impact, reasons for the same:

The Company having considered all necessary facts and taking into account legal advice, has decided to treat as

non-Est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LoA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

In view of this, the amount paid to him under the aforesaid LOA and certain additional amount reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act, 2013 for remuneration & other reimbursements), aggregating to Rupees 2,002 lacs is shown as recoverable in the Consolidated Annual Results for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of Rupees 2,002 lacs has been made.

(iii) Auditors' Comments on (i) or (ii) above:

As explained in (ii) above, due the nature of dispute and uncertainty involved, we are unable to comment on the tenability of the refund claim, the provision made for the uncertainty in recovery of the amounts, the recovery of the assets in possession of the erstwhile Director and other non-compliances, if any, with the applicable regulations and the consequential impact, if any, of the same on Consolidated Annual Results/the Consolidated Statement for the year ended March 31, 2018. This has resulted in an audit qualification.

- Cost Auditors**

Pursuant to Section 148 of the Companies Act, 2013 read with The Companies (Cost Records and Audit) Rules, 2014, the cost audit records maintained by the Company in respect of its hospital activity is required to be audited. Your Directors had, on the recommendation of the Audit and Risk Management Committee, appointed M/s. Jitender, Navneet & Co., Cost Accountants to audit the cost accounts of the Company for the Financial Year 2017-18 at a remuneration of ₹ 3 lac (plus out of pocket expenses and taxes). As required under the Companies Act, 2013, the remuneration payable to the cost auditors is required to be placed before the Members in a general meeting for ratification. Accordingly, a resolution seeking Member's ratification for the remuneration payable to M/s Jitender, Navneet & Co., Cost Auditors is included in the Notice convening the Annual General Meeting. Further, in terms of Companies (Accounts) Rules, 2014,

it is confirmed that maintenance of cost records as specified by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, is applicable on your Company and accordingly such accounts and records are properly made and maintained .

- Secretarial Auditor**

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Sanjay Grover & Associates, Practicing Company Secretary, to undertake the Secretarial Audit of the Company. The Company has complied with the provisions of Secretarial Standards, to the extent feasible. The Report of the Secretarial Audit Report is annexed herewith as "Annexure II". The adverse remarks and management response to the same is as given below:

S. No.	Remarks by auditors	Management Response
1	The financial results for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were not submitted with Stock Exchange(s) within the specified period as required under Regulation 33 of SEBI LODR	Due to non-completion of audit coupled with ongoing investigations, the financial results for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018 were submitted after the stipulated timelines.
2	Reports on transfer of physical shares for the half year(s) ended on September 30, 2017 and March 31, 2018 were placed before the Board of Directors of the Company but not reviewed as required under Regulation 40 of SEBI LODR within the stipulated time period	Due to paucity of time, the reports on transfer of physical shares for the half year(s) ended on September 30, 2017 and March 31, 2018 were not discussed at the scheduled board meetings. The same were duly noted in subsequent board meetings.
3	Reports on corporate governance for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were placed before the Board of Directors of the Company but not reviewed as required under Regulation 27 of SEBI LODR within the stipulated time period	Due to paucity of time, the reports on corporate governance for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were not discussed at the scheduled board meetings. The same were duly noted in subsequent board meetings.
4	Compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were not reviewed by the Board of Directors of the Company periodically	Due to paucity of time, the compliance reports were not discussed at the scheduled board meetings. The same were duly noted in subsequent board meetings.

S. No.	Remarks by auditors	Management Response
5	Statements detailing the number of investor complaints for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018 were placed before the Board of Directors of the Company but not reviewed as required under Regulation 13 of SEBI LODR within the stipulated time period	Due to paucity of time, the Statements detailing the number of investor complaints for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018 were not discussed at the scheduled board meetings. The same were duly noted in subsequent board meetings.
6	There was gap of more than one hundred and twenty days between the two meetings of the Audit Committee held on August 03, 2017 and February 13, 2018, which is not in compliance with the requirements of Regulation 18 of SEBI LODR	The Audit and Risk Management Committee was not held during the quarter ended December 31, 2017, due to non-finalisation of audit and the financial results for the quarter ended September 30, 2017. The agenda and complete notes for the same were duly circulated.
7	As on March 31, 2018, the Nomination and Remuneration Committee does not comprise of at least three members as per the requirements of Section 178 of the Act and Regulation 19 of SEBI LODR	The Nomination and Remuneration as on February 13, 2018 was re-constituted by the Board to include Lt. Gen. Tejinder Singh Shergill (Chairperson); Ms. Joji Sekhon Gill; Dr. Brian William Tempest; and Dr. Preetinder Singh Joshi. Post the resignations tendered by Ms. Joji Sekhon Gill and Dr. Preetinder Singh Joshi in March, 2018, the board as on March 31, 2018 was very unstable due to frequent changes in its composition. The Board re-constituted the Committee on April 5, 2018, to include Lt. Gen. Tejinder Singh Shergill (Chairperson); Dr. Brian William Tempest; and Mr. Harpal Singh as the Committee members.
8	The Board of Directors has not made performance evaluation of the Board as a whole, its Committees and Individual Directors, as per the requirements of Section 134(3)(p) of the Act read with Regulation as per the requirements of Regulation 17(10) of SEBI LODR	The process of board evaluation of the Company was kicked off in February, 2018 and thereafter the self-evaluation forms were obtained from the directors as available and the process-co-ordinators carried out the one-on-one discussion. However, due to the complete re-constitution of the board, no evaluation of the performance by the Board, Nomination and Remuneration Committee or Independent Directors was carried out and thereby no report on the same was placed for FY 2017-18. For the same reason no meeting of Independent Directors was held during the year.
9	Separate meeting of Independent Directors' was not held during the financial year, as per the requirements of Regulation 25 of SEBI LODR and Schedule IV to the Act	
10	The remuneration of ₹ 20,02,39,000/- paid to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives', in the Strategy Function, was in excess of the limits approved by the Central Government as under Section 197 of the Act	The Company had sought legal advice on the payments made to Mr. Malvinder Mohan Singh, Executive Chairman in his capacity as Lead- Strategic Initiatives and basis the same, it was suggested that any payment made to him in any capacity would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him
11	The Company was having layers of subsidiaries as of March 31, 2018 for which it was required to file Form CRL-1	The Company had 3 layers of subsidiaries as of March 31, 2018 and is process of filing Form CRL-1 in terms of the requirements of Companies Act, 2013 ("Act"). However, the 3 rd layer of subsidiary has been divested during the current year and thereby the Company is in compliance of applicable provisions of the Act as on the date of the report.

• Internal Auditors

Upon the recommendation of the Audit and Risk Management Committee, the Board of Directors has appointed Mr. Rajiv Puri, Head Risk and Internal Audit as the Chief Internal Auditor of the Company and authorized him to engage independent firms for conducting the internal audit for the Financial Year 2017-18. Accordingly, M/s. KPMG & Genpact Enterprise Risk Consulting LLP were engaged to perform Internal Audit for the Company/its subsidiaries.

Besides, the details of frauds as mentioned in the Auditors Report, if any, as per the requirement of Companies Auditor Report Order (CARO), Rules, 2016, there was no fraud reported by the above stated auditors during the year under review.

SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS

During FY 17-18, there was no significant material order passed by the Regulators/ Courts which would impact the going concern status of the Company and its future operations. Updates w.r.t. ongoing regulatory investigations (viz. SEBI and SFIO) and other legal matters are detailed in the notes to financial statement for FY 2017-18.

CAPITAL STRUCTURE/STOCK OPTION

The Company currently manages its stock options through "Employee Stock Option Plan 2007" and "Employee Stock Option Plan 2011" ("Schemes") as approved by the shareholders. The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Schemes of the Company. Each option when exercised would be converted into one fully paid up equity share of ₹ 10 each of the Company. During the year under review, 25,00,000 options were granted by the Company. Disclosure pursuant to the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 for the Year ended March 31, 2018 is available at <http://cdn.fortishealthcare.com/ESOPdisclosure2017-18.pdf> and forms part of this Directors' Report.

During the year under review, under the terms of the "Employee Stock Option Plan 2007", 22,600 stock options were exercised and under the terms of "Employee Stock Option Scheme 2011" 9,07,000 stock options were exercised.

The certificate from the Statutory Auditors of the Company stating that the Schemes have been implemented in accordance with the SEBI Guidelines would be placed at the Annual General Meeting for inspection by members.

The Company has not made any provision of money for purchase of, or subscription for, its own shares or of its holding Company.

Details pertaining to shares in suspense account are specified in the report of Corporate Governance forming part of the Board Report.

Extract of Annual Return is annexed herewith as **Annexure III**.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

The particulars required under Section 134(3)(m) of the Companies Act, 2013, read with Rule 8(3) of "The Companies (Accounts) Rules, 2014", regarding Conservation of Energy and Technology Absorption, is given in Annexure IV, forming part of the Board Report. Further, details pertaining to Foreign Exchange Earnings and Outgo is as given below:

Total Foreign Exchange Earned and Used (Based on Standalone Financial Statements)

Particulars	Amount (in ₹ Crore)
Foreign Exchange earned in terms of Actual Inflows	15.80
Foreign Exchange outgo in terms of Actual Outflows	17.48

Note: Earning and expenditure in foreign currency is on accrual basis.

CORPORATE SOCIAL RESPONSIBILITY - OUR JOURNEY THROUGH THE PAST YEAR

As a responsible corporate citizen and a member of the Indian healthcare ecosystem, we at Fortis Healthcare strongly believe that we can meaningfully alleviate the problem of inequitable access to quality healthcare. By creating and supporting social sector programmes linked to health and well-being, we seek to leverage our skills, experience, capabilities, technologies and facilities to address a critical social need for the vulnerable sections of society. We have continuously enabled programmes and initiatives, based on rigorous needs assessment, leading to not just improvement in healthcare service delivery but

also creating social awareness and change. We believe this is the best way to have the greatest impact, because our interventions are capable of transforming lives, building aware communities and protecting the environment.

The CSR initiatives for Fortis Healthcare Limited are led through Fortis Charitable Foundation, its designated CSR vehicle. The work of the Foundation is supported and executed by two entities: The Fortis Charitable Foundation (FCF)- a Trust set up in 2005 and The Fortis Foundation (FF)- a Section 8 Company set up in 2013.

These entities work in a collaborative and inclusive manner not only to align and synergise the social enterprise work of the group companies but also to expand their circle of partnerships with Government, Non-Government Organisations (NGOs), other corporates and individuals.

Working through a dedicated team of employees and volunteers, their work focuses on three programmes that work towards:

- The health and well-being of the Mother and Child (AANCHAL)
- The provision of timely medical support in the event of a disaster and enabling Charitable Medical Infrastructure (SEWA)
- Creating and supporting open platforms for Healthcare Information (SAVERA)

Fortis Healthcare Limited has chosen to support the SEWA and SAVERA program. In the coming years the Company intends to include other Special Purpose Vehicles (including Fortis CSR Foundation) for sustainability and scalability of the project to carry out CSR activities.

ABOUT SAVERA PROGRAM

SAVERA focuses on developing, collating and providing access to healthcare information. It leverages different channels of communication – children's books, audio-visuals, posters, and social media to create awareness on nutrition, health and hygiene.

SAVERA seeks to provide a platform to initiate and share research to create awareness on critical health issues and work towards driving opinion & public policy around viable options.

SAVERA has created a credible knowledge repository of disease related information under an open platform for sharing.

SAVERA focuses on:

- Anti-Tobacco Campaign
- First Aid & Basic Life Support Training
- E-communication portal for Health Information - www.gyankaari.com

ANTI- TOBACCO CAMPAIGN

As part of the anti-tobacco campaign, Fortis Foundation has collaborated with Sambandh Health Foundation to increase awareness about COTPA (Cigarettes and Other Tobacco Products Act).

Over 33,700 challans were issued and over 9500 police and education officials were sensitized about COTPA and its enforcement.

FIRST AID/BLS TRAINING

As part of this, Fortis Foundation has collaborated with Save Life Foundation to provide Basic Trauma Life Support (BTLS) training to police personnel in Delhi/NCR as they are the first responder in emergency situations. Have trained over 110 police personnel. The volunteers are now trained to save lives in case of an emergency.

GYANKAARI

The Bi-lingual Health Information portal - www.gyankaari.com was launched in December 2017. The open platform contains doctor-verified information about diseases, causes, symptoms, prevention, myths and possible treatment options.

HEALTH INFORMATION PUBLICATIONS

Over the past year, awareness has been created on health, hygiene and nutrition by distributing over 3,51,500 illustrative books and pamphlets on preventive and remedial health information. The information has been distributed across 25 Non-Government Organisations and 31 hospitals pan India.

ABOUT DISASTER INITIATIVE OF SEWA PROGRAM

India has been historically vulnerable to disasters with floods, cyclones, earthquakes and landslides being a recurrent phenomenon. In the event of a disaster, thousands of lives are affected, and livelihoods worth millions are destroyed. The urgent need in such situations is access to medical care.

SEWA is a Disaster Relief Initiative that aims to provide emergency medical relief services in an organised and

time sensitive manner to people affected by disasters. SEWA's core commitment is to support the government's efforts in providing medical relief during a calamity.

Fortis Healthcare Ltd. in FY 17-18 structured its volunteer base to provide medical relief services in times of disaster situations.

Particulars pursuant to Clause O of Sub-Section 3 of Section 134 of The Companies Act, 2013 read with Rule 9 of Companies (Corporate Social Responsibility) Rules, 2014 is given in "Annexure V".

DIRECTORS AND KEY MANAGERIAL PERSONNEL

The Board of Directors of the Company as on date comprises of three non-executive independent directors. Pursuant to Sections 149 and 152 of the Companies Act, 2013, no director is liable to retire by rotation at the ensuing Annual General Meeting.

Further, the following changes took place in the directorship during the Financial Year 2017-18 and till the date of this report:

- a) Ms. Lynette Joy Hepburn Brown resigned from the position of non-executive independent director w.e.f. April 11, 2017 due to personal reasons;
- b) Mr. Ravi Umesh Mehrotra resigned from the position of non-executive director w.e.f. April 12, 2017 due to personal reasons;
- c) Mr. Sunil Naraindas Godhwani vacated his office from the position of non-executive director w.e.f. August 4, 2017 in terms of the provisions of Section 167 of Companies Act, 2013;
- d) Ms. Shradha Suri Marwah resigned from the position of non-executive independent director of the Company w.e.f. November 14, 2017 due to personal reasons;
- e) On February 8, 2018, Mr. Malvinder Mohan Singh, Executive Chairman, and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman, tendered their resignation from the directorship of the Company, due to personal reasons;
- f) Lt. Gen. Tejinder Singh Shergill was appointed as Additional Independent Director on the Boards of the Company w.e.f. February 12, 2018;
- g) Ms. Sabina Vaisoha was appointed as Additional Independent Director on the Boards of the Company w.e.f. March 27, 2018;

- h) Ms. Joji Sekhon Gill, Dr. Preetinder Singh Joshi and Mr. Pradeep Ratilal Raniga resigned from their directorships in the Company w.e.f. March 7, 19 and 22, 2018, respectively, due to personal reasons;
- i) Mr. Rohit Bhasin was appointed as an additional independent director in the Company on April 19, 2018. He subsequently resigned on June 26, 2018;
- j) Lt. Gen. Tejinder Singh Shergill was regularised as Independent Director by the shareholders w.e.f. May 5, 2018;
- k) Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee were appointed as Non-Executive Independent Directors of the Company by the Board on April 27, 2018 and their appointments were regularized by the members of the Company in the extra-ordinary general meeting ("EGM") of the Company held on May 22, 2018. At the same EGM, Dr. Brian William Tempest disassociated from his position on the basis of the resolution passed by the members;
- l) Mr. Harpal Singh, Lt. Gen. Tejinder Singh Shergill and Ms. Sabina Vaisoha resigned from directorship of the Company w.e.f. May 20, 2018;
- m) Mr. Ravi Rajagopal was appointed as Chairman of the Board with effect from June 1, 2018.

As such, the re-constituted Board of Directors comprises the following directors as on date:

- i. Mr. Ravi Rajagopal – Chairman & Independent Director;
- ii. Mr. Indrajit Banerjee – Independent Director; and
- iii. Ms. Suvalaxmi Chakraborty – Independent Director

All Independent Directors have submitted declarations that they meet the criteria of independence as laid down under Section 149(6) of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the Financial Year 2017-18, eight meetings were held by the Board of Directors. The details of board/committee meetings and the attendance of Directors are provided in the Corporate Governance Report.

Details of KMP are as under:

Name	Designation
Mr. Bhavdeep Singh	Chief Executive Officer
Mr. Gagandeep Singh Bedi	Chief Financial Officer
Mr. Rahul Ranjan	Company Secretary

Disclosures regarding the following are mentioned in report on Corporate Governance forming part of this report.

1. Composition of Committee(s) of the Board of Director and other details;
2. Details of establishment of Vigil Mechanism;
3. Details of remuneration paid to all the Directors including Stock options; and

4. Commission received by Managing Director and/or Whole Time Director; if any.

BOARD EVALUATION

Pursuant to the provisions of Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, the Board and the respective committees are required to carry out performance evaluation of the Board as a body, the Directors individually, Chairman as well as that of its Committees.

The following process of evaluation was approved by the Nomination and Remuneration Committee and the Board of Directors:

S. No.	Process	Remarks	Criteria for Evaluation (including Independent Directors)
1.	Individual Self-Assessment	Self-evaluation forms were shared and completed by the Directors and submitted to Process Co-ordinators.	This includes Members Selection and Induction Process, Knowledge, skills, Diligence, participation, Leadership skills and Personnel attributes.
2.	One to One discussion	Process Coordinators, as recommended by Nomination and Remuneration Committee, were authorized to interact with each Board member to assess performance, invite direct feedback and seek inputs to identify opportunities for improvement.	This includes Board focus (Strategic inputs), Board Meeting Management, Board Effectiveness Management Engagement and addressing of follow up requests.
3.	Evaluation by the Board, Nomination and Remuneration Committee and of Independent Directors	A compilation of the individual self-assessments and one to one discussions were required to be placed at the meetings of the Nomination and Remuneration Committee (NRC), the Independent Director's (ID's) and the Board of Directors (BoD) for them to review collectively and include as additional feedback to the formal process completed in the meetings.	This includes demonstration of integrity, commitment, attendance at the meetings, contribution and participation, professionalism, contribution while developing Annual Operating Plans, demonstration of roles and responsibilities, review of high risk issues & grievance redressal mechanism, succession planning, working of Board Committees etc.
4.	Final recording and reporting	Based on the above, a final report on Board Evaluation 2017-18 was required to be collated, presented and tabled at a meeting of the Board of Directors.	NA

The process of board evaluation of the Company was kicked off in February, 2018 and thereafter the self-evaluation forms were obtained from the directors as available and the process-co-ordinators carried out the one-on-one discussion. However, due to the complete re-constitution of the board, no evaluation of the performance by the Board, Nomination and Remuneration Committee or Independent Directors was carried out and thereby no report on the same was placed for FY 2017-18.

The Company endeavors to comply with the law both in words and spirit and the necessary evaluation will henceforth be carried out as done in the past years.

MANAGERIAL REMUNERATION

Disclosures pursuant to Rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 are as under:

- (a) **Comparison and ratio of the remuneration of each director to the median remuneration of the employees of the Company for the Financial Year 2017-18**

Name of the Director	Remuneration of Director (₹ in crore)	Median Remuneration of employees (₹ in crore)	Ratio
NIL (Refer Note 1)			

Note 1- Mr. Malvinder Mohan Singh, Executive Chairman did not draw any remuneration in his capacity of Executive Director during the FY 2017-18. However, in furtherance to the shareholder's approval as accorded on September 27, 2016 and that of Board/Committees in November, 2016, Mr. Malvinder Mohan Singh was appointed as Lead-Strategic Initiatives for a period of five years w.e.f. October 1, 2016 at a remuneration of ₹ 12 crore p.a. Accordingly he was paid a remuneration of ₹ 11 crore (approx.) during the FY 2017-18. Further, post the resignation tendered by Mr. Malvinder Mohan Singh as Executive Chairman w.e.f. February 8, 2018, he continued in his capacity as Lead- Strategic Initiatives of the Company.

In light of pending litigations and investigations, the salary and reimbursements payment to Mr. Singh was kept under suspension. The Company sought

an external legal opinion on way-forward activities. Having considered all necessary facts and taking into account external legal advice, the Board decided to treat as non est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company that the payments made to him under this LOA would be considered to be covered under the limits of Section 197 of the Companies Act, 2013, the Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. Accordingly, the employment of Mr. Singh as Lead- Strategic Initiatives stood terminated with effect from June 27, 2018.

- (b) **The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, during the financial year under review**

Name of Director/ KMP	Designation	% increase in Remuneration
Mr. Malvinder Mohan Singh	Executive Chairman	Refer Note 1 above
*Mr. Bhavdeep Singh	Chief Executive Officer	10%**
Mr. Gagandeep Singh Bedi	Chief Financial Officer	13%**
Mr. Rahul Ranjan	Company Secretary	14%**

*It is hereby clarified that the salary reported in March 2016 (FY 15-16) of ₹ 1115.40 lacs included the one-time provision in books made of ₹ 723.41 lacs. This amount was paid in FY 16-17 and was also included in the salary reported in March 17 (FY 16-17). Therefore, there was a double reporting of the same number of ₹ 723.41 lacs in FY 15-16 and FY 16-17.

**% increase in remuneration is effective 1st April 2017

- (c) **The percentage increase in the median remuneration of employees in the financial year is 8% (8.9% in the last year)** (Median remuneration increase of the employees is eligible for appraisal as on 1st April 2017)
- (d) **The number of permanent employees on the rolls of Company is 2528 as on March 31, 2018.**
- (e) **Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and any exceptional circumstances for increase in the managerial remuneration**

Particulars		For the Financial Year 2017-18
(A)	Average percentile increase already made in the salaries of employees other than the managerial personnel (KMPs)	6.4%
(B)	Percentile increase in the managerial remuneration	10.7%
Comparison of (A) and (B)		
Justification		6.4% is the company average excluding KMPs. The increment band for eligible employees was 2% to 17%.
Any exceptional circumstances for increase in the managerial remuneration		NA

- (f) **There is no variable component in the remuneration being paid to directors**
- (g) **Remuneration paid to Directors and KMPs is as per the Remuneration Policy of the Company.**

REMUNERATION POLICY

The Board has, on the recommendation of the Nomination and Remuneration Committee framed a policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director etc. Details of Remuneration

Policy and changes, if any, are stated in the Corporate Governance Report.

The Company has from time to time familiarised the Board of Directors with the Company's operations, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The same is governed by a template viz Board of Directors Governance Standard and it is available at http://cdn.fortishealthcare.com/0.35155800_1498650624_board-of-directors-governance-standards.pdf

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 read with Rule 5(2) of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, will be provided upon request. In terms of Section 136 of the Companies Act, 2013, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars which is available for inspection by the Members at the Registered Office and/or Corporate Office of the Company during business hours between 10.00 am to 12.00 noon on working days (except Saturday) of the Company upto the date of the ensuing Annual General Meeting. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

RELATED PARTY TRANSACTIONS

There are a few materially significant Related Party Transactions made by the Company with other related parties which forms part of the Annual Report. Disclosures as required under Section 134(3)(h) read with Rule 8(2) of the Companies (Accounts) Rules, 2014, are given in Annexure VI in Form AOC- 2 as specified under Companies Act, 2013.

All Related Party Transactions are placed before the Audit and Risk Management Committee for approval as required under SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. Prior omnibus approval of the Audit and Risk Management Committee is obtained for the transactions which are of a foreseen and repetitive nature. The transactions entered into pursuant to the omnibus approval so granted are audited and a statement giving details of all related party transactions is placed before the Audit and Risk Management Committee for their review on a quarterly basis.

The Company has developed a Related Party Transactions Framework and Standard Operating Procedures for the purpose of identification and monitoring of such transactions.

The policy on Related Party Transactions as approved by the Board is uploaded on the Company's website and the same is available at the following link <http://cdn.fortishealthcare.com/Related-Party-Transactions-Framework-Document.pdf>

None of the current Directors has any pecuniary relationship or transaction vis-à-vis the Company, except to the extent of sitting fees and remuneration approved by the Board of Directors and/or shareholders of the Company and as disclosed in this Annual Report.

RISK MANAGEMENT POLICY

The Company has designed a risk management policy and framework for risk identification, assessment, mitigation plan development and monitoring of action to mitigate the risks. The key objective of the policy is to provide a formalized framework to enable judicious allocation of resources on the critical areas which can adversely impact the Company's ability to achieve its objectives. The policy is applicable to the Company and its subsidiaries and its employees. The policy defines an architecture and oversight structure to assist effective implementation. The details thereof are covered under the Management and Discussion Analysis Report which forms part of the Annual Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT

Your Company has adopted a Policy for Prevention, Prohibition and Redressal of sexual harassment. As per the requirement of the Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act') and Rules made thereunder, your Company has constituted Internal Complaints Committees (ICC). During the Financial Year 2017-18, the Company has received 6 complaints on sexual harassment and these complaints have been resolved with appropriate action taken and hence no complaint is pending as on March 31, 2018. The same may also be read in terms of Companies (Accounts) Rules, 2014.

DISCLOSURE REQUIREMENTS

As per SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, Corporate Governance

Report with Auditors' certificate thereon and Management Discussion and Analysis Report are attached, which form part of this report.

As per Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Business Responsibility Report is attached and forms part of this annual report.

CODE OF CONDUCT

Declaration by Mr. Bhavdeep Singh, Chief Executive Officer confirming compliance with the 'Fortis Code of Conduct' is enclosed with Corporate Governance Report.

DIRECTORS' RESPONSIBILITY STATEMENT

To the best of their knowledge and belief and according to the information and explanations obtained by them, your Directors make the following statements in terms of Section 134(3)(c) of the Companies Act, 2013:

- (a) in the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanations relating to material departures therefrom;
- (b) we have assessed the selection and application of accounting policies for their consistent application and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of the affairs of the Company at the end of the financial year and of the loss of the Company for the Financial Year ended March 31, 2018;
- (c) except for the findings of the Investigation Report, including matters on internal control described in Note 38 in the Notes to the Consolidated Financial Statements and Note 30 in the notes to the Standalone Financial Statements and our inability at this juncture to make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to Luthra and their qualifications and disclaimers as described in their investigation report, proper and sufficient care has been taken for the 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 fraud and other irregularities;

- (d) the Statements have been prepared on a going concern basis for the reasons stated in Note 41 in the Notes to the Consolidated Financial Statements and Note 33 in the notes to the Standalone Financial Statements;
- (e) except for certain systemic and control lapses identified in the Investigation Report as described in Note 38 in the Notes to the Consolidated Financial Statements and Note 30 in the notes to the Standalone Financial Statements, proper internal financial controls have been laid down and that such internal financial controls are adequate and are operating effectively;
- (f) except for the matters on related parties and managerial remuneration described in Note 9(4) in the Notes to the Consolidated Financial Statements and Note 6(5) in the notes to the Standalone Financial Statements and Note 43 in the Notes to the Consolidated Financial Statements and Note 35 in the notes to the Standalone Financial Statements in the Notes to the Financial Statements and certain systemic and control lapses, as detailed in Note 38 in the Notes to the Consolidated Financial Statements and Note 30 in the notes to the Standalone Financial Statements, there are proper systems in place

to ensure compliance with the provisions of all applicable laws and that such systems are adequate and operating effectively.

ACKNOWLEDGEMENT

Your Directors place on record their gratitude to the Central Government, State Governments and all other Government agencies for the assistance, co-operation and encouragement they have extended to the Company.

Your Directors also take this opportunity to extend a special thanks to the medical fraternity and patients for their continued cooperation, patronage and trust reposed in the Company. Your Directors also greatly appreciate the commitment and dedication of all the employees at all levels, that has contributed to the growth and success of the Company. Your Directors also thank all the strategic partners, business associates, Banks, financial institutions and our shareholders for their assistance, co-operation and encouragement to the Company during the year.

**By Order of the Board of Directors
For Fortis Healthcare Limited**

Date: August 14, 2018
Place: Gurugram

Sd/-
**Ravi Rajagopal
Chairman**

Annexure I to Directors' Report

AOC - I

(Amount in lacs)

Statement pursuant to first proviso to Sub-Section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 related to subsidiaries

S. No.	Name of the subsidiary	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	Share capital	Reserves & surplus	Total assets	Total Liabilities	Investments	Turnover	Profit before taxation	Provision for taxation	Profit after taxation	Proposed Dividend	% of shareholding
1	Escorts Heart Institute and Research Centre Limited	31-Mar-18	INR	1.00	79,185.67	1,08,062.18	28,636.30	81,178.08	39,986.63	(2,001.31)	(715.33)	(1,285.97)	-	100.00%
2	Fortis Healthstaff Limited	31-Mar-18	INR	1.00	(1,323.09)	180.27	1,013.37	-	129.24	45.12	4.19	40.93	-	100.00%
3	Fortis Asia Healthcare Pte. Ltd	31-Mar-18	USD	65.14	(77,732.26)	47,073.98	1,08,586.84	47,063.38	(2,012.85)	(9,679.40)	2.33	(9,681.73)	-	100.00%
4	Fortis Healthcare International Pte. Limited	31-Mar-18	SGD	49.68	8,613.31	64,788.39	42,019.41	-	1,509.47	(2,687.42)	0.14	(2,687.56)	-	100.00%
5	Mena Healthcare Investment Company Limited	31-Mar-18	AED	17.74	(855.92)	32.55	868.65	32.55	-	(2.18)	-	(2.18)	-	82.54%
6	Medical Management Company Limited	31-Mar-18	AED	17.74	702.42	845.31	110.34	-	-	(2.18)	-	(2.18)	-	82.54%
7	SRL Diagnostics FZ-LLC	31-Mar-18	AED	17.74	564.46	2,827.43	2,175.02	-	2,985.65	(674.94)	-	(674.94)	-	100.00%
8	SRL Diagnostics Middle East LLC	31-Mar-18	AED	17.74	N/A				11,680.01	(105.62)	(200.16)	94.53	-	49.00%
9	Hiranandani Healthcare Private Ltd	31-Mar-18	INR	1.00	2,900.81	9,395.31	6,094.50	-	-	(7.71)	-	(7.71)	-	100.00%
10	Fortis La Femme Limited	31-Mar-18	INR	1.00	(63.45)	4.19	62.64	-	3.64	(0.36)	-	(0.36)	-	100.00%
11	Fortis CSR Foundation	31-Mar-18	INR	1.00	5.00	0.77	0.30	-	-	(0.36)	-	(0.36)	-	100.00%
12	SRL Limited	31-Mar-18	INR	1.00	7,841.77	88,858.73	1,08,954.18	40,019.18	70,240.97	6,809.26	3,262.91	3,546.35	-	62.50%
13	SRL Diagnostics Private Limited	31-Mar-18	INR	1.00	395.82	175.29	20,131.47	19,560.36	950.88	28,571.81	1,041.51	2,229.64	-	100.00%
14	SRL Reach Limited	31-Mar-18	INR	1.00	800.00	(225.11)	1,073.28	498.38	-	1,214.56	160.27	241.42	-	100.00%
15	Fortis Healthcare International Limited	31-Mar-18	USD	65.14	14,155.67	92,629.13	1,14,631.14	14,160.25	-	99,473.61	11,741.28	7,517.62	-	100.00%
16	Fortis Global Healthcare (Mauritius) Limited	31-Mar-18	USD	65.14	373.53	(30,137.81)	30,764.75	60,529.04	28,562.88	1,304.59	(4,927.18)	(4,927.18)	-	100.00%
17	Fortis Hospitals Limited	31-Mar-18	INR	1.00	5,330.06	10,170.13	2,51,830.12	2,36,329.95	56,386.17	2,42,177.00	(5,564.31)	(70,748.57)	-	100.00%
18	Fortis Cancer Care Limited	31-Mar-18	INR	1.00	(3,487.68)	368.41	3,851.09	-	25.73	(479.45)	-	(479.45)	-	100.00%
19	Lalitha Healthcare Private Limited	31-Mar-18	INR	1.00	81.16	10,170.13	2,51,830.12	2,36,329.95	56,386.17	7.17	(317.17)	(317.17)	-	79.43%
20	Fortis Malar Hospitals Limited	31-Mar-18	INR	1.00	1,869.95	8,289.62	14,717.25	4,557.68	5.00	15,737.72	530.98	314.11	-	62.97%
21	Malar Sar Medicare Limited	31-Mar-18	INR	1.00	5.00	145.11	6,197.08	6,046.98	-	680.22	28.15	18.06	-	100.00%
22	Fortis Health Management (East) Limited	31-Mar-18	INR	1.00	(849.75)	505.16	1,349.91	-	1,401.79	(135.25)	-	(135.25)	-	100.00%
23	Birdie and Birdie Realtors Private Limited	31-Mar-18	INR	1.00	(9,107.25)	9,387.23	18,493.48	-	52.90	(1,756.88)	-	(1,756.88)	-	100.00%
24	Stellant Capital Advisory Services Private Limited	31-Mar-18	INR	1.00	1,750.00	7,700.01	10,732.37	1,282.36	428.21	0.90	(12.36)	13.26	-	100.00%
25	Fortis Hospital Limited	31-Mar-18	INR	1.00	29,377.02	63,900.59	1,80,216.83	86,939.23	95,340.90	33,565.74	3,816.11	8,622.89	-	51.00%
26	RHT Health Trust Trustee Manager Pte Ltd	31-Mar-18	SGD	49.68	609.45	4,900.71	10,032.17	9,326.48	2,955.83	220.88	12.97	207.91	-	100.00%
27	Fortis Emergency Services Limited	31-Mar-18	INR	1.00	(5,003.00)	1,035.87	6,033.87	-	210.95	(744.80)	-	(744.80)	-	100.00%
28	Fortis C-Doc Healthcare Limited	31-Mar-18	INR	1.00	676.77	(1,847.54)	1,133.93	2,304.70	-	2,688.76	(183.00)	(183.00)	-	60.00%

Notes:

- Names of subsidiaries which are yet to commence operations- Nil
- Names of subsidiaries which have been liquidated or sold during the year- Refer the section 'details of subsidiary, Joint Venture/Associate Companies under Board Report'.

Statement pursuant to first proviso to Sub-Section(3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014 related to Joint Venture/Associate Companies

Sl. No	Name of Associates/Joint Ventures	Latest audited Balance Sheet Date	Shares of Associate/Joint Ventures held by the company on the year end			Description of how there is significant influence	Reason why the associate/joint venture is not consolidated	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit / Loss for the year		(Amount in lacs)	
			No.	Amount of Investment in Associates/Joint Venture	Extend of Holding %				i. Considered in Consolidation	ii. Not Considered in Consolidation		
1	RHT Health Trust	31-Mar-18	2,521.67	70,601.97	29.76%	Associate	Not Applicable	70,601.97	1,587.89	-	-	-
2	The Medical and Surgical Centre Limited	30-Jun-17	1,646.71	3,368.31	28.89%	Associate	Not Applicable	3,368.31	(453.97)	-	-	-
3	Lanka Hospitals Corporation PLC	31-Mar-18	641.21	16,101.19	28.66%	Associate	Not Applicable	16,101.19	715.99	-	-	-
4	DDRC SRL Diagnostic Private Limited	31-Mar-18	2.40	2,706.10	50.00%	Joint Venture	Not Applicable	2,706.10	1,019.61	-	-	-
5	Fortis Cauvery	31-Mar-18	NA, a partnership firm		51.00%	Joint Venture		30.71	0.75	-	-	-
6	SRL Diagnostics (NEPAL) Private Limited	31-Mar-18	2.50	191.35	50.00%	Joint Venture	Not Applicable	191.35	60.96	-	-	-
7	Sunrise Medicare Private Limited	31-Mar-17	0.03	0.31	31.26%	Associate	Not Applicable	0.31	-	-	-	-

Notes:

- Names of Joint Venture/Associate Companies which are yet to commence operations- Nil
- Names of Joint Venture/Associate Companies which have been liquidated or sold during the year- Refer the section "details of subsidiary, Joint Venture/Associate Companies under Board Report .

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 07, 2018

Annexure II to Directors' Report

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2018

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members
Fortis Healthcare Limited
Fortis Hospital Sector-62 Phase-VIII,
Mohali-160062

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Fortis Healthcare Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

We report that:-

- a) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
- b) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed, provide a reasonable basis for our opinion.
- c) We have not verified the correctness and appropriateness of the financial statements of the Company.
- d) Wherever required, we have obtained the management representation about the compliances of laws, rules and regulations and happening of events etc.
- e) The compliance of the provisions of the corporate and other applicable laws, rules, regulations, standards is the responsibility of the management. Our examination was limited to the verification of procedures on test basis.
- f) The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on March 31, 2018 ("audit period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2018 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;
- (iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;
- (v) The following Regulations prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-
 - (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
 - (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

- (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;
- (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009;
- (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998; and
- (i) The Securities and Exchange Board of India (Listing Obligations and Disclosures requirements) Regulations, 2015 (herein after referred as SEBI LODR);

* No event took place under these regulations during the audit period.

We have also examined compliance with the applicable clauses of the Secretarial Standard on Meetings of the Board of Directors and Secretarial Standard on General Meetings issued by the Institute of Company Secretaries of India, with which the Company has generally complied with.

During the audit period, the Company has complied with the provisions of the Act, Rules, Regulations and Guidelines, to the extent applicable, as mentioned above, except that:

- *The financial results for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were not submitted with Stock Exchange(s) within the specified period as required under Regulation 33 of SEBI LODR.*
- *Reports on transfer of physical shares for the half year(s) ended on September 30, 2017 and March 31, 2018 were placed before the Board of Directors of the Company but not reviewed as required under Regulation 40 of SEBI LODR within the stipulated time period.*
- *Reports on corporate governance for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were placed before the Board of Directors of the Company but not reviewed as required under Regulation 27 of SEBI LODR within the stipulated time period.*
- *Compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were not reviewed by the Board of Directors of the Company periodically.*
- *Statements detailing the number of investor complaints for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018 were placed before the Board of Directors of the Company but not reviewed as required under Regulation 13 of SEBI LODR within the stipulated time period.*
- *There was the gap of more than one hundred and twenty days between the two meetings of the Audit Committee held on August 03, 2017 and February 13, 2018, which is not in compliance with the requirements of Regulation 18 of SEBI LODR.*
- *As on March 31, 2018, the Nomination and Remuneration Committee does not comprise with at least three members as per the requirements of Section 178 of the Act and Regulation 19 of SEBI LODR.*
- *The Board of Directors has not made performance evaluation of the Board as a whole, its Committees and Individual Directors, as per the requirements of Section 134(3)(p) of the Act read with Regulation as per the requirements of Regulation 17(10) of SEBI LODR.*
- *Separate meeting of Independent Directors' was not held during the financial year, as per the requirements of Regulation 25 of SEBI LODR and Schedule IV to the Act.*
- *The remuneration of ₹ 20,02,39,000/- paid to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives', in the Strategy Function, was in excess of the limits approved by the Central Government as under Section 197 of the Act.*

- *The Company was having layers of subsidiaries as of March 31, 2018 for which it was required to file Form CRL-1.*

(vi) The Company is engaged in the healthcare delivery services and networks of multispecialty hospitals and diagnostic centers in India and overseas through its subsidiaries, joint ventures and associate companies. Following are some of the laws specifically applicable to the Company:-

- The Clinical Establishment (Registration and Regulation) Act, 2010 and Rules made thereunder;
- The Drugs Control Act, 1950 and Rules made thereunder; and
- The Transplantation of Human Organs Act, 1994 and bye laws made thereunder.

We have checked the compliance management system of the Company to obtain reasonable assurance about the adequacy of systems in place to ensure compliance of specifically applicable laws and this verification was done on test basis. We believe that the Audit evidence which we have obtained is sufficient and appropriate to provide a basis for our audit opinion. Except elsewhere mentioned in this report, in our opinion and to the best of our information and according to explanations given to us, we believe that the compliance management system of the Company is adequate to ensure compliance of laws specifically applicable to the Company.

We further report that consequent upon the resignation of Executive and Non-executive Directors during the audit period, the Board of Directors was only constituted with Independent Directors and further, it does not have any director who is liable to retire by rotation under Section 152 of the Act.

Adequate notices were given to all directors of the Board Meetings. Agenda and detailed notes on agenda are sent in advance of the meetings and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting for meaningful participation at the meeting.

Board decisions are carried out with unanimous consent and therefore, no dissenting views were required to be captured and recorded as part of the minutes.

We further report that systems and processes of the company needs to be strengthened to commensurate with the size and operations of the company to monitor and to ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that:-

- The Scheme of Compromise and Arrangement inter alia containing slump sale of hospital business of Fortis Malar Hospitals Limited to Fortis Healthcare Limited, demerger of diagnostic business of Fortis Healthcare Limited into Fortis Malar Hospitals Limited and merger of SRL Limited into Fortis Malar Hospitals Limited, which was pending for approval before the Hon'ble National Company Law Tribunal, Chandigarh Bench, has been withdrawn by the Company on June 13, 2018 as informed by the management;
- Members in their Annual General Meeting held on September 26, 2017 approved the offer, issue and allotment of equity share, GDRs, ADRs, FCCBs, FCEBs, FCDs, NCDs with warrants or any other financial instruments convertible into or linked to equity shares through public issue(s) and/ or private placements in accordance with applicable laws upto a limit of ₹ 5000 Crore.
- The Board in its meeting held on March 27, 2018, approved the Scheme of Arrangement between Fortis Hospitals Limited, Fortis La Femme Limited, the Company and Manipal Health Enterprises Private Limited and their respective Shareholders and Creditors. However, as informed by the management, the aforesaid approval was rescinded by the Board on May 10, 2018.

For Sanjay Grover & Associates
Company Secretaries
Firm Registration No. P2001DE052900

Sd/-

Sanjay Grover
Managing Partner
CP No. 3850

New Delhi
August 14, 2018

Annexure III to Directors' Report**FORM NO. MGT 9****EXTRACT OF ANNUAL RETURN****As on Financial Year ended on 31.03.2018****(Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014)****I. REGISTRATION & OTHER DETAILS:**

S. No.	Particulars	Details
1.	CIN	L85110PB1996PLC045933
2.	Registration Date	February 28, 1996
3.	Name of the Company	Fortis Healthcare Limited
4.	Category/Sub-category of the Company	Public Company/Limited by Shares
5.	Address of the Registered Office & contact details	Fortis Hospital, Sector 62, Phase VIII, Mohali-160062 Tel. 0172-5096001 Fax: 0172-5096221 Email Id: secretarial@fortishealthcare.com Website: www.fortishealthcare.com
6.	Whether listed company	Yes
7.	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Karvy Computershare Private Limited Karvy Selenium Tower B, Plot No. 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032 Tel.:040 – 67162222 Email: einward.ris@karvy.com Website: www.karvycomputershare.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

S. No.	Name and Description of main products / services	*NIC Code of the Product/service	% to total turnover of the Company
1	To establish, maintain, operate, run, manage or administer hospitals, medicare, healthcare, diagnostic, health aids and research centers	861	100%

**As per National Industrial Classification - Ministry of Statistics and Programme Implementation
http://mospi.nic.in/Mospi_New/site/home.aspx#*

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares (direct and indirect) held	Applicable Section
1	Hiranandani Healthcare Private Limited Mini Seashore Road, Sector-10A, Plot No. 28, Vashi, Navi Mumbai-400703	U85100MH2005PTC154823	Subsidiary Company	100	2(87)
2	Fortis Hospotel Limited Fortis Memorial Research Institute, Sector-44, Gurgaon-122002	U74899HR1990PLC054770	Subsidiary Company	51	2(87)
3	Fortis La Femme Limited Escorts Heart Institute and Research Centre, Okhla Road, Delhi-110025	U85100DL2011PLC217500	Subsidiary Company	100	2(87)
4	SRL Limited Fortis Hospital, Sector 62, Phase-VIII, Mohali-160062	U74899PB1995PLC045956	Subsidiary Company	57.69	2(87)
5	Fortis Healthcare International Limited 4 th Floor, Ebene Skies, Rue de l'Institut, Ebène, Mauritius	Foreign Company	Subsidiary Company	100	2(87)
6	Fortis Hospitals Limited Escorts Heart Institute and Research Centre, Okhla Road, Delhi-110025	U93000DL2009PLC222166	Subsidiary Company	100	2(87)
7	Escorts Heart Institute and Research Centre Limited OPD City Centre, SCO 11, Sector-11-D Chandigarh-160011	U85110CH2000PLC023744	Subsidiary Company	100	2(87)
8	Fortis CSR Foundation Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U85100DL2014NPL271782	Subsidiary Company	100	2(87)
9	Fortis Cancer Care Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U85110DL2011PLC217420	Step-down Subsidiary Company	100	2(87)
10	*Lalitha Healthcare Private Limited 65 Prime Centre, First Main Road, Seshadripuram, Bangalore-560020.	U85110KA2005PTC035863	Step-down Subsidiary Company	79.43	2(87)

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares (direct and indirect) held	Applicable Section
11	Fortis Malar Hospitals Limited Fortis Hospital, Sector 62, Phase VIII, Mohali-160062, Punjab.	L85110PB1989PLC045948	Step-down Subsidiary Company	62.97	2(87)
12	Malar Stars Medicare Limited 52, First Main Road, Gandhi Nagar, Adyar, Chennai-600020	U93000TN2009PLC072209	Step-down Subsidiary Company	100	2(87)
13	Fortis Health Management (East) Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U85190DL2011PLC217462	Step-down Subsidiary Company	100	2(87)
14	Fortis C-Doc Healthcare Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U85110DL2010PLC208379	Step-down Subsidiary Company	60	2(87)
15	Birdie & Birdie Realtors Private Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U45400DL2008PTC173959	Step-down Subsidiary Company	100	2(87)
16	Stellant Capital Advisory Services Private Limited Fortis Hospitals Limited, Mulund Goregaon Link Road, Bhandup (West) Mumbai-400078	U31300MH2005PTC153134	Step-down Subsidiary Company	100	2(87)
17	RHT Health Trust Manager Pte. Limited 9 Battery Road, # 15 – 01, Singapore-049910	Foreign Company	Step-down Subsidiary Company	100	2(87)
18	Fortis HealthStaff Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U85194DL1984PLC205390	Step-down Subsidiary Company	100	2(87)
19	Fortis Asia Healthcare Pte. Limited 9 Battery Road, # 15 – 01, Singapore-049910	Foreign Company	Step-down Subsidiary Company	100	2(87)
20	Fortis Healthcare International Pte. Limited 9 Battery Road, # 15 – 01, Singapore-049910	Foreign Company	Step-down Subsidiary Company	100	2(87)

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares (direct and indirect) held	Applicable Section
21	SRL Diagnostics Private Limited 74, Ground Floor, Paschimi Marg, Opposite C Block, Market, Vasant Vihar, New Delhi-110057	U85195DL1999PTC217659	Step-down Subsidiary Company	100	2(87)
22	Fortis Global Healthcare (Mauritius) Limited 4 th Floor, Ebene Skies, Rue de l'Institut, Ebène, Mauritius	Foreign Company	Step-down Subsidiary Company	100	2(87)
23	SRL Diagnostics FZ- LLC 64, Al Razi Building, Unit 107-108, 118-119, Block A, P.O. Box 505143, Dubai Healthcare City	Foreign Company	Step-down Subsidiary Company	100	2(87)
24	SRL Diagnostic Middle East- LLC (Board Controlled subsidiary) 809, Julphar Office Tower, Al Nakheel, Ras Al Khaimah, UAE, PO BOX- 3129	Foreign Company	Step-down Subsidiary Company	49	2(87)
25	SRL Reach Limited 74, Ground Floor, Paschimi Marg, Opposite C Block Market, Vasant Vihar, New Delhi-110057	U85100DL2015PLC279712	Step-down Subsidiary Company	100	2(87)
26	Mena Healthcare Investment Company Limited 3 rd Floor, J&C Building, PO Box 362, Road Town, Tortola, British Virgin Islands, VG1110	Foreign Company	Step-down Subsidiary Company	82.54	2(87)
27	Medical Management Company Limited 3 rd Floor, J&C Building, PO Box 362, Road Town, Tortola, British Virgin Islands, VG1110	Foreign Company	Step-down Subsidiary Company	100	2(87)
28	Fortis Emergency Services Limited Escorts Heart Institute and Research Centre, Okhla Road, New Delhi-110025	U93000DL2009PLC189866	Step-down Subsidiary Company	100	2(87)
29	Sunrise Medicare Private Limited S-549, Greater Kailash, Part I, New Delhi-110048	U74899DL1983PTC014923	Associate Company	31.26	2(6)

S. No	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares (direct and indirect) held	Applicable Section
30	RHT Health Trust 9 Battery Road, # 15 – 01, Straits Trading Building, Singapore-044910.	Foreign Company	Associate Company	29.76	2(6)
31	The Medical and Surgical Centre Ltd Georges Guibert Street, Curepipe, Mauritius.	Foreign Company	Associate Company	28.89	2(6)
32	Lanka Hospitals Corporation PLC No.578, Elvitigala Mawatha, Narahenpita, Colombo 05, Sri Lanka	Foreign Company	Associate Company	28.66	2(6)

*The same has been divested as on the date of this report.

Further, details of Joint Venture Company(ies) is not included above.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders		No. of Shares held as on 01-April-2017				No. of Shares held as on 31-March-2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A.	Promoters									
(1)	Indian									
a)	Individual/ HUF	91419	0	91419	0.02	91419	0	91419	0.02	0.00
b)	Central Government	0	0	0	0.00	0	0	0	0.00	0.00
c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
d)	Bodies Corporate	270700529	0	270700529	52.28	3879451	0	3879451	0.75	-51.53
e)	Banks / FI	0	0	0	0.00	0	0	0	0.00	0
f)	Any other	0	0	0	0.00	0	0	0	0.00	0
	Sub-total (A) (1):	270791948	0	270791948	52.30	3970870	0	3970870	0.77	-51.53
(2)	Foreign									
a)	NRIs Individuals									
b)	Other Individuals	0	0	0	0.00	0	0	0	0.00	0
c)	Bodies Corporates	0	0	0	0.00	0	0	0	0.00	0
d)	Bank/FI	0	0	0	0.00	0	0	0	0.00	0
e)	Others	0	0	0	0.00	0	0	0	0.00	0
	Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0
	Total shareholding of Promoter (A)= (A)(1)+(A)(2)	270791948	0	270791948	52.30	3970870	0	3970870	0.77	-51.53

Category of Shareholders		No. of Shares held as on 01-April-2017				No. of Shares held as on 31-March-2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B.	Public Shareholding									
1.	Institutions									
a)	Mutual Funds	303659	0	303659	0.06	23593662	0	23593662	4.55	4.49
b)	Banks / Financial Institutions	1058540	0	1058540	0.20	89374129	0	89374129	17.23	17.03
c)	Central Government	0	0	0	0.00	0	0	0	0.00	0
d)	State Government (s)	0	0	0	0.00	0	0	0	0.00	0
e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
f)	Insurance Companies	0	0	0	0.00	0	0	0	0.00	0
g)	Foreign Institutional Investors	139906464	0	139906464	27.02	236678649	0	236678649	45.63	18.61
h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0
i)	Others	0	0	0	0.00	0	0	0	0.00	0
	Sub-total (B)(1):-	141268663	0	141268663	27.28	349646440	0	349646440	67.41	40.12
2.	Non-Institutions									
a)	Bodies Corporates	20181445	0	20181445	3.90	61790444	0	61790444	11.91	8.01
b)	Individuals									
	i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	22947800	110691	23058491	4.45	36050810	90427	36141237	6.97	2.52
	ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	17136087	14000	17150087	3.31	46207133	14000	46221133	8.91	5.60
c)	Others									
	NBFC	255593	0	255593	0.05	1026529	0	1026529	0.20	0.15
	Foreign Collaborators	0	670194	670194	0.13	0	670194	670194	0.13	0.00
	Non- Resident Indians	4009713	58715	4068428	0.79	1962298	58715	2021013	0.39	-0.40
	NRI Non-Repatriation	293549	0	293549	0.06	2664087	0	2664087	0.51	0.45
	Foreign Bodies	38728336	0	38728336	7.48	0	0	0	0.00	-7.48
	Clearing Members	1199972	0	1199972	0.23	14479709	0	14479709	2.79	2.56
	Trusts	27925	0	27925	0.01	9575	0	9575	0.00	0.00
	Directors	33000	0	33000	0.01	16000	0	16000	0.00	-0.01
	Qualified Foreign Investor	0	0	0	0.00	0	0	0	0.00	0.00

Category of Shareholders		No. of Shares held as on 01-April-2017				No. of Shares held as on 31-March-2018				% Change during the year
		Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
	Sub-total (B)(2):-	104813420	853600	105667020	20.42	164206585	833336	165039921	31.82	11.41
	Total Public Shareholding (B)=(B)(1)+ (B)(2)	246082083	853600	246935683	47.70	513853025	833336	514686361	99.23	51.53
C.	Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0
	Grand Total (A+B+C)	516874031	853600	517727631	100.00	517823895	833336	518657231	100.00	

(ii) Shareholding of Promoters-

SI. No.	Shareholder's Name	Shareholding as on 01-April-2017			Shareholding as on 31-March-2018			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Fortis Healthcare Holdings Private Limited	270241529	52.20	85.78	3420451	0.66	20.15	-51.54
2	Malav Holdings Private Limited	240750	0.05	0.00	240750	0.05	0.00	0.00
3	RHC Holding Private Limited	218250	0.04	0.00	218250	0.04	0.00	0.00
4	Harpal Singh	58003	0.01	0.00	58003	0.00	0.00	0.00
5	Malvinder Mohan Singh	11508	0.00	0.00	11508	0.00	0.00	0.00
6	Shivinder Mohan Singh	11508	0.00	0.00	11508	0.00	0.00	0.00
7	Abhishek Singh	10300	0.00	0.00	10300	0.00	0.00	0.00
8	Malvinder Mohan Singh & Shivinder Mohan Singh- PS Trust	100	0.00	0.00	100	0.00	0.00	0.00
	Total	270791948	52.30	85.60	3970870	0.77	17.35	-51.53

(iii) Change in Promoters' Shareholding – Refer Appendix 1

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs): Refer Appendix 2

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	¹Mr. Malvinder Mohan Singh				
	At the beginning of the year	11,508	0	11,508	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.	N.A.	N.A.	N.A.
2	²Dr. Shivinder Mohan Singh				
	At the beginning of the year	11,508	0	11,508	0
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.	N.A.	N.A.	N.A.
3.	³Dr. Brian William Tempest				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	NIL			
4.	⁴Mr. Harpal Singh				
	At the beginning of the year	58,003	0.01	58,003	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	58,003	0.01	58,003	0.01
5.	⁵Ms. Joji Sekhon Gill				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.			
6.	⁶Ms. Lynette Joy Hepburn Brown				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.			

Sl. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
7.	⁷ Mr. Pradeep Ratilal Raniga				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.			
8.	⁸ Dr. Preetinder Singh Joshi				
	At the beginning of the year	33,000	0.01	33,000	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	Date	Reason (No. of Shares)	No. of Shares	% of total Shares
		28/07/2017	Sale (33000 Shares)	0	0.00
	At the end of the year	N.A.			
9.	⁹ Mr. Ravi Umesh Mehrotra				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.			
10.	¹⁰ Mr. Sunil Naraindas Godhwani				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.			
11.	¹¹ Ms. Shradha Suri Marwah				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	N.A.			
12.	¹² Lt Gen Tejinder Singh Shergill				
	At the beginning of the year	N.A.	N.A.	N.A.	N.A.
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	-	-	16000	0.00

Sl. No.	Shareholding of each Director and Key Managerial Personnel	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
13.	¹³ Ms. Sabina Vaisoha				
	At the beginning of the year	N.A.			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	NIL			
14.	Mr. Bhavdeep Singh				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	NIL			
15.	Mr. Gagandeep Singh Bedi				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL			
	At the end of the year	NIL			
16.	Mr. Rahul Ranjan				
	At the beginning of the year	NIL			
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	June 12, 2017- Exercised 25000 stock options January 31, 2018- Sold off 25000 Equity Shares			
	At the end of the year	NIL			

¹Resigned w.e.f. February 08, 2018

²Resigned w.e.f. February 08, 2018

³Removed w.e.f. May 22, 2018

⁴Resigned w.e.f. May 20, 2018

⁵Resigned w.e.f. March 07, 2018

⁶Resigned w.e.f. April 11, 2017

⁷Resigned w.e.f. March 22, 2018

⁸Resigned w.e.f. March 19, 2018

⁹Resigned w.e.f. April 12, 2017

¹⁰Vacated his office w.e.f. August 04, 2017

¹¹Resigned w.e.f. November 14, 2017

¹²Appointed w.e.f. February 12, 2018 & Resigned w.e.f. May 20, 2018

¹³Appointed w.e.f. March 27, 2018 & Resigned w.e.f. May 20, 2018

V) INDEBTEDNESS - Indebtedness of the Company including interest outstanding/accrued but not due for payment.

(₹ in lacs)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as on 1-Apr-2017				
i) Principal Amount	30,897.77	33,803.74	-	64,701.51
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	133.40	15.13	-	148.53
Total (i+ii+iii)	31,031.17	33,818.87	-	64,850.04
Change in Indebtedness during the financial year 2017-18				
• Addition	36,444.85	50.24	-	36,495.09
• Reduction	15,029.06	30,704.51	-	45,733.57
Net Change	21,415.79	(30,654.27)	-	(9,238.48)
Indebtedness as on 31-March-2018				
i) Principal Amount	52,313.56	3,149.47	-	55,463.03
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	147.77	46.00	-	193.77
Total (i+ii+iii)	52,461.33	3,195.47	-	55,656.80

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Whole-time Director

Mr. Malvinder Mohan Singh, Whole Time Director, designated as Executive Chairman was re-appointed as Executive Chairman w.e.f. April 1, 2016 for a period of 3 years. He tendered his resignation on February 8, 2018, which was duly accepted by the Board on February 13, 2018 (effective February 8, 2018).

He did not draw any remuneration in his capacity as Executive Director of the Company. He held 11508 shares in the Company as on the date of his resignation.

Further in furtherance to the shareholder's approval as accorded on September 27, 2016 and that of Board/ Committees in November 2016, Mr. Malvinder Mohan Singh was appointed as Lead- Strategic Initiatives for a period of five years w.e.f. October 1, 2016 at a remuneration of ` 12 crore p.a. Accordingly he was paid a remuneration of ` 11 crore (approx.) during the FY 2017-18.

The Company having considered all necessary facts and taking into account external legal advice, has decided to treat as non-est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

B. Remuneration to other Directors –

During the period under review sitting fees paid to Non-Executive Directors as on March 31, 2018 is as follows

S. No.	Name of Directors	*Particulars of Remuneration- Gross Sitting Fees for attending board and committee meetings (Amount in ₹)
1	Independent Directors	
	Dr. Brian William Tempest	21,00,000
	Ms. Joji Sekhon Gill	4,00,000
	Lt. Gen Tejinder Singh Shergill	11,00,000
	Ms. Shradha Suri Marwah	1,00,000
	Dr. Preetinder Singh Joshi	6,00,000
	Mr. Pradeep Ratilal Raniga	9,00,000
	Ms. Sabina Vaisoha	Nil
	Total (1)	52,00,000
2	Other Non-Executive Directors	
	Dr. Shivinder Mohan Singh	4,00,000
	Mr. Sunil Naraindas Godhwani	0
	Mr. Harpal Singh	20,00,000
	Total (2)	24,00,000
	Total (B)=(1+2)	76,00,000
	Overall Ceiling as per the Act	Sitting fees is payable upto the Maximum amount as specified under Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

*No commission/any other form of remuneration was paid to Non-Executive Directors during the Financial Year 2017-18.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN WTD -

SI No.	Particulars of Remuneration	Key Managerial Personnel (KMP) (Amount in Rs.)		
		Mr. Bhavdeep Singh (CEO)	Mr. Gagandeep Singh Bedi (CFO)	Mr. Rahul Ranjan (CS)
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-Tax Act, 1961	117,610,233	29,628,122	6,874,858
	(b) *Value of perquisites u/s 17(2) Income-Tax Act, 1961	39,600	39,600	2,677,100
	(c) Profits in lieu of salary under section 17(3) Income-Tax Act, 1961	Nil	Nil	Nil
2	**Stock Option (in Nos.)	Nil	Nil	25000
3	Sweat Equity	Nil	Nil	Nil
4	Commission	Nil	Nil	Nil
	- as % of profit			
	-Others			
5	Others	Nil	Nil	Nil
	Total	117,649,833	29,667,722	9,551,958

*In case of Mr. Rahul Ranjan, the value of perquisites is inclusive of perquisite value of ESOP exercise for Rupees 26.37 lacs

**No stock option has been exercised by the KMPs during the year except by Mr. Rahul Ranjan.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

No penalty/punishment/compounding of offences was levied against the Company during the FY 2017-18 in terms of Companies Act, 2013. The details of penalty levied in terms of SEBI Regulations has been disclosed under the Board Report.

**On behalf of the Board of Directors
For Fortis Healthcare Limited**

Sd/-

**Ravi Rajagopal
Chairman**

Date: August 14, 2018

Place: Gurugram

Appendix I

CHANGE IN PROMOTERS SHAREHOLDING BETWEEN 01/04/2017 AND 31/03/2018

Sl. No	*Name of the Share Holder	Shareholding Details for the year	No of Shares	% of total shares of the company	Date of Change	Increase/ Decrease in Promoter shareholding during the year	Reason for Increase/ Decrease	Cumulative Shareholding during the Year	% of total shares of the company
1	FORTIS HEALTHCARE HOLDINGS PRIVATE LIMITED	As on 01/04/2017	159759623	30.80					
					21/04/2017	-125000	Transfer	159634623	30.78
					28/04/2017	-5930000	Transfer	153704623	29.63
					05/05/2017	-4460000	Transfer	149244623	28.77
					12/05/2017	-5270479	Transfer	143974144	27.76
					19/05/2017	-5884089	Transfer	138090055	26.62
					26/05/2017	-1000000	Transfer	137090055	26.43
					02/06/2017	-1400000	Transfer	135690055	26.16
					09/06/2017	-5633927	Transfer	130056128	25.07
					16/06/2017	-3626333	Transfer	126429795	24.38
					23/06/2017	-14700000	Transfer	111729795	21.54
					07/07/2017	-1592363	Transfer	110137432	21.23
					14/07/2017	-1193000	Transfer	108944432	21.00
					21/07/2017	-19559330	Transfer	89385102	17.23
					28/07/2017	-5533000	Transfer	83852102	16.17
					11/08/2017	-2357411	Transfer	81494691	15.71
					25/08/2017	-1000000	Transfer	80494691	15.52
					16/02/2018	-53373000	Transfer	27121691	5.23
					23/02/2018	-21951000	Transfer	5170691	1.00
					02/03/2018	-3880000	Transfer	1290691	0.25
2	FORTIS HEALTHCARE HOLDINGS PVT LTD	As on 31/03/2018	1290691	0.25					
		As on 01/04/2017	49466500	9.54					
					21/07/2017	29815406	Transfer	79281906	15.29
					16/02/2018	-79281906	Transfer	0	0.00
3	FORTIS HEALTHCARE HOLDINGS PRIVATE LIMITED	As on 31/03/2018	0	0.00					
		As on 01/04/2017	31200000	6.02					
					11/08/2017	-3300000	Transfer	27900000	5.38
					25/08/2017	-10300000	Transfer	17600000	3.39
					23/02/2018	-15470240	Transfer	2129760	0.41
4	FORTIS HEALTHCARE HOLDINGS PVT LTD	As on 31/03/2018	2129760	0.41					
		As on 01/04/2017	29815406	5.75					
					21/07/2017	-29815406	Transfer	0	0.00
		As on 31/03/2018	0	0.00					

Besides the above, there was no change in the shareholding of the promoters during the Financial Year 2017-18.

* Fortis Healthcare Holdings Pvt Ltd has different Client IDs.

Appendix II

Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April, 2017 and March 31, 2018

Sl. No	Name of the Share Holder	Shareholding Details for the year	No of Shares	% of total shares of the company	Date of Change	Increase/ Decrease in shareholding during the year	Reason for Increase/ Decrease	Cumulative Shareholding during the Year	
								No of Shares	% of total shares of the company
1	YES BANK LIMITED	As on 01/04/2017	0	0.00					
					16/02/2018	89781906	Transfer	89781906	17.31
					02/03/2018	-9435035	Transfer	80346871	15.49
					09/03/2018	-440000	Transfer	79906871	15.41
					16/03/2018	-1364000	Transfer	78542871	15.14
2	INTERNATIONAL FINANCE CORPORATION	As on 31/03/2018	78542871	15.14					
		As on 01/04/2017	34997981	6.76					
					07/04/2017	-3700000	Transfer	31297981	6.05
					21/04/2017	-2661139	Transfer	28636842	5.53
					28/04/2017	-2899309	Transfer	25737533	4.97
					05/05/2017	-1354552	Transfer	24382981	4.71
					19/05/2017	-1860000	Transfer	22522981	4.35
					26/05/2017	-5894	Transfer	22517087	4.35
					02/06/2017	-458200	Transfer	22058887	4.26
					16/06/2017	-100000	Transfer	21958887	4.24
					23/06/2017	-1829241	Transfer	20129646	3.88
					28/07/2017	-98598	Transfer	20031048	3.86
					04/08/2017	-17107464	Transfer	2923584	0.56
3	WF ASIAN SMALLER COMPANIES FUND LIMITED				11/08/2017	-2922384	Transfer	1200	0.00
					08/12/2017	9594	Transfer	10794	0.00
		As on 31/03/2018	10794	0.00					
		As on 01/04/2017	0	0.00					
					05/05/2017	5065600	Transfer	5065600	0.98
					12/05/2017	3811730	Transfer	8877330	1.71
					26/05/2017	1490348	Transfer	10367678	2.00
					07/07/2017	1721823	Transfer	12089501	2.33
					14/07/2017	2053637	Transfer	14143138	2.73
					21/07/2017	1134993	Transfer	15278131	2.95
					25/08/2017	2797750	Transfer	18075881	3.49
					09/02/2018	3742443	Transfer	21818324	4.21
		As on 31/03/2018	21818324	4.21					

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Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April, 2017 and March 31, 2018

Sl. No	Name of the Share Holder	Shareholding Details for the year	No of Shares	% of total shares of the company	Date of Change	Increase/ Decrease in shareholding during the year	Reason for Increase/ Decrease	Cumulative Shareholding during the Year	
								No of Shares	% of total shares of the company
4	AMANSA HOLDINGS PRIVATE LIMITED	As on 01/04/2017	18798822	3.63	02/06/2017	-98822	Transfer	18700000	3.61
					16/06/2017	-700000	Transfer	18000000	3.47
					30/06/2017	-9961500	Transfer	8038500	1.55
					07/07/2017	-4628000	Transfer	3410500	0.66
					14/07/2017	-3410500	Transfer	0	0.00
5	MORGAN STANLEY MAURITIUS COMPANY LIMITED	As on 31/03/2018	0	0.00					
		As on 01/04/2017	17722742	3.42	07/04/2017	-62201	Transfer	17660541	3.41
					30/06/2017	-23791	Transfer	17636750	3.40
					27/10/2017	-214828	Transfer	17421922	3.36
					31/10/2017	-475462	Transfer	16946460	3.27
					03/11/2017	-427938	Transfer	16518522	3.19
					10/11/2017	-147394	Transfer	16371128	3.16
					17/11/2017	-352716	Transfer	16018412	3.09
					24/11/2017	-812901	Transfer	15205511	2.93
					01/12/2017	-128835	Transfer	15076676	2.91
					08/12/2017	-482357	Transfer	14594319	2.81
					15/12/2017	-335166	Transfer	14259153	2.75
					12/01/2018	-927	Transfer	14258226	2.75
					19/01/2018	-3912900	Transfer	10345326	1.99
					26/01/2018	-1329765	Transfer	9015561	1.74
					02/02/2018	-66291	Transfer	8949270	1.73
					16/02/2018	-16131	Transfer	8933139	1.72
					23/02/2018	-1463300	Transfer	7469839	1.44
					09/03/2018	-1383157	Transfer	6086682	1.17
					30/03/2018	-1161965	Transfer	4924717	0.95
		As on 31/03/2018	4924717	0.95					

Appendix II

Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April, 2017 and March 31, 2018

Sl. No	Name of the Share Holder	Shareholding Details for the year	No of Shares	% of total shares of the company	Date of Change	Increase/ Decrease in shareholding during the year	Reason for Increase/ Decrease	Cumulative Shareholding during the Year	
								No of Shares	% of total shares of the company
6	STANDARD CHARTERED PRIVATE EQUITY (MAURITIUS) III L	As on 01/04/2017	15813042	3.05					
					07/04/2017	-6050000	Transfer	9763042	1.89
					14/04/2017	-127000	Transfer	9636042	1.86
					21/04/2017	-9636042	Transfer	0	0.00
7	INDIABULLS HOUSING FINANCE LIMITED	As on 31/03/2018	0	0.00					
		As on 01/04/2017	0	0.00					
		As on 31/03/2018	15470240	2.98	23/02/2018	15470240	Transfer	15470240	2.98
		As on 01/04/2017	0	0.00					
8	SOCIETE GENERALE				05/05/2017	1241600	Transfer	1241600	0.24
					12/05/2017	403000	Transfer	1644600	0.32
					19/05/2017	103242	Transfer	1747842	0.34
					26/05/2017	-93142	Transfer	1654700	0.32
					14/07/2017	33534	Transfer	1688234	0.33
					21/07/2017	52750	Transfer	1740984	0.34
					28/07/2017	-111198	Transfer	1629786	0.31
					04/08/2017	1300703	Transfer	2930489	0.57
					11/08/2017	1700562	Transfer	4631051	0.89
					18/08/2017	-165153	Transfer	4465898	0.86
					25/08/2017	-143787	Transfer	4322111	0.83
					22/09/2017	-13633	Transfer	4308478	0.83
					06/10/2017	-5691	Transfer	4302787	0.83
					31/10/2017	24300	Transfer	4327087	0.83
					03/11/2017	2700	Transfer	4329787	0.84
					10/11/2017	50318	Transfer	4380105	0.84
					17/11/2017	-21865	Transfer	4358240	0.84
					24/11/2017	107115	Transfer	4465355	0.86
					01/12/2017	-145398	Transfer	4319957	0.83
					08/12/2017	-96717	Transfer	4223240	0.81
					15/12/2017	11651529	Transfer	15874769	3.06

Appendix II

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								No of Shares	% of total shares of the company
					22/12/2017	866621	Transfer	16741390	3.23
					29/12/2017	1098094	Transfer	17839484	3.44
					05/01/2018	1107011	Transfer	18946495	3.65
					12/01/2018	-387722	Transfer	18558773	3.58
					19/01/2018	-5119602	Transfer	13439171	2.59
					26/01/2018	-2603927	Transfer	10835244	2.09
					02/02/2018	-6906604	Transfer	3928640	0.76
					09/02/2018	-150500	Transfer	3778140	0.73
					16/02/2018	5207432	Transfer	8985572	1.73
					23/02/2018	8395685	Transfer	17381257	3.35
					02/03/2018	-601563	Transfer	16779694	3.24
					09/03/2018	-3100660	Transfer	13679034	2.64
					16/03/2018	1402519	Transfer	15081553	2.91
					23/03/2018	840035	Transfer	15921588	3.07
					30/03/2018	-2495342	Transfer	13426246	2.59
		As on 31/03/2018	13426246	2.59					
9	UBS PRINCIPAL CAPITAL ASIA LTD.	As on 01/04/2017	0	0.00					
					01/09/2017	51300	Transfer	51300	0.01
					15/09/2017	217608	Transfer	268908	0.05
					22/09/2017	-155508	Transfer	113400	0.02
					06/10/2017	-13500	Transfer	99900	0.02
					27/10/2017	16200	Transfer	116100	0.02
					31/10/2017	37800	Transfer	153900	0.03
					03/11/2017	51300	Transfer	205200	0.04
					10/11/2017	48600	Transfer	253800	0.05
					17/11/2017	267300	Transfer	521100	0.10
					24/11/2017	199800	Transfer	720900	0.14
					01/12/2017	24300	Transfer	745200	0.14
					08/12/2017	-86400	Transfer	658800	0.13
					15/12/2017	72900	Transfer	731700	0.14
					22/12/2017	-8100	Transfer	723600	0.14

Appendix II

Change in Shareholding of Top 10 Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs) between April, 2017 and March 31, 2018

Sl. No	Name of the Share Holder	Shareholding Details for the year	No of Shares	% of total shares of the company	Date of Change	Increase/ Decrease in shareholding during the year	Reason for Increase/ Decrease	Cumulative Shareholding during the Year	
								No of Shares	% of total shares of the company
					29/12/2017	-280800	Transfer	442800	0.09
					05/01/2018	3500	Transfer	446300	0.09
					19/01/2018	-161000	Transfer	285300	0.06
					26/01/2018	-171500	Transfer	113800	0.02
					09/02/2018	-112000	Transfer	1800	0.00
					23/02/2018	7534406	Transfer	7536206	1.45
					09/03/2018	-22030	Transfer	7514176	1.45
					16/03/2018	2778294	Transfer	10292470	1.98
					23/03/2018	907476	Transfer	11199946	2.16
					30/03/2018	831395	Transfer	12031341	2.32
		As on 31/03/2018	12031341	2.32					
10	BNP PARIBAS ARBITRAGE	As on 01/04/2017	0	0.00					
					12/05/2017	238000	Transfer	238000	0.05
					30/06/2017	-20000	Transfer	218000	0.04
					21/07/2017	668400	Transfer	886400	0.17
					28/07/2017	313000	Transfer	1199400	0.23
					04/08/2017	59400	Transfer	1258800	0.24
					11/08/2017	-385000	Transfer	873800	0.17
					22/09/2017	235662	Transfer	1109462	0.21
					06/10/2017	1100000	Transfer	2209462	0.43
					13/10/2017	362484	Transfer	2571946	0.50
					24/11/2017	-348000	Transfer	2223946	0.43
					08/12/2017	-801900	Transfer	1422046	0.27
					05/01/2018	399000	Transfer	1821046	0.35
					02/02/2018	1061000	Transfer	2882046	0.56
					09/02/2018	110944	Transfer	2992990	0.58
					02/03/2018	8345000	Transfer	11337990	2.19
					09/03/2018	4040000	Transfer	15377990	2.96
					16/03/2018	-2100000	Transfer	13277990	2.56
					23/03/2018	-1910000	Transfer	11367990	2.19
					30/03/2018	-1180637	Transfer	10187353	1.96
		As on 31/03/2018	10187353	1.96					

Annexure IV to Directors' Report

A. Conservation of Energy

a) Energy conservation measures taken:

- Various energy saving measures taken e.g. replacement of normal lights with LED lights, installation of Solar Panels, Installation of VFDs etc. have resulted in reduction of Specific Energy Consumption by 3.3 percent.
- Fortis BG Road Expansion Project – The Chillers that have been installed are with VFDs. The Building is being constructed by using Structural Steel to reduce embedded energy and to reduce the impact of construction activities to the neighborhood and environment.
- Across all major hospitals, efforts have been made to reduce consumption of water by utilizing treated waste water for irrigation, for flushing, and for making up for Cooling Tower water requirements.
- The Glass used for façade in several facilities (such as BG Road, Ludhiana, Noida, FMRI, Mohali) is double glazed and is energy efficient low emissivity type which helps in reducing solar heat gain coefficient while improving the visibility.
- Steam condensate is being used for heating water purposes in number of units.
- The Company has entered into a 10-year Power Purchase Agreement (PPA) for utilizing wind power at Malar and Mulund.

b) Additional investment and proposals, if any, being implemented for reduction of consumption of energy:

- It is proposed to reduce “Heat Island Effects” by designing efficient Landscape around Hospitals and install the equipment that are most energy efficient e.g. inverted based chillers, Heat Pumps and Solar Hot water.
- Solar Power Generation Capacity is being enhanced.
- LED Lights are being installed in New Projects to reduce Electrical Power consumption.
- Energy Efficient Chillers, DG sets, Pumps have been selected for New Projects.
- Building envelope has been constructed by using Auto Aerated Concrete Block (in all new projects) for better insulation thereby reducing Air-Conditioned Load.
- Building Management System (BMS) has been installed for efficient HVAC operations.
- Variable Frequency Drives have been installed to conserve energy across Hospitals.
- Timers and Occupancy Sensors have been installed in some offices to optimize the use of electricity.
- The Company has completed installation of LED lamps and lighting across Noida, Mohali and Vasant Kunj facilities and has initiated the same at FEHL.

c) Impact of measures at (a) & (b):

For the year 2017-18 various energy saving initiatives have resulted in reduction of Specific Energy consumption as shown in table given below:

Energy comparisons April - March' 2017-18 (Annual Report)												
	Units lacs 16-17	Units lacs 17-18	Thermal in 16-17 (mill Kcal)	Thermal in 17-18 (million Kcal)	Rate per unit	Rate per liter/SCM	Carbon reduction (in metric Tonnes)	Monetary gains (INR)-(IN Rs Lacs)	Area in Sq. meters	SEC 16-17	SEC 17-18	%age Reduction (Absolute)
Noida	60.64	59.94	464	448	9.5	55	982	108	24430/ 29730	1.92	1.56	18.75
Shalimar Bagh	47.71	50.48	960	409	10	53	863	161	38921/ 49773	0.95	0.78	17.9
Mulund	62.61	63.61	485	592	10	60/45	2842	46.6	25254	1.92	1.95	(+1)1.6
Mohali	68.17	63.62	3238	3182	9	55	564	50.2		1.16	1.07	7.76
BG Road	57.81	62.59	NA	NA	9	NA	5400	107.6	32870/ 35533	1.36	1.36	Negligible
Vasant Kunj	37.78	36.4	177	121	10	53	247	43.5	17260	1.7	1.63	4.12
Nagarbhavi	6.25	6.47	NA	NA	9.5	NA	(+19	(+2	2927	1.65	1.71	(+3.7
Faridabad	42	41.33	NA	NA	9.5	NA	57	7.5	20503	1.59	1.56	2
CG Road	20.22	19.65	NA	NA	9.5	NA	50	6.37	7340	2.13	2.07	2.8
Raipur					9	NA			2511			
Jaipur	60.03	57.93	1661	435	9	55	459	86	29655	1.57	1.51	4
Anandpur	51	51.87	54	54	10	55	132	15.3	25883/ 27006	1.53	1.49	3
Kalyan	10.69	9.94	NA	NA	12	NA	65	8.98	2404	3.44	3.2	7
Escorts	101	97	2410	1567	10	53/40	411	204	40412	1.92	1.86	3.1
*Rash Behari	10.1	9.58	NA	NA	10	NA	42	4.5	2603	3.27	3.11	4.9
Rajaji Nagar					9.5	NA			2007			
Vashi	31.35	31.5	NA	NA	12	NA	(+12	(+1)1.8	13752	1.76	1.77	Negligible
Malar	31.78	31.95	NA	NA	9	NA	2760	40.5	9877	2.49	2.5	Negligible
Amritsar	35.81	38.05	1106	1138	9	55	(+201	(+21.6	13646	2.03	2.16	(+6.4
*Gurgaon	111.38	103.68	2416	964	9.5	55	994	141	74350			
Mahim	34.59	36.1	NA	NA	11	NA	240	31.25	21765	1.4	1.28	8.2
Ludhiana	37.7	38.72	1060	174	9	55	201	32	17538	1.66	1.71	(+3
TOTAL			14031	9084			16077	1070				
Overall SEC reduced from 1.86 to 1.80												
Indicates 11 months data. Rest of the data given above is for 12 months data												

B. Technology Absorption

1. Research & Development (R & D):

- Project Team is working on various models of Hospital Design to reduce Hospital Acquired Infection by segregation of staff and services movement.
- It has been made mandatory for every staff to participate in Seminars, conferences to learn innovative methods to make smart Hospitals.

2. Technology Absorption, Adaptation & Innovation:

a) Efforts made towards technology absorption, adaptation & innovation at FMRI:

- Variable Frequency Drives (VFDs) have been used in Chillers and critical AHUs.
- Variable Air Volume (VAVs) devices have been used in some AHUs.
- Variable Refrigerant Volumes have been used in some areas.
- 12 Rain Water Harvesting Pits have been provided to conserve rain water and improve the water table.
- Linoleum floor has been used in patient areas which is made of natural materials and is bacteriostatic thereby helps in reducing infection.
- Pneumatic Tube System (PTS) has been installed to transfer samples and medicines from patient areas to lab, pharmacy, nursing stations etc.
- Recirculation of treated water to reduce water consumption.
- R 134 a refrigerant has been used which helps to minimize depletion of Ozone Layer.
- Elekta LINAC & Brain Lab have joined hands at our hospital for the first time in the world. This has resulted in treating tumors with extreme & unprecedented accuracy and precision.
- Brain Suite is integrated with mobile CT gantry, Navigation system, OR Table & Microscope first time in India. This helps to provide intra operative CT guidance while performing Brain, Spine & Trauma surgery. CT gantry movement on rail & navigation system helps in localizing tumor & fracture area so that surgeon can decide the procedural approach on table.
- Two Integrated OR (Operation room) - integrated with set of equipment having voice command control helps reduce the manual interface. During transplantation surgeries, surgeon can see activity of Donor & Recipient surgery ongoing in the other.

b) Efforts made towards technology absorption, adaptation & innovation at other units:

- For new expansion project at BG Road in Bangalore, pre-engineered Steel sections are being used to erect the building; this will result in saving of construction time and will reduce impact of construction related activities on the environment.
- The Company has decided to register all new projects with IGBC or TERI for Green Building accreditations.

c) Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution etc.

- As a result of installing PTS, usages of man movement and lifts have been reduced.
- The above steps are helping us across to conserve energy, thus reducing the energy costs at few of our hospitals by a considerable margin over the previous financial year.

3. Expenditure incurred on Research and Development: No expenditure was incurred on Research and Development by the Company during the period under review.

**On behalf of the Board of Directors
For Fortis Healthcare Limited**

Sd/-

**Ravi Rajagopal
Chairman**

Date: August 14, 2018
Place: Gurugram

Annexure V to Directors' Report

1. A brief outline of the Company CSR Policy

Under the guiding principles detailed in the Code of Conduct including amongst others:

- Conducting our operation in an honest and fair manner with integrity and openness.
- Respecting the human rights, dignity and legitimate interest of all individuals directly or indirectly associated with us.
- Providing a safe, healthy work and business environment directly or indirectly associated with us.
- Ensuring conduct which sustains and enhances the global reputation and image of the organization.

The Board of Director has approved the CSR policy for the Company. The said policy approaches this area under the philosophy that the company efforts should strive towards building and sustaining a healthier humanity. The policy elucidates the concept of growing our business in a socially and environmentally responsible manner through an active role in empowering communities and driving social development and positive change.

With the above in mind the policy seeks as an objective to bring focus, leveraging its inherent skills, experience, knowledge and recourses in the area surrounding "Mother & Child".

The policy holds itself out as a forward looking aspirational charter which recommends liberal interpretation, promotes activity under the spirit of partnership and recommends that initiatives be targeted to the needs of the disadvantaged, vulnerable and marginalized sections of society. While the underlying guidance is to bring alignment of varied activities under the focus umbrella, it recognizes the need to record presence and contribution in such weak links in society where its mere presence and support could drive significant social benefit. In keeping with such themes, program/s such as supporting charitable healthcare infrastructure, disaster relief and developing a repository of healthcare information which could then be communicated with the help of technology and innovation remain well within the range of the policy objectives.

In fulfillment of these objectives the Company executes both direct activities and also has designated a specialist organization i.e. The Fortis Charitable Foundation, which has about a decade of requisite experience to help drive its objectives. In the coming years the Company intends to discontinue using The Fortis Charitable Foundation as Special Purpose Vehicle and instead use Fortis CSR Foundation or some other vehicle for sustainability and scalability of the project.

The policy seeks to define the specific roles and responsibilities associated with administration, program design and execution. It further clarifies the governance, monitoring, reporting and disclosure requirements.

As a social enterprise in the critical domain of healthcare, the Company has participated and implemented various socially responsive programs since its inception. In addition to activities under Section 135 of Companies Act, 2013, the Company undertakes various community connect initiatives like awareness on health issues, clean and healthy environment

The policy as approved by the Board is available on the Company's web site at http://cdn.fortishealthcare.com/0.04148800_1507627478_Corporate-Social-Responsibility-Policy.pdf

2. Composition of the CSR Committee

The Board has approved the constitution of a standalone CSR Committee with a delegated mandate. The current composition and mandate of the committee are available and updated on the Company's website at http://cdn.fortishealthcare.com/0.27345500_1507181646_CSR-Committee-Mandate.pdf.

The composition of the CSR committee as on March 31, 2018 was as follows:

- (i) Dr. Brian William Tempest (Chairman);
- (ii) Mr. Harpal Singh;
- (iii) Lt. Gen. Tejinder Singh Shergill.

Further, due to the change in the constitution of the board, the current composition of the committee is as follows:

- (i) Mr. Ravi Rajagopal;
- (ii) Mr. Indrajit Banerjee; and
- (iii) Ms. Suvalaxmi Chakraborty

3. Average Net Loss of the Company/s for last three financial years: Rs. 9,730.11 lacs

(Amount is ₹ lacs)

Year	Avg Net Profit	Prescribed CSR expenditure @2%	Given in the Year
2017-18	(8,132.44)	-	-
2016-17	(12,534.13)		264.86 (for FY 2014-15)
2015-16	(8523.76)		243.08 (for FY 2015-16)
2014-15	(2254.25)		-

4. Overview of project/ programs undertaken / proposed to be undertaken

PROGRAM	NEED BASED FOCUS AREA	OBJECTIVE
SAVERA	Awareness, Communication & Publication	To effectively communicate who we are and what we do To lead thinking based on knowledge and data To structure the message in context of target audience To set up an E-learning portal on health formation accessible to all sections of society. To set up a First Aid Training Academy

5. Details of CSR spend during the Financial Year (Total Amount Spent, Details of amount committed, manner in which the amounts were spent during the Financial Year including details of implementing agency/ vehicle):

Chart I: CSR spend measured under Section 135 of Companies Act, 2013 (FY 2017-18)

Manner in which the amount spent by the Company during the Financial Year is detailed below

(Amount is ₹ lacs)

1	2	3	4	5	6	7	8	9	10
S. No	CSR Project or activity identified	Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)	Contributing Entity	Contributing Amount FY 17-18	Projects or program Local Area or other Specify the State and District where projects and programs were undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the Projects or Programs Sub Heads 1. Direct expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or through implementing agency
1.	Sewa	(i)	Fortis Health-care Limited	-	Pan India	-	-	2.52	Designated Special Purpose Vehicle i.e. Fortis Charitable Foundation
2	Savera	(i) and (ii)	Fortis Health-care Limited	-	-	87.17	18.75	18.75	
	TOTAL			-		87.17	18.75	21.27	

Manner in which the amount has been spent by the subsidiaries of the Company during the Financial Year is detailed below.

(Amount is ₹ lacs)

1	2	3	4	5	6	7	8	9	10
S No	CSR Project or activity identified	Sector in which the Project is covered (Schedule VII of the Companies Act, 2013)	Contributing Entity	Contributing Amount FY 17-18	Projects or program Local Area or other Specify the State and District where projects and programs were undertaken	Amount Outlay (budget) project or programs wise	Amount spent on the Projects or Programs Sub Heads 1. Direct expenditure on Projects or Programs 2. Overheads	Cumulative Expenditure up to the Reporting Period	Amount Spent: Direct or through implementing agency
1.	Sewa	(i)	Escorts Heart Institute and Research Centre Limited	-	Pan India	-	-	83.41	Designated Special Purpose Vehicle i.e. Fortis Charitable Foundation
			Fortis Malar Hospitals Limited	-	Pan India	-	-	25.94	
2	Savera	(i) and (ii)	Escorts Heart Institute and Research Centre Limited	-	Pan India	188.21	38.97	95.98	
			Fortis Malar Hospitals Limited	18.76	Pan India	51.87	25.87	28.50	
			Escorts Heart and Super Speciality Hospital Limited	-	Pan India	1.60	-	1.60	
			Fortis Hospotel Limited	-	Pan India	50.00	6.99	6.99	
			Hiranandani Healthcare Private Limited	4.71	Pan India	4.71	-	-	
	TOTAL			23.47		296.39	71.83	242.42	

The delta between amounts reflected in column 7 & 8 reflects amounts committed against actual spend. Activities during the FY 2016-17 focused on Needs Assessment, Program Design and Development, Organizational Design and on-boarding of the requisite talent. The amounts committed and unspent would be carried forward into the succeeding budget and outlays for FY 2017-18. The above figures do not include overheads and administrative figures, the recording and quantification of which would get streamlined in the coming year for reporting purposes.

Chart II: CSR spend beyond the purview of Section 135 (Amount is ` lacs): NIL

6. In case the company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the company shall provide the reasons for not spending the amount in its Board report.

In FY 2017-18, no contribution was made by the Company towards CSR activities due to inadequacy of profits. However, the earlier commitments made by the Company will progressively be made in the coming years also.

7. The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

**By Order of the Board of Directors
FOR FORTIS HEALTHCARE LIMITED**

Date: August 14, 2018
Place: Gurugram

Sd/-
RAVI RAJAGOPAL
CHAIRMAN

N.A
Chairman of
Corporate Social Responsibility Committee

Annexure VI to Directors' Report**FORM AOC-2****PARTICULARS OF CONTRACT / ARRANGEMENT MADE WITH RELATED PARTIES**

(pursuant to Clause (h) of Sub Section (3) of Section 134 of the Companies Act, 2013 and Rule 8(2) of the Companies (Accounts) Rules, 2014)

This form pertains to the disclosure of particulars of contracts/ arrangement entered into by the Company with related parties referred to in Section 188(1) of the Companies Act, 2013 including certain arm's length transaction under third proviso thereto.

Details of contracts or arrangements or transaction not at arm's length basis

There were no contracts or arrangements or transactions entered into during the year ended March 31, 2018 which are not on arm's length basis.

Details of material contracts or arrangements or transaction at arm's length basis

The details of material contracts or arrangements or transactions (as per the Company's Policy on 'Materiality on Related Party Transactions') entered into during the year ended March 31, 2018, which are on arm's length basis:-

Name of Related Party	Nature of Relationship	Nature of Contract / arrangement / transaction	Duration of the Contract / arrangement / transaction	Salient terms of the Contract / arrangement / transaction including the value, if any	Date of approval by the Board, if any	Amount paid in advance
Fortis Hospitals Limited	Wholly Owned Subsidiary Company	Loan advanced	Till March 2019	An agreement of ₹ 1,500 crore @ 11.50% p.a.	Approved by Audit and Risk Management Committee on February 13, 2017	NA
1. RHT Health Trust Manager Pte. Limited, acting in capacity as Trustee Manager of RHT Health Trust (RHT) 2. Fortis Global Healthcare Infrastructure Pte. Ltd 3. RHT Health Trust Services Pte. Ltd. 4. International Hospital Limited 5. Fortis Health Management Limited 6. Escorts Heart & Super Specialty Hospital Limited 7. Hospitalia Eastern Private Limited 8. Fortis Hospotel Limited.	Subsidiaries & Associates (in terms of AS 24)	Acquisition of all the securities of RHT's entities in India	Till closing under the agreement has occurred	Exclusivity arrangement for the acquisition of all the securities of RHT's entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately ₹ 465,000 lacs	Approved by Board in their meeting held on November 14 2017 & on February 13, 2018	NA

**By Order of the Board of Directors
For Fortis Healthcare Limited**

Sd/-

**Ravi Rajagopal
Chairman**

Date: August 14, 2018

Place: Gurugram

REPORT ON CORPORATE GOVERNANCE

1. INTRODUCTION

Corporate governance essentially is the system of structures, rights, duties and obligations by which companies are directed and controlled. This governance structure specifies the distribution of rights and responsibilities among different participants in the corporation (such as the board of directors, management, shareholders, creditors, auditors, regulators and other stakeholders) and specifies the rules and procedures for making decisions in corporate affairs. This is reflected in the Company's philosophy on Corporate Governance. The Report has been prepared in accordance with the requirements laid down under Companies Act, 2013, SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 and with a view to meticulously attain the highest standards of governance.

2. COMPANY'S PHILOSPHY ON CORPORATE GOVERNANCE

Corporate Governance ensures fairness, transparency and integrity of the management. As a part of its growth strategy, the Company believes in adopting the 'best practices' that are followed in the area of Corporate Governance across various geographies. The Company emphasizes the need for full transparency and accountability in all its transactions, in order to protect the interests of its stakeholders. The Board considers itself as a trustee of its shareholders and acknowledges its responsibilities towards them for creation and safeguarding their wealth. The Company has set itself the objective of expanding its capacities and becoming globally competitive in its business. As a part of its growth strategy, it is committed to high levels of ethics and integrity in all its business dealings that avoids conflict of interest. In order to conduct business with these principles, the Company has created a corporate structure based on business needs and maintains a high degree of transparency through regular disclosures with a focus on adequate control systems.

3. BOARD OF DIRECTORS - Composition of the Board

The Board of Directors ("the Board") is at the core the Company's Corporate Governance practices and oversees how management serves and protects the long-term interests of its stakeholders. It brings in strategic guidance, leadership and independent view to the Company's Management while discharging its fiduciary responsibilities, thereby, ensuring that Management adheres to highest standards of ethics, transparency and disclosures.

Our policy towards the composition of Board is to have an appropriate mix of Executive, Non-Executive, Women and Independent Directors, representing a judicious mix of professionalism, diversity and wide spectrum subject to specific competence in areas critical to the organization, knowledge and experience. This helps to drive value-based guidance whilst maintaining the independence of the Board and to separate its function of Governance and Management.

As on March 31, 2018, the Board consisted of 4 (Four) Members, all being Non-Executive and out of which 3 (Three) were Independent Directors. Further, amongst 4 (Four) Directors there was 1 (One) Woman Director. The Non-Executive Directors bring an external and wider perspective in Board's deliberation and decisions. However as on the date of this report, the current board is a totally re-constituted board consisting of three new independent directors ("**Newly constituted Board**").

The Company has issued formal letters of appointment to Independent Directors in the manner as provided in the Companies Act, 2013 and the terms and conditions of such appointment is disclosed on the website of the Company.

The size and composition of the Board conforms to the requirements of Regulation 17(1) of Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015 (hereinafter referred as '*Listing Regulations*' in this report) and Companies Act, 2013. Other details relating to the Directors as on March 31, 2018 are as follows:

Name of the Director	Position held in the Company	Directorship in other Companies [@]	Membership of the Committee in Companies [#]	Chairmanship of the Committee in Companies [#]
Dr. Brian William Tempest	Non-Executive Independent	4	1	1
Mr. Harpal Singh	Non-Executive Non-Independent	7	2	1
¹ Lt. Gen. Tejinder Singh Shergill	Non-Executive Independent	2	3	0
² Ms. Sabina Vaisoha	Non-Executive Independent	7	3	1

[@] Excluding Foreign Companies and Companies formed under Section 8 of Companies Act, 2013 and Fortis Healthcare Limited

[#] Represents membership/chairmanship of Audit Committee & Stakeholders' Relationship Committee of Indian Public Limited Companies (i.e. other than Foreign Companies, Private Limited Companies, Companies formed under Section 8 of the Companies Act, 2013 and Fortis Healthcare Limited)

¹Appointed as Additional Non-Executive Director of the Company w.e.f. February 12, 2018

²Appointed as Additional Non-Executive Director w.e.f. March 27, 2018

None of the Directors on Board of the Company is a member in more than 10 (Ten) Committees and / or act as a Chairman/Chairperson of more than 5 (Five) Committees across all the Companies in which he/she is a Director. Further, no independent director serves in more than seven listed companies and none of the person who is serving as whole time director in listed company is serving as an independent director in more than 3 (Three) listed companies.

None of the Directors, as on date, are related to one another.

Post the closure of the Financial Year 2017-18, Mr. Harpal Singh, Ms. Sabina Vaisoha and Lt. Gen. Tejinder Singh Shergill tendered their resignations w.e.f. May 20, 2018. Further at the Extra-Ordinary General Meeting of the Company held on May 22, 2018, the shareholders ratified the appointment of Mr. Ravi Rajagopal, Mr. Indrajit Banerjee and Ms. Suvalaxmi Chakraborty as Directors of the Company and further removed Dr. Brian William Tempest as the director. Consequently as on date of this report, Mr. Ravi Rajagopal has been designated as Chairman of the Board.

Disclosure regarding appointment or re-appointment of Directors

The appointments made to the Board is recommended by the Nomination and Remuneration Committee, wherever feasible, after considering various factors such as qualifications, positive attributes, area of expertise and other criteria as laid down in the “Board of Directors-Governance Standards”. The same is further taken for shareholders’ approval, as and when required, under the provisions of applicable laws.

During the Financial Year 2017-18, the Board of Directors had on the recommendation of the Nomination and Remuneration Committee appointed Lt. Gen. Tejinder Singh Shergill as Non-Executive Additional Independent Director on the Board of the Company. At the time of appointment of Ms. Sabina Vaisoha, the Nomination and Remuneration Committee consisted of only Lt. Gen. Tejinder Singh Shergill and Dr. Brian William Tempest. Since the composition of the Committee did not meet the requirement of the Companies Act, 2013 and Listing Regulations, the recommendation of the Committee could not be obtained in this case. A proper noting in this regard was made in the board minutes also.

Pursuant to the provisions of Section 149 of the Companies Act, 2013, all the Independent Directors hold office for a tenure of five consecutive years and are not liable to retire by rotation.

Board Functioning and Procedure

The Board of Directors is an apex body constituted by the members for overseeing the overall functioning of the Company. The Board provides and evaluates the strategic directions of the Company, Management’s policies and their effectiveness and ensures that the long-term interests of the Shareholders are being served.

The probable dates of the Board Meetings for the forthcoming year are decided in advance and published as part of the Annual Report. The Board meets at least once in a quarter to review the performance of the Company and approves, *inter alia*, the financial results and also on the occasion of AGM. Whenever necessary, additional meetings are held. In case of business exigencies or urgency of matters, resolutions are passed by circulation. Board oversees the process of disclosures and communication.

Independent Directors are regularly updated on performance of the Company, business strategies and new initiatives being taken/proposed to be taken by the Company. The agenda for each Board Meeting along with background papers are circulated in advance to the Board Members to facilitate meaningful discussion at the meetings.

The Directors are provided free access to offices and employees of the Company. With the permission of Chair, Company’s executives are invited to meetings of the Board/Committees at which their presence and expertise helps the Members to develop a full understanding of matters being deliberated.

The agenda and notes on agenda are circulated to Directors in advance and in the agreed format. All material information is incorporated in the agenda so as to give sufficient time to the Directors to go through the presentations/documents and take a well-informed decision. In case of exigencies/sensitive matters, the details are directly placed at the meeting, with the permission of the Chair.

The provisions and procedures relating to Performance Evaluation of the Directors and Familiarization Program forms part of Board Report. Further, in compliance with Listing Regulations, the Company has made familiarization programs to familiarize Independent Directors with the Company, their roles, rights, responsibilities in the Company, nature of the industry in which the Company operates, business model of the Company, etc. The detail of such familiarization programme is available at <http://cdn.fortishealthcare.com/FamiliarisationssProgram201718.pdf>.

The details of Board Evaluation including criteria for evaluation of Independent Directors forms part of Directors Report.

The Company effectively uses facility of audio-visual means to enable the participation of Directors who cannot attend the Board or Committee meeting(s) in person.

During the year under review, 8 (Eight) Board Meeting were held on (i) May 30, 2017; (ii) August 4, 2017; (iii) September 26, 2017; (iv) November 14, 2017; (v) February 13, 2018; (vi) February 28, 2018; (vii) March 20, 2018 and (viii) March 27, 2018.

The following table gives the attendance record of the directors at the above said Board meetings and at the last Annual General Meeting, which was held on September 26, 2017.

Name of the Directors	No. of Board Meetings attended	Attendance at last AGM
¹ Mr. Malvinder Mohan Singh	4	Yes
² Dr. Shivinder Mohan Singh	4	Yes
³ Dr. Brian Willian Tempest	8	Yes
⁴ Mr. Harpal Singh	8	Yes
⁵ Ms. Joji Sekhon Gill	2	No
^{6@} Mr. Pradeep Ratilal Raniga	6	No
⁷ Dr. Preetinder Singh Joshi	3	No
⁸ Ms. Shradha Suri Marwah	1	No
⁹ Mr. Sunil Naraindas Godhwani	0	NA
¹⁰ Lt. Gen Tejinder Singh Shergill	4	NA
¹¹ Ms. Sabina Vaisoha	0	NA

[@] Attended four meetings (included herein) through video-conferencing/skype but not counted for quorum as the facility of recording could not be enabled.

⁵ Attended two meetings (included herein) through video-conferencing but not counted for quorum as the facility of recording could not be enabled.

¹ Resigned from the directorship and chairmanship of the Company w.e.f. February 8, 2018.

² Resigned from the Directorship of the Company w.e.f. February 8, 2018.

³ Removed from the Directorship of the Company w.e.f. May 22, 2018.

⁴ Resigned from the Directorship of the Company w.e.f. May 20, 2018.

⁵ Resigned from the Directorship of the Company w.e.f. March 7, 2018.

⁶ Resigned from the Directorship of the Company w.e.f. March 22, 2018.

⁷ Resigned from the Directorship of the Company w.e.f. March 19, 2018.

⁸ Resigned from the Directorship of the Company w.e.f. November 14, 2017.

⁹ Vacated the office of Director of the Company w.e.f. August 4, 2017.

¹⁰ Resigned from the Directorship of the Company w.e.f. May 20, 2018.

¹¹ Resigned from the Directorship of the Company w.e.f. May 20, 2018.

Save as elsewhere provided in this report, the information/documents as required under Listing Regulations, to the extent applicable, are placed before the Board.

Statutory Compliances

The Board periodically reviews the mechanism put in place by the management to ensure the compliances with Laws and Regulations as may be applicable to the Company as well as the steps taken by the Company to rectify the instances of non-compliances, if any.

Code of Conduct

The Board has prescribed a Code of Conduct ("the Code") for all employees of the Company including Senior Management and Board Members, which covers the ethics, transparency, behavioral conduct, a gender friendly work place, legal compliance and protection of the Company's property and information. Further, in terms of Schedule IV

of Companies Act, 2013, the Company has adopted an additional code of conduct for the Independent Directors. Both the codes are hosted on the website of the Company. In terms of Listing Regulations, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2017-18. A declaration to this effect signed by the Chief Executive Officer (CEO) of the Company, forms part of this Report.

4. COMMITTEES OF THE BOARD

In terms of Listing Regulations and Companies Act, 2013, the Board has constituted 4 (Four) Committees viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Further as of March 31, 2018, the Company also had a Management Committee.

Keeping in view the requirements of the Companies Act, 2013 as well as Listing Regulations, the Board decides the terms of reference of these Committees and the assignment of members to various Committees. The recommendations, if any, of these Committees are submitted to the Board for approval.

A. Audit and Risk Management Committee

➤ Composition

As on March 31, 2018, Audit and Risk Management Committee comprised of the following members, namely:

- (i) Dr. Brian William Tempest, Chairman,
- (ii) Mr. Harpal Singh, and
- (iii) Lt. Gen Tejinder Singh Shergill

All members of the Committee are financially literate and have requisite accounting and financial management expertise. Mr. Rahul Ranjan, Company Secretary, acts as the Secretary of the Audit and Risk Management Committee.

The salient roles and responsibilities associated with the Audit and Risk Management Committee include, but are not limited to the following:

- To review, with the management, the financial statements and auditor's report thereon before submission to the board for approval,
- To review management discussion and analysis of financial condition and results of operations,
- To review the financial statements, in particular, the investments made by the unlisted subsidiary company(ies),
- To review and approve all related party transactions as reported by the Management or any subsequent modification thereof,
- To review, with the management, the statement of uses / application of funds raised through an issue, the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue and making appropriate recommendations to the Board to take up steps in this matter,
- To scrutinize the inter corporate loans and investments,
- To review valuation of undertakings or assets of the company, wherever it is necessary and appointment of valuer(s),
- To recommend appointment, remuneration and terms of appointment of auditors of the company after taking into consideration the qualifications and experience of the individual or the firm proposed to be considered for appointment as auditor,

- To evaluate risk management system,
- To review and oversee the Whistle Blower mechanism, and
- To approve appointment of CFO.

The detailed and exhaustive Mandate of the Audit and Risk Management Committee reflecting the salient terms of reference and responsibilities for the Committee is available on the website of the Company for reference at http://cdn.fortishealthcare.com/0.50340400_1507181603_Audit-&-Risk-Management-Committee-Mandate.pdf

The Company has laid down sufficient safeguards to ensure risk assessment and risk management and forms part of Management Discussion and Analysis Report.

➤ **Meetings of Audit and Risk Management Committee during the year**

5 (Five) Meetings of the Audit and Risk Management Committee were held during the year under review on (i) May 29, 2017; (ii) August 3, 2017; (iii) February 13, 2018 (iv) February 28, 2018, and (v) March 27, 2018.

The Attendance of members of Audit and Risk Management Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1	Dr. Brian William Tempest	5
2	Mr. Harpal Singh	5
3	¹ Lt. Gen. Tejinder Singh Shergill	3
4	^{2@} Dr. Preetinder Singh Joshi	2
5	^{3#} Mr. Pradeep Ratilal Raniga	3

[@]Attended one meeting (included herein) through video-conferencing but not counted for quorum as the facility of recording could not be enabled.

[#]Attended two meetings (included herein) through video-conferencing/skype but not counted for quorum as the facility of recording could not be enabled.

¹ Appointed w.e.f. February 12, 2018

² Resigned w.e.f. March 19, 2018.

³ Resigned w.e.f. March 22, 2018

Executive Directors, if any, Chief Executive Officer, Chief Financial Officer, Head- Risk and Internal Audit and representatives of Statutory Auditors and Internal Auditors are generally invited to the meetings of the Audit and Risk Management Committee.

Post the closure of Financial Year 2017-18, all the members of the committee have either resigned or have relinquished the office at the behest of the shareholders. Accordingly, as on the date of the report, the committee comprises of 3 (Three) Independent Directors i.e. Newly constituted Board.

B. Stakeholders Relationship Committee

➤ **Composition**

In order to expedite the process of share transfers, the Board of the Company has delegated the power of share transfer to the Committee. As on March 31, 2018, the Stakeholders Relationship Committee comprised of the following members, namely:

- (i) Lt. Gen. Tejinder Singh Shergill, Chairperson,
- (ii) Mr. Harpal Singh, and
- (iii) Dr. Brian William Tempest

Mr. Rahul Ranjan, Company Secretary, acts as the Secretary of the Stakeholders Relationship Committee and the Compliance Officer pursuant to Listing Regulations.

The salient roles and responsibilities associated with the Stakeholders Relationship Committee include, but are not limited to the following:

- To approve/refuse/reject registration of transfer/transmission of Shares in a timely manner;
- To authorise printing of Share Certificates;
- To issue the Share Certificates under the seal of the Company, which shall be affixed in the presence of and signed by any two Directors (including Managing or Whole-time Director, if any), and Company Secretary / Authorised Signatory;
- To authorise affixation of the Common Seal of the Company on Share Certificates of the Company;
- To monitor redressal of stakeholders complaints/grievances including relating to non-receipt of allotment / refund, transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends etc; and
- To authorize to maintain, preserve and keep in its safe custody all books and documents relating to the issue of share certificates, including the blank forms of share certificates.

The detailed and exhaustive Mandate of the Stakeholders Relationship Committee reflecting the salient terms of reference and responsibilities is available for reference on the website of the Company at http://cdn.fortishealthcare.com/0.71407500_1507181724_SRC-Mandate.pdf.

➤ **Meetings of Stakeholders Relationship Committee during the year**

4 (Four) meetings of Stakeholders Relationship Committee were held during the year ended March 31, 2018 on (i) May 29, 2017, (ii) August 4, 2017, (iii) November 14, 2017, and (iv) February 13, 2018.

The attendance of members of the Stakeholders Relationship Committee at the said meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1	Dr. Brian William Tempest	4
2	Mr. Harpal Singh	4
3	¹ Lt. Gen. Tejinder Singh Shergill	1
4	² Ms. Shradha Suri Marwah	0
5	³ Dr. Shivinder Mohan Singh	0

¹ Appointed w.e.f. February 12, 2018

² Resigned on November 14, 2017

³ Appointed as Chairman of the Committee w.e.f. November 14, 2017 and resigned from the Board w.e.f. February 8, 2018

➤ **Details of Investors' Grievances received during the year 2017-18**

Nature of Complaints	Pending as on April 1, 2017	Received during the year	Resolved/ attended during the year	Pending as on March 31, 2018
Non-receipt of Dividend warrants/non-receipt of Annual Reports/Non-receipt of Securities/Non-receipt of securities after transfer/clarification regarding shares/others etc.	0	84	84	0
Total	0	84	84	0

The Company gives utmost priority to the redressal of Investors' Grievances which is evident from the fact that all complaints received from the investors were resolved expeditiously, to the satisfaction of the investors.

No share transfer was pending as on March 31, 2018.

Post the closure of Financial Year 2017-18, all the members of the committee have either resigned or have relinquished the office at the behest of the shareholders. Accordingly, as on the date of the report, the committee comprises of 3 (Three) Independent Directors i.e. Newly constituted Board.

C. Corporate Social Responsibility Committee➤ **Composition**

As on March 31, 2018, Corporate Social Responsibility Committee comprised of the following members, namely:

- (i) Dr. Brian William Tempest, Chairman,
- (ii) Mr. Harpal Singh, and
- (iii) Lt. Gen Tejinder Singh Shergill.

Mr. Rahul Ranjan, Company Secretary acts as the Secretary of the Corporate Social Responsibility Committee.

The salient roles and responsibilities associated with the Corporate Social Responsibility Committee include, but are not limited to the following:

- Reviewing and making recommendations, as appropriate, with regard to the Company's Corporate Social Responsibility (CSR) policy(ies) indicating the activities to be undertaken by the Company;
- Reviewing the various proposals of CSR programmes / projects as submitted by CSR department of the Company and if thought fit, approval thereof, provided that the same is within the framework of CSR Policy;
- Identification and appointment of various eligible agencies / entities for execution of CSR programmes or projects of the Company;
- Recommendation of the amount of expenditure to be incurred on the CSR activities as per the framework of CSR Policy; and
- Reviewing the annual budget for the Company's CSR activities to confirm that sufficient funding is provided for compliance with this mandate.

The detailed and exhaustive mandate of the Corporate Social Responsibility Committee reflecting the salient terms of reference and responsibilities for the Committee is available on the website of

the Company for reference at http://cdn.fortishealthcare.com/0.27345500_1507181646_CSR-Committee-Mandate.pdf.

➤ **Meetings of Corporate Social Responsibility Committee during the year**

2 (Two) Meetings of Corporate Social Responsibility Committee were held during the year ended March 31, 2018 on (i) May 29, 2017 and (ii) February 13, 2018.

The Attendance of members of the Corporate Social Responsibility Committee at the said meetings was as under:

Sr. No.	Name of the Member	No. of meetings attended
1	Mr. Harpal Singh	2
2	¹ Mr. Malvinder Mohan Singh	1
3	² Ms. Shradha Suri Marwah	0
4	³ Lt. Gen Tejinder Singh Shergill	1
5	⁴ Dr. Preetinder Singh Joshi	0

¹ Resigned w.e.f. February 8, 2018

² Resigned w.e.f. November 14, 2017

³ Appointed w.e.f. February 12, 2018

⁴ Resigned w.e.f. March 19, 2018.

Post the closure of Financial Year 2017-18, all the members of the committee have either resigned or have relinquished the office at the behest of the shareholders. Accordingly, as on the date of the report, the committee comprises of 3 (Three) Independent Directors i.e. Newly constituted Board.

D. Nomination and Remuneration Committee

➤ **Composition**

As on March 31, 2018, the Nomination and Remuneration Committee comprised of the following members:

- (i) Lt. Gen Tejinder Singh Shergill, Chairperson; and
- (ii) Dr. Brian William Tempest

The Nomination and Remuneration as on February 13, 2018 was re-constituted by the Board to include Lt. Gen. Tejinder Singh Shergill (Chairperson); Ms. Joji Sekhon Gill; Dr. Brian William Tempest; and Dr. Preetinder Singh Joshi. Post the resignations tendered by Ms. Joji Sekhon Gill and Dr. Preetinder Singh Joshi in March, 2018, the board as on March 31, 2018 was very unstable due to frequent changes in its composition. The Board re-constituted the Committee on April 5, 2018, to include Lt. Gen. Tejinder Singh Shergill (Chairperson); Dr. Brian William Tempest; and Mr. Harpal Singh as the Committee members. Thereafter and post the closure of Financial Year 2017-18, all the members of the committee have either resigned or have relinquished the office at the behest of the shareholders. Accordingly, as on the date of the report, the committee comprises of 3 (Three) Independent Directors i.e. Newly constituted Board.

The salient roles and responsibilities associated with the Nomination and Remuneration Committee include, but are not limited to, the following:

- Assist in identifying and finalizing suitable candidates as members of the Board and recommendation of compensations norms;
- Devising of remuneration policy and Board diversity policy for the Board Members;
- Monitor and Evaluation of Board Evaluation Framework;

- Identification of the persons who may be appointed in senior management, evaluation of performances of Key Managerial Personnel, monitoring their compensation packages, employment arrangements and remuneration policy;
- Review and approve succession and emergency preparedness plan for the Key Managerial Personnel and all senior Management personnel;
- Review grant of stock options or pension rights to the employees under different ESOP Plans of the Company; and
- Review of organization structure.

The detailed and exhaustive Mandate reflecting the salient terms of reference and responsibilities for the Nomination and Remuneration Committee is available on the website of the Company for reference at http://cdn.fortishealthcare.com/0.67952000_1507181700_NRC-Mandate.pdf.

The Nomination and Remuneration Committee works with the Board on the succession planning and ensures contingency plans are in place to meet any exigencies. Mr. Rahul Ranjan, Company Secretary acts as the Secretary of the Nomination and Remuneration Committee.

➤ **Meetings of Nomination and Remuneration Committee during the year**

3 (Three) meetings of Nomination and Remuneration Committee were held during the year ended March 31, 2018. These were held on (i) May 26, 2017; and (ii) August 4, 2017; and (iii) February 13, 2018

The attendance of members of Nomination and Remuneration Committee at these meetings was as follows:

Sr. No.	Name of the Member	No. of meetings attended
1	¹ Lt. Gen Tejinder Singh Shergill	1
2	Dr. Brian William Tempest	3
3	² Dr. Preetinder Singh Joshi	1
4	³ Ms. Joji Sekhon Gill	2
5	⁴ Mr. Malvinder Mohan Singh	2

¹Appointed w.e.f. February 12, 2018

²Resigned w.e.f. March 19, 2018

³Resigned w.e.f. March 7, 2018

⁴Resigned w.e.f. February 8, 2018

[@]Attended one meeting (included herein) through audio-conferencing but not counted for quorum as the facility of recording could not be enabled

➤ **Remuneration policy & Criteria of making payments to Executive and Non-Executive Directors including Independent Director**

The remuneration policy of the Company is aimed at rewarding the performance, based on review of achievements on a regular basis and is in consonance with the existing industry practice.

The Directors' remuneration policy of your Company is in line with the provisions of the Companies Act, 2013. The remuneration paid/payable to the Executive Director(s) is, as recommended by the Nomination and Remuneration Committee, decided by the Board and approved by the Shareholders and Central Government, wherever required.

Presently, the Non-Executive Director(s) are being paid sitting fees for attending the Meetings of Board of Directors and various Committee(s) of Board viz. Audit and Risk Management Committee,

Stakeholders Relationship Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee, Management Committee and separate meeting of Independent Directors.

Non-Executive Directors will be paid honorarium upto 1% the Net Profits of the Company calculated in accordance with the provisions of Section 198 of Companies Act, 2013, as approved by the shareholders at their meeting held on September 23, 2015. During the year under review, no such honorarium was paid to any of the Non-Executive Director.

The key components of the Company's Remuneration Policy for the Board Members are:

- Compensation will be based on credentials and the major driver of performance.
- Compensation will be competitive and benchmarked with industry practice.
- Compensation will be fully transparent and tax compliant.

The Governance Document for Board which inter alia includes the Remuneration Policy of the Company is made available on the website of the Company at http://cdn.fortishealthcare.com/0.35155800_1498650624_board-of-directors-governance-standards.pdf.

➤ **Remuneration to Directors**

a) Executive Director

Mr. Malvinder Mohan Singh, Whole Time Director, designated as Executive Chairman was re-appointed as Executive Chairman w.e.f. April 1, 2016 for a period of 3 years. He tendered his resignation on February 8, 2018, which was duly accepted by the Board on February 13, 2018 (effective February 8, 2018).

He did not draw any remuneration in his capacity as Executive Director of the Company. He held 11,508 (Eleven Thousand Five Hundred Eight) shares in the Company as on the date of his resignation.

Further in furtherance to the shareholder's approval as accorded on September 27, 2016 and that of Board/Committees in November, 2016, Mr. Malvinder Mohan Singh was appointed as Lead-Strategic Initiatives for a period of 5 (Five) years w.e.f. October 1, 2016 at a remuneration of ₹ 12 crore p.a. Accordingly he was paid a remuneration of ₹ 11 crore (approx.) during the FY 2017-18 as per below details:

Particulars	Gross Salary	Perquisites	Provident Fund
Amount in ₹ crore	1084.16	2.95	15.84

The Company having considered all necessary facts and taking into account external legal advice, has decided to treat as non est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead-Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013, the Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

b) Non-Executive Directors

During the period under review sitting fees paid to Non-Executive Directors and their shareholding as on March 31, 2018 is as follows:

S. No.	Name of Directors	Gross Sitting Fees (₹)	Shareholding in the Company as on March 31, 2018 or the date of resignation, whichever is earlier
1	Dr. Shivinder Mohan Singh	4,00,000	11,508
2	Dr. Brian William Tempest	21,00,000	NIL
3	Mr. Harpal Singh	20,00,000	58,003
4	Ms. Joji Sekhon Gill	4,00,000	NIL
5	Mr. Pradeep Ratilal Raniga	9,00,000	NIL
6	Dr. Preetinder Singh Joshi	6,00,000	NIL
7	Ms. Shradha Suri Marwah	1,00,000	NIL
8	Mr. Sunil Naraindas Godhwani	NIL	NIL
9	Lt. Gen. Tejinder Singh Shergill	11,00,000	16,000
10	Ms. Sabina Vaisoha	NIL	NIL

The Company has not granted any stock options to any of its Directors. Except as stated above and as disclosed elsewhere in this Annual Report including notes to Financial Statements, there was no other pecuniary relationship or transaction of the Non-Executive Director(s) vis-à-vis the Company, during the year under review. Further, none of the Non-Executive Directors are holding any convertible are convertible instrument of the Company.

E. Independent Directors

➤ Meetings of Independent Director during the year

As mentioned in this report post the closure of Financial Year 2017-18, the directors as on March 31, 2018, had either resigned from their position of director of the Company or relinquished their office at the behest of the shareholders. The process of board evaluation of the Company was kicked off in February, 2018. However, due to the complete re-constitution of the board, no evaluation of the performance by the Board, Nomination and Remuneration Committee or Independent Directors was carried out and thereby no meeting of Independent Directors was held during the year.

The salient roles and responsibilities associated with the Independent Directors Meeting include, but are not limited to, the following:

- review the performance of non-independent directors and the board of directors as a whole;
- review the performance of the chairperson of the listed entity, taking into account the views of executive directors and non-executive directors;
- assess the quality, quantity and timeliness of flow of information between the management of the listed entity and the board of directors that is necessary for the board of directors to effectively and reasonably perform their duties.

F. Management Committee

The Board had at its meeting held on February 13, 2018, post accepting the resignation of the Executive Chairman- Mr. Malvinder Mohan Singh and Non-Executive Vice Chairman- Dr. Shivinder Mohan Singh agreed to constitute a management committee in the interim period who shall be vested with the same authority and responsibility as that of Executive Chairman and Non-Executive Vice Chairman.

As on March 31, 2018, the Management Committee comprised of the following members:

- Dr. Brian William Tempest; Chairperson
- Lt. Gen Tejinder Singh Shergill; and

(ii) Mr. Harpal Singh

The Mandate of the Committee was placed before the Board but it was not approved.

Meetings of Management Committee during the year

1 (One) meeting of Management Committee were held during the year ended March 31, 2018 on March 14, 2018 which was attended by all its members.

With the Newly-constituted Board (post the closure of FY 2017-18) it was decided to dissolve the Committee. Accordingly, as on the date of this report, Management Committee stands dissolved.

5. SUBSIDIARY COMPANIES

Fortis Hospitals Limited (FHsL) and SRL Limited (SRL) are considered as Material Subsidiaries and accordingly necessary compliances w.r.t. material subsidiaries have been duly carried out as of March 31, 2018. However, as on the date of this report the Company is yet to appoint an Independent Director from the Board of Fortis Healthcare Limited on the Boards of FHsL.

The Audit and Risk Management Committee of the Company reviews the financial statements and investment made by the subsidiary company(ies). The minutes of the Board Meeting(s) of subsidiaries as well as the statement of significant transactions and arrangement entered into by the subsidiaries, if any, are placed before the Board of Directors of the Company from time to time.

Details on policy for determining 'material' subsidiaries forms part of the Annual Report and is also available at <http://cdn.fortishealthcare.com/Policy-on-material-subsiary.pdf>.

6. CHIEF EXECUTIVE OFFICER (CEO) & CHIEF FINANCIAL OFFICER (CFO) CERTIFICATION

The CEO & CFO certification as stipulated in the Regulation 17(8) of Listing Regulations was placed before the Board along with financial statement (s) for the year ended March 31, 2018. The board reviewed and took note of the same. The said certificate forms part of the Annual Report.

7. GENERAL BODY MEETING(S)

The location and time of the General Meetings held during the preceding three years are as follows:

Financial Year	Date	Time	Venue	Special Resolution(s) passed
Annual General Meetings				
2016-17	26.09.2017	12.00 Noon	National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062	Alteration of Articles of Association of the Company Enabling approval for Fund Raising
2015-16	27.09.2016	12.00 Noon	PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Mag, New Delhi-110016	Enabling Resolution for raising funds upto ₹ 5,000 Crore Approval for appointment of Non-Independent Directors(s) for office or place of profit.

Financial Year	Date	Time	Venue	Special Resolution(s) passed
2014-15	23.09.2015	12.00 Noon	PHD Chamber of Commerce and Industry, 4/2 Siri Institutional Area, August Kranti Mag, New Delhi-110016	Approval for re-appointment of Mr. Malvinder Mohan Singh as Whole-time Director designated as Executive Chairman of the Company and fixation of remuneration Approval for re-appointment of Dr. Shivinder Mohan Singh as Managing Director designated as Executive Vice Chairman of the Company and fixation of remuneration Approval for payment of remuneration to Non- Executive Directors

There is no immediate proposal for passing any resolution through Postal Ballot as on the date of this report.

Details of resolution passed by way of Postal Ballot.

Pursuant to Regulation 44 of Listing Regulations and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the members of the Company have during the year under review, approved the following resolutions by way of postal ballot.

1. Postal Ballot Notice dated May 25, 2017 (result declared on June 28, 2017):

Approval for increasing the shareholding limit for Registered Foreign Institutional Investors (FIIs) from 24% upto an aggregate limit of 74% of the paid-up equity share capital of the Company. For the conduct of the aforementioned postal ballot/electronic voting exercise, Mr. Mukesh Manglik, Company Secretary in Whole Time Practice, was appointed as the Scrutinizer.

Summary of the results of aforementioned Postal Ballot/electronic voting process announced by Mr. Rahul Ranjan, Company Secretary of the Company on June 28, 2017:

Item	Net Valid Votes Polled (No. of Equity Shares)	Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes)	Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes)
Special Resolution for increasing the shareholding limit for Registered Foreign Institutional Investors (FIIs) from 24% upto an aggregate limit of 74% of the paid-up equity share capital of the Company	373329243	373323354 (99.99%)	5889 (0.01%)

2. Postal ballot notice dated March 20, 2018 (Result declared on May 5, 2018)

Approval for appointment of Lt. Gen. Tejinder Singh Shergill as an Independent Director of the Company and for acquisition of assets of RHT Health Trust.

For the conduct of the aforementioned postal ballot/electronic voting exercise, Mr. Mukesh Manglik, Company Secretary in Whole Time Practice, was appointed as the Scrutinizer.

Summary of the results of aforementioned Postal Ballot/electronic voting process announced by Mr. Rahul Ranjan Company Secretary of the Company on May 5, 2018:

Item	Net Valid Votes Polled (No. of Equity Shares)	Votes with assent for the Resolution (No. of Equity Shares and % of net valid votes)	Votes with dissent for the Resolution (No. of Equity Shares and % of net valid votes)
Special Resolution for appointment of Lt. Gen. Tejinder Singh Shergill as an Independent Director	255974569	138706842 (54.19%)	117267727 (45.81%)
Special Resolution for Acquisition of assets of RHT Health Trust	260244924	255894734 (98.33%)	4350190 (1.67%)

Procedure for Voting by Postal Ballot and E-voting

In compliance with Regulation 44 of Listing Regulations and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the Company provides remote e-voting Facility to the Members. The Notice of Postal Ballot along with the Explanatory Statement pertaining to the draft Resolution(s) explaining in detail, the material facts along with Postal Ballot form and the self-addressed postage prepaid business reply envelope are sent to all the members, whose name appear on the register of members as on the cut-off date, under secured mode of Posting/through e-mail. The members were given option to vote either through the Postal Ballot Forms or through remote e-voting facility. The Company also publishes a notice in the newspaper declaring the details of completion of dispatch and other requirements as mandated under the Companies Act, 2013.

The members are required to carefully read the instructions printed in the Postal Ballot Form, fill up the Form, give their assent or dissent on the resolution(s) at the end of the Form and sign the same as per the specimen signature available with the Company or Depository Participant, as the case may be, and return the form duly completed in the attached self-addressed postage prepaid envelope so as to reach the scrutinizer before the close of working hours of the last date fixed for the purpose or post their assent or dissent through remote e-voting module. Postal Ballot Form received after this date, is strictly treated as if the Form has not been received from the member.

Voting rights are reckoned on the basis of number of shares and paid-up value of shares registered in the name of the shareholders on the specified date. A resolution is deemed to have been passed as special resolution if the votes cast in favor are at least three times than the votes cast against and in case of ordinary resolution, the resolution is deemed to have been passed, if the votes cast in favor are more than the votes cast against.

For the members who opted for e-voting facility, they cast their votes via electronic platform (<https://evoting.karvy.com>) of Karvy Computershare Private Limited (Karvy). Requisite notices were given to such members to e-vote /send their reply.

The scrutinizer appointed for the purpose scrutinizes the postal ballots and e-votes received and submit his consolidated report to the Company. The results are also displayed on the website of the Company-www.fortishealthcare.com and the last date for receipt of duly completed postal ballot forms/e-voting is deemed to be the date of passing the resolution(s).

Till the date of signing of this report, no Special Resolution is proposed to be conducted through postal ballot.

Further, resolution(s), if required, shall be passed by Postal Ballot during the year ending on 31st March 2019, as per the prescribed procedure under the Companies Act, 2013 and Listing Regulations

8. DISCLOSURES

➤ Related Parties Transactions

The details of transactions with related parties as prescribed in the Listing Regulations, are placed before the Audit and Risk Management Committee periodically. Further, the details of all material transactions with related parties are also disclosed quarterly along with the compliance report on corporate governance. Details on Policy on dealing with Related Party Transactions forms part of the Annual Report.

In the cases of material transaction, the same are pursued under direct guidance of the Audit and Risk Management Committee with appropriate disclosures and safeguards being implemented to isolate the conflict. Where required, independent Advisory Committees are constituted and external expert opinion sought for Board consideration. Further, in accordance with the Listing Regulations, the Company has adopted a Policy on 'Materiality on Related Party Transactions' and the same is at <http://cdn.fortishealthcare.com/Related-Party-Transactions-Framework-Document.pdf>.

During the year under review there have been no materially significant related party transactions, monetary transactions or relationships between the Company and its directors, the Management, subsidiaries of their relatives, which may have potential conflict with the interest of Company at large except for those disclosed in the Directors Report. Detailed information on materially significant related party transactions is enclosed to the Directors Report.

➤ Accounting Treatment

While in the preparation of financial statements, the treatment that has been prescribed in the Accounting Standards has been followed to represent the facts in the financial statement in a true and fair manner.

➤ Compliances by Company

The Company has complied with the requirements of the Stock Exchange(s), Securities and Exchange Board of India or other authorities on any matter related to Capital Market during the last 3 (three) years, except, to the best of our knowledge, as disclosed below:

Non-Compliances under Listing Regulations for the quarter ended December 31, 2017:

S No.	Brief details of Clause / Applicable Laws	Particulars
1	Regulation 33(3)- The listed entity shall submit quarterly standalone financial results to the stock exchange within forty-five days of end of each quarter.	The results for the quarter ended September 30, 2017 were not approved within stipulated timelines.
2	Regulation 40- A report on transfer of securities is required to be placed at each meeting.	The said report for Quarter ended September 30, 2017 was not reviewed at the board meeting held during the quarter ended December 31, 2017
3	SEBI circular dated September 24, 2015 read with Regulation 27- The report on Corporate Governance shall be placed before the board of directors for the previous quarter	The said report for Quarter ended September 30, 2017 was not reviewed at the board meeting held during the quarter ended December 31, 2017
4	Regulation 17(3) - The board of directors shall periodically review compliance reports pertaining to all laws applicable to the listed entity, prepared by the listed entity as well as steps taken by the listed entity to rectify instances of non-compliances	Compliance Certificate for Quarter ended September 30, 2017 was not reviewed before the Board Meeting held in Quarter ended December 31, 2017

S No.	Brief details of Clause / Applicable Laws	Particulars
5	Regulation 13(4)- The listed entity is required to place before the board of directors on quarterly basis a statement giving the number of investor complaints pending at the beginning of the quarter, those received during the quarter, disposed of during the quarter and those remaining unresolved at the end of the quarter.	The said statement for Quarter ended September 30, 2017 was not reviewed at the board meeting held during the quarter ended December 31, 2017
6	Regulation 17(2)- The audit committee shall meet at least four times in a year and not more than one hundred and twenty days shall elapse between two meetings.	No meeting of audit committee took place during the quarter ended December 31, 2017

Non-Compliances under Listing Regulations for the quarter and year ended March 31, 2018:

S No.	Brief details of Clause / Applicable Laws	Particulars
1	Regulation 33(3)- The listed entity shall submit quarterly and year-to-date standalone financial results to the stock exchange within forty-five days of end of each quarter, other than the last quarter.	The results for the quarter ended December 31, 2017 were not approved within stipulated timelines
2	Regulation 25(3)- The independent directors of the listed entity shall hold at least one meeting in a year, without the presence of non-independent directors and members of the management and all the independent directors shall strive to be present at such meeting.	No such meeting was held during FY 2017-18 as no performance evaluation was required to be carried out.
3.	Regulation 17(10)- The performance evaluation of independent directors shall be done by the entire board of directors.	During FY 2017-18, due to frequent changes in the composition of the Board, the Board of Directors did not evaluate the performance evaluation of independent directors

Besides the details of penalty paid to the stock exchanges for the Financial Year 2017-18, for non-compliances under Regulation 33 of listing regulations during the year under review is as given below, no other payment of penalty was made to any other statutory body w.r.t. capital market during the last 3 financial years:

Name of the exchange	Particulars	Amount of penalty (in ₹)
BSE and NSE	Late/Non-submission Regulation 33 of SEBI (LODR) Regulations, 2015 for the period ended September 2017.	6,598,890

9. MANAGEMENT

During the period under review, no material, financial and commercial transaction has been entered by Senior Management Personnel, where they have any personal interest that may have potential conflict with the Company at large. The Company has obtained requisite declarations from all Senior Management Personnel in this regard and the same were duly placed before the Board of Directors on periodic basis.

10. WHISTLE BLOWER POLICY/VIGIL MECHANISM

The Company strongly supports and strives to provide a structured platform via Whistle Blower Policy/Vigil Mechanism for reporting of instances of alleged wrongful conduct or gross waste or misappropriation of funds

including instances of unethical behavior, actual or suspected fraud or violation of the Company's code of conduct. Through this Policy, the Company seeks to provide a procedure for all the employees and Directors of the Company to report concerns about unethical and improper practice taking place in the Company and provide for adequate safeguards against victimization of Director(s) / employee(s) who avail of the mechanism and also provide for direct access to the Chairman of the Audit Committee, in exceptional cases. It protects employees, officers and Directors who in, good faith, raise a concern about irregularities within the Company. It is hereby confirmed that no personnel have been denied access to the Audit and Risk Management Committee. The Company has adopted a Whistle Blower Policy in line with the requirements laid down under Companies Act, 2013 and Listing Regulations. The same is available at <http://cdn.fortishealthcare.com/Whistle-Blower-Policy-Feb-2018.pdf>.

Code of conduct and Prohibition on Insider Trading

Code of Conduct for Prevention of Insider Trading of the Company, as approved by the Board of Directors, *inter alia*, prohibits purchase or sale of securities of the Company by Directors, Designated Employees and other employees while in possession of unpublished price sensitive information in relation to the Company. The said Code is available at <http://cdn.fortishealthcare.com/policy-code-of-conduct-for-prevention-of-insider-trading-%20feb-2018.pdf>.

11. MEANS OF COMMUNICATION

- a) **Results:** The financial results are generally published in Financial Express (English) and Rozana Spokesman (Punjabi).
- b) **Website:** The financial results are posted on the Company's website viz. www.fortishealthcare.com.
- c) **Press Release, Presentations:** The Company also makes a presentation to the institutional investors and analysts after taking on record the financial results of the Company. The press releases/official news, detailed presentation made to media, analysts, institutional investors etc. are displayed on the Company's website viz. www.fortishealthcare.com. Official Media Releases are also sent to the stock exchanges before dissemination to the media.
- d) **Intimation to the Stock Exchanges:** The Company intimates the Stock Exchanges on all price sensitive information or such other matters which in its opinion are material and of relevance to the Investors.
- e) **NEAPS (NSE Electronic Application Processing System), BSE Corporate Compliance and the Listing Centre:** NEAPS is a web-based application designed by NSE for corporates. BSE Listing is a web-based application designed by BSE for corporates. All periodical compliance filings, *inter alia*, shareholding pattern, Corporate Governance Report, corporate announcements, amongst others in accordance with the Listing Regulations are filed electronically.
- f) **SEBI Complaints Redress System (SCORES):** The investor complaints are processed in a centralized web-based complaints redress system. The salient features of this system are: Centralized database of all complaints, online upload of Action Taken Reports (ATRs) by concerned companies and online viewing by investors of actions taken on the complaint and its current status.
- g) **Designated Exclusive email-id:** The Company has designated the following email-id for investor servicing: secretarial@fortishealthcare.com. Investors can also mail their queries to Registrar and Transfer Agent at einward.ris@karvy.com.

12. GENERAL SHAREHOLDER INFORMATION

Annual General Meeting

Date of AGM

The Annual General Meeting is proposed to be held on Friday, September 28, 2018 at 12:30 p.m. at National Institute of Pharmaceutical Education and Research Mohali, Sector 67, SAS Nagar, Mohali, Punjab-160062.

Last date of receipt of Proxy Form: 48 hours before the Annual General Meeting.

- (i) **Financial Year of the company** is starting from April 1 and ending on March 31 of next year.
- (ii) **Financial calendar 2018-19 (tentative & subject to change)**

S. No.	Tentative Schedule	Tentative Date (On or Before)
1	Financial Reporting for the quarter ended June 30, 2018	August 14, 2018
2	Financial Reporting for the quarter ending September 30, 2018	November 14, 2018
3	Financial Reporting for the quarter ending December 31, 2018	February 14, 2019
4	Financial Reporting for the quarter ending March 31, 2019*	May 30, 2019
5	Annual General meeting for the year ending March 31, 2019	On or before September 30, 2019

*As provided in Regulation 33 of Listing Regulations, Board may also consider submission of Audited Financial Results for the year 2018-19 in lieu of Unaudited Financial Results for the 4th (Fourth) quarter, on or before May 30, 2019 (or such other period as may be stipulated from time to time).

(iii) Listing on Stock Exchanges

As on date, the Company's Equity Shares are listed on the following Stock Exchanges:

- National Stock Exchange of India Limited (NSE), Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai-400051
- BSE Limited, Phiroze Jeejeebhoy Towers, Dalal Street, Mumbai-400001

The Company has paid listing fees to above stock exchanges and the custodian charges to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) for the Financial Year 2017-18 and there are no outstanding payments as on date.

(iv) Stock code of Equity Shares

Trade symbol at National Stock Exchange of India Limited is FORTIS.

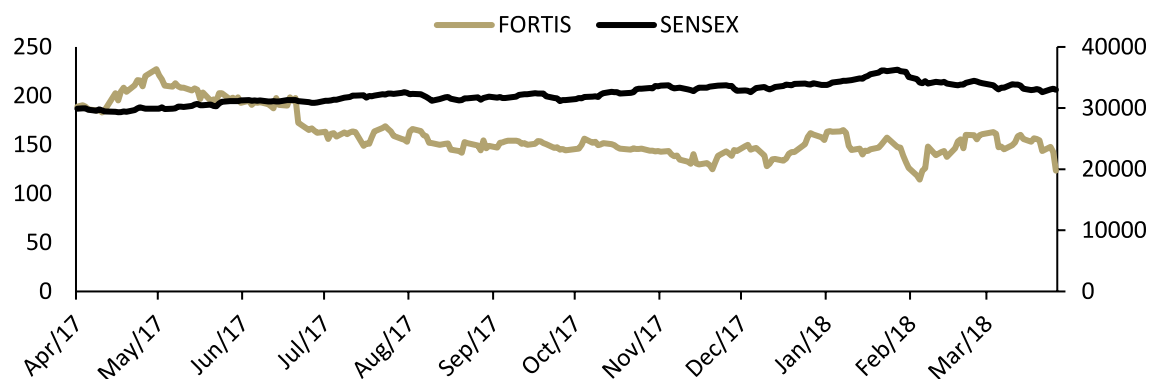
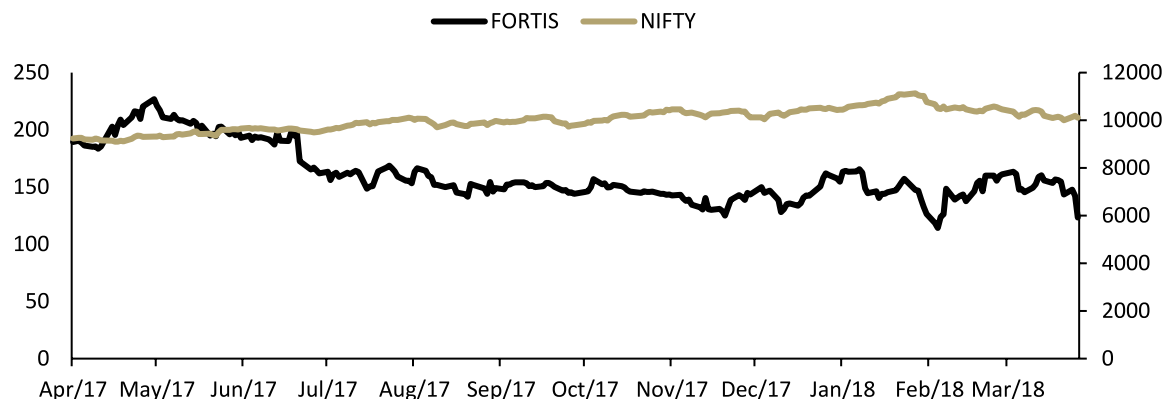
Scrip Code at BSE Limited is 532843

ISIN for equity is INE061F01013

(v) Stock market Data

The Company's shares are among the actively traded shares on NSE & BSE. The Monthly high and low of share price of the Company during the Financial Year and comparisons with broad-based indices, viz BSE Sensex and NSE Nifty is as Follows:

Month	Share Price (₹) at BSE		Share Price (₹) at NSE	
	High	Low	High	Low
April 2017	220.35	183.05	220.30	183.40
May 2017	227.30	194.20	226.80	194.35
June 2017	198.45	162.10	198.40	162.00
July 2017	168.75	148.80	168.65	148.40
August 2017	165.95	141.65	166.35	141.55
September 2017	154.20	144.15	154.20	144.00
October 2017	156.40	143.95	156.85	143.90
November 2017	144.70	125.05	144.85	125.10
December 2017	161.95	128.10	161.95	128.00
January 2018	165.10	139.10	165.60	139.05
February 2018	159.95	114.35	159.95	114.20
March 2018	162.85	123.40	163.30	123.35



Based on closing data of BSE Sensex (Value) and FHL (₹ Per Share)

Based on closing data of NSE Nifty (Value) and FHL (₹ Per Share)

(vi) Registrar and Transfer Agent

Karvy Computershare Private Limited is acting as Registrar and Transfer Agent (RTA) for handling the shares related matters both in physical as well as dematerialized mode. All work relating to equity shares are being handled by them. The Shareholders are therefore, advised to send all their correspondence directly to the RTA. The address for communication is:

Karvy Computershare Private Limited
 Karvy Selenium Tower B, Plot 31-32, Gachibowli,
 Financial District, Nanakramguda, Hyderabad – 500 032
 Tel.: 040 – 67162222
 Fax: 040 - 23420814
 Email: einward.ris@karvy.com
 Website: www.karvycomputershare.com

However, for the convenience of shareholders, correspondence relating to shares received by the Company is forwarded to the RTA for necessary action thereon.

(vii) Nomination Facility

The shareholders holding shares in physical form may, if they so want, send their nomination(s), as per Section 72 of the Companies Act, 2013 read with Rule 19 of the Companies (Share Capital and

Debentures) Rules, 2014, in form SH-13, which can be obtained from the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

As on March 31, 2018, 51,78,23,895 (Fifty One Crore Seventy Eight Lakh Twenty Three Thousand Eight Hundred Ninety Five) Equity shares representing 99.84% of the paid-up Equity Share Capital of the Company have been dematerialized.

The shareholders holding shares in physical form are requested to get their shares dematerialized at the earliest, as the Company's Shares are required to be compulsorily traded at Stock Exchanges in dematerialized form only.

(viii) Elimination of Duplicate Mailing

The shareholders who are holding Shares in more than one folio in identical name or in joint holders' name in similar order, may send the share certificate(s) along with request for consolidation of holding in one folio to avoid mailing of multiple Annual Reports.

(ix) Share Transfer System

The Company's share transfer authority has been delegated to the officials of the Company. The delegated authority(ies) attend the share transfer formalities to expedite all matters relating to transfer, transmission, transposition, split and re-materialization of shares and take on record status of redressal of Investors' Grievance, etc., if any. Further in terms of Regulation 40 of Listing Regulations the board of directors of a listed entity may delegate the power for certain activities to a committee or to compliance officer or to the registrar to an issue and/or share transfer agent(s). The Board Directors of the Company has authorized M/s. Karvy Computershare Private Limited, Registrar and Transfer Agent of the Company for approving certain activities on behalf of the Company upto a threshold limit. Further, any request beyond the specified limit is approved by the Stakeholders Relationship Committee and subsequently placed before the Board for its noting.

The share certificate received by the Company/ RTA for registration of transfers, are processed by RTA and transferred expeditiously and the endorsed Share Certificate(s) are returned to the shareholder(s) by registered post. A summary of approved transfers, transmissions, deletion requests, etc. are placed before the Board of Directors from time to time as per the Listing Regulations.

As per the requirements of Regulation 7 of Listing Regulations the Company has obtained the half yearly certificates from Compliance Officer and authorised representative of share transfer agent for due compliance of share transfer formalities.

(x) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit as stipulated under Regulation 55A of Securities and Exchange Board of India (Depositories and Participants) Regulations, 1996 was carried out by a Practicing Company Secretary for each of the quarter in the Financial Year 2017-18, to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) and total issued and listed capital. The Reconciliation of Share Capital Audit Reports (the Audit report) confirm that the total issued/subscribed paid up capital is in agreement with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. Such Audit Report for each quarter of the Financial Year 2017-18, has been filed with Stock Exchanges within one month of end of the respective quarter.

(xi) Details of Demat Suspense Account

The Company had opened a Demat Suspense Account- "Fortis Healthcare Limited IPO Suspense Account"

- i. Aggregate Number of the Shareholders and the outstanding shares in the suspense account lying at the beginning of the year i.e. April 1, 2017: 49 (Forty Nine) shareholders and 4,819 (Four Thousand Eight Hundred Nineteen) shares.
- ii. Number of shareholders who approached issuer for transfer of shares from suspense account during the year: NIL.
- iii. Number of shareholders to whom shares were transferred from the suspense account during the year: NIL.
- iv. Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2018: 49 (Forty Nine) shareholders and 4,819 (Four Thousand Eight Hundred Nineteen) shares.

It is also confirmed that the voting rights on the above shares shall remain frozen till the rightful owner of such shares claims the shares.

(xii) Share Dematerialization System and Liquidity

The requests for dematerialization of shares are processed by RTA expeditiously and the confirmation in respect of dematerialization is entered by RTA in the depository system of the respective depositories, by way of electronic entries for dematerialization of shares generally on weekly basis. In case of rejections, the documents are returned under objection to the Depository Participant with a copy to the shareholder and electronic entry for rejection is made by RTA in the Depository System.

The Company's Equity Shares are actively traded shares on the Indian Stock Exchanges-BSE Limited (BSE) and National Stock Exchange of India Limited (NSE). Relevant data for the average daily turnover for the Financial Year 2017-18 is given below:

Particulars		BSE	NSE	Average
Average Shares Traded	Share Nos	14,20,383	104,61,668	59,41,026
Average Daily Turnover	Value (₹) in Crore	22.10	160.19	91.15

[Source: This information is compiled from the data available on the website of BSE and NSE]

(xiii) Details on Outstanding Securities as on March 31, 2018

As on March 31, 2018, the Company has not issued any GDRs, ADRs, Warrants or any other convertible instruments. No FCCBs stand outstanding in the Books of the Company as on date.

Details of commodity price, risk on foreign exchange risk & hedging activity (commodity or otherwise) during the financial year under review are provided in notes to accounts which forms part of the Annual Report.

(xiv) Distribution of Shareholding as on March 31, 2018

Number of equity share held	No, of Shareholders	% age of Share Holders	(%) of Total Paid up share Capital
1 to 5,000	117033	88.51	2.68
5,001 to 10,000	7351	5.56	1.16
10,001 to 20,000	3477	2.63	1.04
20,001 to 30,000	1219	0.92	0.61
30,001 to 40,000	622	0.47	0.43
40,001 to 50,000	567	0.43	0.52
50,001 to 1,00,000	807	0.61	1.18
1,00,001 and above	1149	0.87	92.36
Total	132225	100.00	100.00

(xv) Shareholding pattern as on March 31, 2018

S No	Category	No. of Shareholders	Number of Shares Held	% of Shareholding
1	Mutual Funds	13	23593662	4.55
2	Foreign Institutional Investors	2	1305256	0.25
3	Trusts	8	9575	0.00
4	Resident Individuals	125027	78698503	15.17
5	Promoters	5	91419	0.02
6	Employees	20	425554	0.08
7	Non-Resident Indians	1363	2021013	0.39
8	Promoters Bodies Corporate	3	3879451	0.75
9	Clearing Members	228	14479709	2.79
10	Indian Financial Institutions	3	1716620	0.33
11	Foreign Portfolio Investors	171	235373393	45.38
12	Banks	3	87657509	16.90
13	Foreign Collaborators	1	670194	0.13
14	Non-Resident Indian Non Repatriable	617	2664087	0.51
15	Bodies Corporates	1296	61790444	11.91
16	NBFC	19	1026529	0.20
17	HUF	3443	3250963	0.63
18	Foreign Nationals	3	3350	0.00
	Total:	132225	518657231	100.00

(xvi) Lock-in of Equity Shares

As on March 31, 2018, no Equity Share of the Company was under lock-in.

(xvii) Employee Stock Option

Detailed information relating on Employee Stock Option, has been mentioned in the Board's Report.

(xviii) Hospitals/Unit(s)/Location(s)

Fortis Healthcare Limited alongwith its subsidiaries provide healthcare services in Delhi-NCR, Chennai, Bangalore, Punjab, Jaipur and other cities. The locations of the hospital units managed by your Company are as follows:

Fortis Hospital, Mohali

Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062.

Fortis Hospital

Arcot Road, Vadapalani, Chennai, 600026

Fortis Hospital

A Block, Shalimar Bagh, Near Kela Godown, New Delhi-110088

Fortis-Escorts Hospital

2nd Floor, Coronation Hospital, Curzon Road, Dehradun – 248001

(xix) Shareholders Communication –Address for correspondence

The Company understands the significance of two-way communication with the shareholders. The

Company's website is constantly updated with the latest disclosures/information as the shareholders may require from time to time. In compliance with Regulation 46 of the Listing Regulations, a separate dedicated section under 'Investors' on the Company's website gives information on various announcements made by the Company, Annual Report, Quarterly/Annual financial results along with the applicable policies of the Company. The Company's official press releases and presentations made to the institutional investors and analysts are also available on the Company's website (www.fortishealthcare.com).

For Share transfer/ dematerialization of shares/ payment of dividend and any other query relating to shares, the shareholders may contact at the below address:

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot 31-32, Gachibowli,
Financial District, Nanakramguda, Hyderabad – 500 032
Tel.: 040 – 67162222
Fax: 040 - 23420814
Email: einward.ris@karvy.com
Website: www.karvycomputershare.com

For Investor Assistance

The Company Secretary,
Fortis Healthcare Limited
Sector-62, Phase-VIII, SAS Nagar, Mohali, Punjab-160062.
Telephone No.: 0172-5096001 Fax No.: 0172 5096221
Email: secretarial@fortishealthcare.com
Website: www.fortishealthcare.com

13. MANDATORY REQUIREMENTS

The Company has complied with all the mandatory requirements of the Listing Regulations relating to Corporate Governance i.e. Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of Listing Regulations except elsewhere mentioned in this report.

M/s. Sanjay Grover & Associates, Practicing Company Secretaries has audited the conditions of the Corporate Governance and after being satisfied with the compliance of the same, a certificate on compliance of the same has been issued to the Company, which forms part of this report.

14. DISCRETIONARY REQUIREMENT UNDER PART E TO SCHEDULE II TO THE LISTING REGULATIONS

A. Separate posts of Chairman and CEO

The Company has appointed separate persons to the post of Chairman and Managing Director/CEO, as and when applicable.

B. Reporting of Internal Auditor

The Head- Risk and Internal Audit reports directly to the Audit and Risk Management Committee.

C. Modified Opinion(s) in Audit Report

The Company endeavours to move towards a regime of financial statements with unmodified audit opinion.

15. GO GREEN INITIATIVE

- (a) The shareholders having shares in physical form are requested to register their e-mail ids with us or our Registrar, at the address given in this report, to enable us to serve any document, notice, communication, annual report, etc. through e-mail.
- (b) The shareholders holding shares in Demat form are requested to register their e-mail id with their respective Depository Participant for the above purpose.

Declaration as required under SEBI (Listing Obligations and Disclosure Requirements), Regulations, 2015

All Directors and Senior Management personnel of the Company have affirmed compliance with the provisions of the Fortis Code of Conduct for the Financial Year ended March 31, 2018.

For & on behalf of Board of Directors

Date: August 14, 2018

Place: Gurugram

Sd/-

Bhavdeep Singh
Chief Executive Officer

CEO AND CFO CERTIFICATE

[As per Regulation 17(8) of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

To

The Members

Audit & Risk Management Committee/Board of Directors

Fortis Healthcare Limited

Dear Sir(s) / Madam(s),

We, Bhavdeep Singh, Chief Executive Officer and Gagandeep Singh, Chief Financial Officer of the Company, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2018 and that to the best of our knowledge and belief:
 - (1) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;
 - (2) these statements together present a true and fair view of the Company's affairs and are in compliance with existing accounting standards, applicable laws and regulations.
- (b) There are, to the best of our knowledge and belief, other than matters identified in the Investigation Report of Luthra & Luthra Law Offices dated June 8, 2018, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violative of the listed entity's code of conduct.
- (c) We accept responsibility for establishing and maintaining internal controls for financial reporting and that we have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the auditors and the audit committee, deficiencies in the design or operation of such internal controls, if any, including findings of Luthra Report, of which we are aware and the steps taken or propose to take to rectify these deficiencies except for the steps to be taken in relation to Luthra Report.
- (d) We have indicated to the auditors and the Audit committee that:
 - (1) There have been no significant changes in internal control over financial reporting during the year review;
 - (2) There have been no Significant changes in accounting policies during the year except to the extent already disclosed in the notes to the financial statement(s); and
 - (3) There are no instances of significant fraud of which we are aware and the involvement therein, if any, of the management or an employee having a significant role in the listed entity's internal control system over financial reporting.

For Fortis Healthcare Limited

Sd/-

Gagandeep Singh Bedi

Chief Financial Officer

Sd/-

Bhavdeep Singh

Chief Executive Officer

Place : Gurgaon

Date : July 6, 2018

CORPORATE GOVERNANCE CERTIFICATE**To****The Members****Fortis Healthcare Limited**

We have examined the compliance of conditions of Corporate Governance by **Fortis Healthcare Limited** (“the Company”), for the financial year ended March 31, 2018, as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (“Listing Regulations”).

The compliance of conditions of Corporate Governance is the responsibility of the management of the Company. Our examination was limited to procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.

In our opinion and to the best of our information and according to the explanations given to us, we certify that the Company has complied with the conditions of Corporate Governance as stipulated under Regulations 17 to 27 and clauses (b) to (i) of Regulation 46(2) and Para C, D and E of Schedule V to the Listing Regulations except that:

- *Reports on corporate governance for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were placed before the Board of Directors of the Company but not reviewed as required under Regulation 27 of SEBI LODR within the stipulated time period.*
- *Compliance reports pertaining to all laws applicable to the Company, prepared by the Company as well as steps taken by the Company to rectify instances of non-compliances, for the quarter(s) ended on September 30, 2017, December 31, 2017 and March 31, 2018, were not reviewed by the Board of Directors of the Company periodically.*
- *There was the gap of more than one hundred and twenty days between the two meetings of the Audit Committee held on August 03, 2017 and February 13, 2018, which is not in compliance with the requirements of Regulation 18 of SEBI LODR.*
- *As of March 31, 2018, the Nomination and Remuneration Committee does not comprise with at least three members as per the requirements of Section 178 of the Companies Act, 2013 and Regulation 19 of Listing Regulations.*
- *The Board of Directors has not made performance evaluation of the Individual Directors, as per the requirements of Regulation 17(10) of Listing Regulations.*
- *Separate meeting of Independent Directors’ was not held during the financial year, as per the requirements of Regulation 25 of Listing Regulations and Schedule IV to the Companies Act, 2013.*
- *The remuneration of Rs. 20,02,39,000/- paid to the erstwhile Executive Chairman in relation to his role as ‘Lead: Strategic Initiatives’, in the Strategy Function, was in excess of the limits approved by the Central Government as under Section 197 of the Act.*

We further state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

For **Sanjay Grover & Associates**

Company Secretaries

Firm Registration No.: P2001DE052900

Sd/-

Sanjay Grover

Managing Partner

CP No.: 3850

August 14, 2018
New Delhi

BUSINESS RESPONSIBILITY REPORT

SECTION A: GENERAL INFORMATION ABOUT THE COMPANY

S. No.	Particulars	Details
1.	Corporate Identity Number (CIN) of the Company	L85110PB1996PLC045933
2.	Name of the Company	Fortis Healthcare Limited
3.	Registered Address	Fortis Hospital, Sector 62, Phase VIII, Mohali-160062
4.	Website	www.fortishealthcare.com
5.	E-mail id	secretarial@fortishealthcare.com
6.	Financial Year reported	2017-18
7.	Sector(s) that the Company is engaged in (industrial activity code-wise)	Healthcare
8.	List three Key products/services that the Company manufactures/ provides (as in balance sheet)	IPD, OPD, Medical & Clinical Services
9.	Total number of locations where business activity is undertaken by the Company and its subsidiaries:	39 locations
	(a) Number of International Locations (provide details of major five).	04 (Mauritius, Sri Lanka and Bangladesh)
	(b) Number of National Locations	35 locations
10.	Markets served by the Company – Local/State/National/ International	Primary National

SECTION B. FINANCIAL DETAILS OF THE COMPANY

S. No.	Particulars	Details
1.	Paid up Capital (₹)	5,186,572,310.00
2.	Total Turnover (₹ in Lakhs)	65,948.00
3.	Total profit after taxes (₹ in Lakhs)	(6,371.83)
4.	Total Spending on Corporate Social Responsibility (CSR) as percentage of profit after tax (%)	NIL
5.	List of activities in which expenditure in 4 above has been incurred	N.A.
For details on CSR Programmes, please refer note on Corporate Social Responsibility (Annexure V to Directors Report)		

SECTION C. OTHER DETAILS

S. No.	Particulars	Details
1.	Does the Company have any Subsidiary Company/ Companies?	Yes
2.	Do the Subsidiary Company/Companies participate in the BR Initiatives of the parent Company? if yes, then indicate the number of such subsidiary company(s)	Yes. The details of number of subsidiaries forms part of the Directors Report.
3.	Do any other entity/entities (e.g suppliers, distributors etc.) that the company does business with participate in the BR initiatives of the Company? If yes, then indicate the percentage of such entity/entities? [Less than 30%, 30-60%, More than 60%]	The Company does not mandate its suppliers/ distributors to participate in the Company's BR initiatives. However, they are encouraged to adopt such practices and follow the concept of being a responsible business.

SECTION D. BR INFORMATION

S. No.	Particular	Details			
1.	Details of Director/Directors responsible for BR	The Board of Directors and the Management are collectively responsible for implementation of BR policies.			
	(a)	Details of the Board of Directors / Director responsible for implementation of the BR policy/policies			
	1.	DIN Number	00106054	00067073	01365405
	2	Name	Suvalaxmi Chakraborty	Ravi Rajagopal	Indrajit Banerjee
	3.	Designation	Independent Director	Chairman - Independent Director	Independent Director
	(b)	Details of the BR head			
	1.	DIN Number (if applicable)	Not applicable		
	2.	Name	Mr. Bhavdeep Singh		
	3.	Designation	Chief Executive Officer		
	4.	Telephone Number	0124-4921021		
	5.	E-mail id	secretarial@fortishealthcare.com		
2.	Principle-wise (as per NVGs) BR Policy/policies				
	(a)	Details of compliance (Reply in Y/N)			

	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	Do you have a policy/policies for ...	Yes	Yes	Yes	Yes	Yes	Yes	No	Yes	No
2.	Has the policy being formulated in consultation with the relevant stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-
3.	Does the policy conform to any national/ international standards? If yes specify in 50 words	Yes*	Yes*	Yes*	Yes*	Yes*	Yes*	-	Yes*	-
4.	Has the policy being approved by the Board? If yes, has it been signed by MD/OWNER/CEO/appropriate Board Director?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-
5.	Does the company have a specified committee of the Board/ Directors/Official to oversee the implementation of the policy?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-
6.	Indicate the link for the policy to be viewed online?	http://cdn.fortishealthcare.com/Code-of-Conduct.pdf	http://cdn.fortishealthcare.com/019530300_1468569988_Sustainability-Policy.pdf	http://cdn.fortishealthcare.com/Code-of-Conduct.pdf AND http://cdn.fortishealthcare.com/PolicyforPreventionProhibitionandRedressalofSexualHarassment.pdf	http://cdn.fortishealthcare.com/004148800_1507627478_Corporate-Social-Responsibility-Policy.pdf	http://cdn.fortishealthcare.com/Code-of-Conduct.pdf	http://cdn.fortishealthcare.com/019530300_1468569988_Sustainability-Policy.pdf	-	http://cdn.fortishealthcare.com/004148800_1507627478_Corporate-Social-Responsibility-Policy.pdf	-
7.	Has the policy been formally communicated to all relevant internal and external stakeholders?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-
8.	Does the Company have in-house structure to implement the policy/ policies?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-
9.	Does the Company have a grievance redressal mechanism related to the policy/ policies to address stakeholders' grievances related to the policy/ policies?	Yes	No	Yes	Yes	Yes	No	-	Yes	-
10.	Has the Company carried out independent audit/ evaluation of the working of this policy by an internal or external agency?	Yes	Yes	Yes	Yes	Yes	Yes	-	Yes	-

* Please refer respective Code/Policy for relevant details

- (b) If answer to the question at serial number 1 against any principle, is 'No', please explain why: (Tick up to 2 options)

	QUESTIONS	P1	P2	P3	P4	P5	P6	P7	P8	P9
1.	The Company has not understood the Principles	-	-	-	-	-	-	-	-	-
2.	The Company is not at a stage where it finds itself in a position to formulate and implement the policies on specified principles	-	-	-	-	-	-	-	-	-
3.	The Company does not have financial or manpower resources available for the task	-	-	-	-	-	-	-	-	-
4.	It is planned to be done within next 6 months	-	-	-	-	-	-	-	-	-
5.	It is planned to be done within the next 1 year	-	Yes	-	-	-	Yes	-	-	-
6.	Any other reason (please specify)	-	-	-	-	-	-	Note 1	Note 2	Note 3

Note 1: The Company does not have a specific Policy as such, however, the Company from Healthcare Industry perspective adheres to specific protocols which are consistent with its principles and core elements, while influencing trade chambers or associations. The Company is in the process of formalising these principles and would form a definitive policy in due course of time.

Note 2 - While FHL does not have any policy around community connect activities however we do have guidelines and frameworks around the same. The guidelines help the units understand the way the activities have to be carried across various communities while the framework helps them choose the kind of activities they want to do, the partners they would like to work with, the teams responsible at the unit to carry out the activity etc.

Note 3 – While regular branding and marketing activities are carried out by the marketing team at the hospital, regions and the support office, there has been no need to create a policy around the same. The marketing activities are also governed by a set of guideline and framework created with the inputs from all stakeholders. These guidelines and framework govern almost all activities that fall under the branding and marketing umbrella like media buying, Campaign creation, digital marketing to name a few.

3.	Governance related to BR									
	(a)	Indicate the frequency with which the Board of Directors, Committee of the Board or CEO to assess the BR performance of the Company. Within 3 months, 3-6 months, Annually, More than one year.	Annually							
	(b)	Does the Company publish a BR or a Sustainability Report? What is the hyperlink for viewing this report? How frequently it is published?	Yes and it forms part of annual report. The same is hosted on the website of the Company at www.fortishealthcare.com							

SECTION E: PRINCIPLE-WISE PERFORMANCE

Principle 1:

Business should conduct and govern themselves with Ethics, Transparency and Accountability

1. Does the policy relating to ethics, bribery and corruption cover only the company? Yes

i. Does it extend to the Group/Joint Ventures/Suppliers/Contractors/NGOs /Others? No

The **Consequence Management Policy** is applicable to all fulltime employees of Fortis Healthcare Limited and its subsidiaries and / or entities under its direct or indirect control. Also we have a guiding framework called the Code of Conduct to which each employee should adhere to. The Consequence Management Policy is an internal policy document and is hosted on Company Intranet.

2. How many stakeholder complaints have been received in the past financial year and what percentage was satisfactorily resolved by the management?

187 employees have been terminated under “Disciplinary/Misconduct/Integrity” and these complaints have been resolved with appropriate action taken and hence no complaint remains pending as on March 31, 2018.

Principle 2:

Businesses should provide goods and services that are safe and contribute to sustainability throughout their life cycle.

Sustainability in healthcare is need of the hour and Fortis through its various enterprise level initiatives fosters to build sustainable environment for a healthy lifestyle and promotes measurement of healthcare system performance.

Since 2010 all Hospitals that have been commissioned by Fortis are Green certified facilities. As enterprise mandate, all new Greenfield Projects of Fortis shall be certified Green Hospitals. Fortis is committed to minimize the effect of its business activities on the Environment and use Sustainable Design practices for all of its new Projects. This helps to reduce Carbon Foot Prints as most of the materials used will adhere to Green Building norms.

Process for award of Contracts. Fortis follows a transparent standard operating process for tendering and award of Contracts. The whole process is conducted by competitive bidding process which is based on ethical practices and professionalism.

Risk Management. Fortis follows a transparent risk management policy for forecasting and mitigating the potential risks. There is always an endeavor to introduce latest technologies which would help in reducing carbon foot prints. Risk identification and mitigation, and Patient Safety are an integral part of accreditations like NABH and JCI; Fortis is one of the most accredited healthcare organisations of the country with more than 100 accreditations to its credit.

1. List up to 3 of your products or services whose design has incorporated social or environmental concerns, risks and/or opportunities.

Healthcare is a long term business that maps profitability with public good. For this to be sustainable, there is a need to constantly rebalance the imperatives of growth and self-improvement. Fortis understands that being compliant with quality and audit systems and an emphasis on academics, research and training are the benchmarks for sustained improvement and being socially and environmentally responsible.

Following key initiatives from Fortis have had a huge impact socially:

- a) **More to Give:** 5 lakh Indians lose their lives every year waiting for an organ. That’s a life lost every minute. In 2017, only 800+ Cadaveric donations took place which represents an organ donation rate of 0.8 person/million individuals. As a leading healthcare service provider in India, Fortis decided to take up the cause of organ donation in an effort to positively impact the well-being of the nation. The idea was to drive systemic change in the perceptions and the behaviour surrounding organ donation and increase the number of organ donation pledges. This was not an easy task - existing negative perceptions and a general lack of actionable concern were the biggest challenges. Fortis’s More to Give campaign was conceived to prick the nation’s conscience and in doing so bridge the huge gap by propagating the philosophy of saving lives and champion the cause of organ donation.
- b) **Community awareness programme:** Fortis conducts various awareness programme to induce awareness amongst society against widespread diseases. Few programmes are listed as under:
 - **World Kidney Day and International Women’s Day:** Activities were organised by Fortis Ft. Lt. Rajan Dhall Hospital, Vasant Kunj. The day-long celebration began with lamp lighting, a talk by senior doctors on raising kidney disease awareness, support group walk with kidney patients. The event was attended by several kidney patients. To mark International Women’s Day, a session with a senior gynecologist was organised to educate women on “contraception and prevention of cancer.”
 - **World Cancer Day:** To mark the World Cancer Day, Fortis Hospital, BG Road, Bengaluru, together with the Bengaluru Police, conducted a quit smoking drive at several areas in Bengaluru. In addition

to educating the public about the ill effects of tobacco, over 100 people also received a free cessation kit consisting of nicotine chewing gums, tea bags, raisins, almonds and a fidget spinner to divert their minds away from an urge to smoke.

- **Overcome Exam Stress:** Fortis entered into a partnership to provide a credible solution to the problem of exam stress among school kids. During the exam stress period in March, we got the real impact of the campaign when the Mental Health team at Fortis received close to 500 calls per day on the #Releasethepressure Helpline number, with as many as 1000 calls on some days.

c) **Fortis School Mental Health Programme:** Summer Internship for school students with Psychology as a subject was launched in 2017 by the Department of Mental Health and Behavioural Sciences at Fortis Healthcare. In the first year we had participation from 90 schools with 904 students and in its second year from 15th May to 30th June 2018 the programme has witnessed a huge success with registration from 174 schools across various cities with 117 schools in Delhi-NCR, 22 schools in Mohali, 6 schools in Jaipur, 4 schools in Ludhiana, 6 schools in Mumbai, 3 schools in Bangalore, 14 schools in Kolkata and 2 schools in Chennai, with a total of 3136 students participating in the programme.

2. For each such product, provide the following details in respect of resource use (energy, Water, raw material etc.)

A. Reduction during sourcing/production/distribution achieved since the previous year throughout the value chain

- a) Fortis has entered into a 10-year Power Purchase Agreement (PPA) for utilizing wind power at Malar and Mulund.
- b) Fortis continues to explore avenues to employ renewable source of energy like Solar power & wind power.

B. Reduction during usage by consumers (energy, water) has been achieved since the previous year

Fortis thrives to continuously monitor and improve energy scores across hospitals by switching to LED light fixtures, installing VFDs, BMS, low flow plumbing & sanitary fixtures. The chart below captures the reduction in energy consumption achieved by various Fortis Hospitals across India.

Reduction in Specific Energy Consumption of 3.3% has been achieved over previous year (Refer table below)

	Units lacs 16-17	Units lacs 17-18	Thermal in 16-17 (mill Kcal)	Thermal in 17-18 (million Kcal)	Rate per unit	Rate per liter/ SCM	Carbon reduction (in metric Tonnes)	Monetary gains (INR)-(IN Rs Lacs)	Area in Sq. meters	SEC 16-17	SEC 17-18	%age Reduction (Absolute)
Noida	60.64	59.94	464	448	9.5	55	982	108	24430/ 29730	1.92	1.56	18.75
SB	47.71	50.48	960	409	10	53	863	161	38921/ 49773	0.95	0.78	17.9
Mulund	62.61	63.61	485	592	10	60/45	2842	46.6	25254	1.92	1.95	(+) 1.6
Mohali	68.17	63.62	3238	3182	9	55	564	50.2		1.16	1.07	7.76
BG Road	57.81	62.59	NA	NA	9	NA	5400	107.6	32870/ 35533	1.36	1.36	Negligible
VK	37.78	36.4	177	121	10	53	247	43.5	17260	1.7	1.63	4.12
Nagarbhavi	6.25	6.47	NA	NA	9.5	NA	(+) 19	(+) 2	2927	1.65	1.71	(+) 3.7
Faridabad	42	41.33	NA	NA	9.5	NA	57	7.5	20503	1.59	1.56	2
CG Road	20.22	19.65	NA	NA	9.5	NA	50	6.37	7340	2.13	2.07	2.8
Raipur					9	NA			2511			
Jaipur	60.03	57.93	1661	435	9	55	459	86	29655	1.57	1.51	4
Anandapur	51	51.87	54	54	10	55	132	15.3	25883/ 27006	1.53	1.49	3

	Units lacs 16-17	Units lacs 17-18	Thermal in 16-17 (mill Kcal)	Thermal in 17-18 (million Kcal)	Rate per unit	Rate per liter/ SCM	Carbon reduction (in metric Tonnes)	Monetary gains (INR)-(IN Rs Lacs)	Area in Sq. meters	SEC 16-17	SEC 17-18	%age Reduction (Absolute)
Kalyan	10.69	9.94	NA	NA	12	NA	65	8.98	2404	3.44	3.2	7
Escorts	101	97	2410	1567	10	53/40	411	204	40412	1.92	1.86	3.1
Rash Behari*	10.1	9.58	NA	NA	10	NA	42	4.5	2603	3.27	3.11	4.9
RajaJi Nagar					9.5	NA			2007			
Vashi	31.35	31.5	NA	NA	12	NA	(+) 12	(+) 1.8	13752	1.76	1.77	Negligible
Malar	31.78	31.95	NA	NA	9	NA	2760	40.5	9877	2.49	2.5	Negligible
Amritsar	35.81	38.05	1106	1138	9	55	(+) 201	(+) 21.6	13646	2.03	2.16	(+) 6.4
Gurgaon*	111.38	103.68	2416	964	9.5	55	994	141	74350			
Mahim	34.59	36.1	NA	NA	11	NA	240	31.25	21765	1.4	1.28	8.2
Ludhiana	37.7	38.72	1060	174	9	55	201	32	17538	1.66	1.71	(+) 3
TOTAL			14031	9084			16077	1070				

*indicates 11 months' data
rest 12 months' data

3. Does the company have procedures in place for sustainable sourcing (including transportation)? If yes, what percentage of your inputs was sourced sustainably?

Yes. Sustainable sourcing is the key focus area for Fortis and is built around ethical and environmental sourcing principles to mitigate sourcing risks, stronger supplier relationships for trustworthy business conduct. To ensure the medical efficacy of goods, suppliers are asked to adhere to the guidelines as defined in Drugs and Cosmetics Act, 1947. Most of the products are procured through local distribution channels of suppliers to reduce risk involved in transport and reduction in carbon footprint. Suppliers are asked to commit to Fortis Supplier Code of Conduct and are encouraged to raise ethical concerns if any while dealing with Fortis management at any level.

4. Has the company taken any steps to procure goods and services from local & small producers, including communities surrounding their place of work? If yes, what steps have been taken to improve their capacity and capability of local and small vendors?

To ensure effective and efficient healthcare delivery, we need to ensure the availability of quality product and services in our hospitals. Without compromising on quality, many pharma and medical consumables are sourced from local suppliers as well. The specifications, basis both international and Indian standards, as approved by our esteemed doctors and committees are defined to ensure quality product is procured and patient safety is ensured. Local suppliers develop these products which are assessed on Quality, Safety, Delivery and Morals by respective stakeholders and feedback is provided for further improvements, if required. This helps suppliers to produce quality products and develop robust supply chain so as to compete with established suppliers. Similar process is also followed while procuring non-medical goods and services from local suppliers. Periodic suppliers meeting and reviews are conducted to drive continuous improvement in quality of goods and services.

5. Does the company have a mechanism to recycle products and waste:

Bio Medical Waste / Solid Waste Management:

Fortis has a documented SOP for biomedical waste management in place which provides guidelines to ensure correct sorting, labeling, handling, storage, transporting and disposal of solid and liquid waste and, thus, prevention of infection and contamination of personnel and equipment. Accordingly, all the hazardous waste viz. mercury, residuals from wastewater treatment, etc. and general health care wastes are sent to the authorised central municipal, biomedical and hazardous waste treatment facilities as stipulated by local regulations. Fortis also verifies the chain of custody documentation for the authorised waste management contractors (which will be as per individual hospital requirements) from time to time.

Fortis also employs paper recycling practice across all its units.

- i. **If yes what is the percentage of recycling of products and waste (separately as <5%, 5-10%, >10%). Also, provide details thereof.-**

Bio Medical waste is handed over to a Government approved vendor. The Company does not have oversight of how much is being recycled by the vendor. The Company has aligned its Bio Medical Waste SOP as per the regulatory norms.

Principle 3:

Businesses should promote the wellbeing of all employees

1. Please indicate the total number of employees:

Total number of employees including subsidiaries (except SRL Limited) as on March 31, 2018 was approx. 15,749 (Fifteen Thousand Seven Hundred Forty Nine)

2. Please indicate the total number of employees hired on temporary/contractual/casual basis:

6,465 (Six Thousand Four hundred and Sixty Five) employees were hired on a contractual basis

3. Please indicate the number of permanent women employees:

Total number of permanent women employees as on March 31, 2018 was approx. 8,609 (Eight Thousand Six Hundred Nine).

4. Please indicate the number of permanent employees with disabilities:

4 (Four) on the basis of self-declaration of employees as on March 31, 2018

5. Do you have an employee association that is recognized by management?

Yes

6. What percentage of your permanent employees is members of this recognised employee association? 2.36% (396 employees are in Union as on March 31, 2018)

7. Please indicate the number of complaints relating to child labour, forced labour, involuntary labour, sexual harassment in the last financial year and pending, as on the end of the financial year.

- During the Financial Year 2017-18, FHL and its subsidiaries has received 12 complaints on sexual harassment. These complaints have been resolved with appropriate action taken and hence no complaint remains pending as on March 31, 2018.
- No child labour, forced labour, involuntary labour reported in the Financial Year 2017-18

8. What percentage of your under mentioned employees were given safety & skill upgradation training in the last year?

- Permanent Employees
- Permanent Women Employees
- Casual/Temporary/Contractual Employees
- Employees with Disabilities

In the Financial Year 2017-18, over 7,71,169.6 hours were invested in professional & personal capability development of clinician & non clinician employees (including women & employees with disability) across FHL, this includes organisation wide leadership development (13000+ hours), functional capability development (6,40,107+ hours), service capability development (61,934+ hours) and a revamped new employee induction programmes focussing on enhancing new joiner experience & integration. Leveraging multi-modal training methodologies, an average of 48.3 hour/employee/year were delivered across the network. Launch of a comprehensive e-learning curriculum helped widen & deepen learning across the organisation providing just in time, learner led learnings on medical

domain, patient safety, patient rights & responsibilities amongst other topics. Our contractual workers form the backbone of our service delivery nearly 1,14,381 training hours were invested in their functional & behavioral skill enhancement. Additionally, health & safety trainings were imparted to all categories of employees across FHL. Regular trainings on disaster management, fire safety, radiation safety, waste management, HAZMAT (Hazardous Material), laboratory safety, employee safety i.e.1,93,964 training hours of safety/environment related training modules.

Principle 4:

Businesses should respect the interests of, and be responsive towards all stakeholders, especially those who are disadvantaged, vulnerable and marginalised

1. Has the company mapped its internal and external stakeholders?

Yes, these details are available in respect of shareholders/investors, vendors, bankers, employees (full time employees and those on contract), contractors, business partners, patients

2. Out of the above, has the company identified the disadvantaged, vulnerable & marginalised stakeholders?

Disadvantaged, vulnerable, marginalized and BPL patients are tracked and served as per company policy

3. Are there any special initiatives taken by the company to engage with the disadvantaged, vulnerable and marginalised stakeholders? If so, provide details thereof:

Yes, these are governed either under the Government regulations (for BPL category) or else under the Company's CSR programmes.

Principle 5:

Businesses should respect and promote human rights

1. Does the policy of the company on human rights cover only the company or extend to the Group / Joint Ventures / Suppliers / Contractors / NGOs / Others?

The policy is applicable to Fortis Healthcare Limited and its subsidiaries. The Company's commitment to follow the basic principles of human rights is reflected in the checks and balances within the HR processes. The commitment to human rights is embedded in the 'Fortis Code of Conduct', adopted by the Company. All employees are sensitised to human rights as part of their orientation programme.

2. How many stakeholder complaints have been received in the past financial year and what percent was satisfactorily resolved by the management?

NA

Principle 6:

Business should respect, protect, and make efforts to restore the environment

1. Does the policy related to Principle 6 cover only the company or extends to the Group/Joint Ventures/Suppliers/Contractors/NGOs/others.

Fortis' environmental, health and safety (EHS) policies and standard operating procedures at Group level is applicable to all the business units/subsidiaries.

2. Does the company have strategies/ initiatives to address global environmental issues such as climate change, global warming, etc? Y/N. If yes, please give hyperlink for webpage etc.

Yes, Fortis is committed to continuous energy consumption monitoring, system efficiency enhancement and identification of opportunities for energy optimisation.

Some of the key design elements incorporated in Fortis Hospitals are:

- Admission of natural day light through building design to reduce HVAC energy consumption.

- Optimisation of boilers to improve efficiency and reduce fuel oil consumption.
- Building Management System (BMS) has been installed for efficient monitoring and modulations of HVAC, lighting & electrical operations.
- Provide hermetically sealed stainless steel doors for OTs to plug air leakage.
- Streamlining of Sewerage Treatment Plant (STP) and Irrigation System for effective utilisation of wastewater, resulting in water conservation.
- High speed diesel (HSD) fuel savings by running only one boiler thereby providing condensate storage in a tank and using hot water back in washers.
- Entered into a 10-year Power Purchase Agreement (PPA) for utilising wind power at Malar and Mulund.

Attributable to aforesaid energy saving initiatives Fortis has received National Awards for Energy management by CII (2017): 1st prize to Fortis Hospital, Mohali and 2nd prize to Fortis Hospital, Mulund; Fortis Hospital, Mahim and Fortis Malar Hospital, Chennai.

3. Does the company identify and assess potential environmental risks?

Yes, Company has in place elaborate Environmental & Social Assessment policies.

All Fortis units strictly adhere to established SOPs and protocols for

- Bio-medical waste management
- Waste water management
- Environmental risk assurance
- Collection and safe disposal of unused drugs
- Waste disposal policies for Hazardous waste, Radiation waste, E-waste etc.
- Personnel protection equipment policy for staff who handles waste

A comprehensive and thorough assessment is undertaken for potential new projects (acquisition or Greenfield development) covering legal, business, technical and E&S aspects. Fortis is 100% compliant in obtaining mandatory environmental clearances Consent to establish and Consent to operate before commissioning new Hospitals.

Fortis applies for Environmental Impact Assessment (EIA) clearance for all Greenfield projects. Design and development are done strictly in accordance with requirements defined by the National Building Code of India 2016 (NBC) – as well as Company's corporate policies - such as Green Building certification and Sustainable construction material usage.

4. Does the company have any project related to Clean Development Mechanism? If so, provide details thereof. Also, if Yes, whether any environmental compliance report is filed?

No

5. Has the company undertaken any other initiatives on – clean technology, energy efficiency, renewable energy, etc. Y/N. If yes, please give hyperlink for web page etc.

Fortis has partnered with Smart Joules Pvt Ltd at Fortis Hospital Noida, to implement an energy efficient Building management system to eliminate energy wastage and observe an actual reduction in energy bills. Their technology platform DeJoule leverages a combination of its self-designed IoT (Internet of Things) infrastructure and robust algorithms for a paradigm shift from 'thumb rule'-based and human-centric operational practices to automatic and continuous data-based optimisation.

As a key initiative, Fortis Noida has committed to achieve energy saving of 13% by next operational year. Following actions have been taken to reduce energy consumption:

1. Optimisation of AHUs (VFDs automation)
2. Automation by installing Timer Control for AHUs, Timer on Exhaust Fans, Timers for parking/ street lighting
3. Replacement of non LED Lights
4. Chiller Plant Optimisation
5. Reducing Building Heat Load
6. Repair of VFD of Hydra pneumatic tank
7. Monitoring, targeting and automation
8. Heat Recovery in CSSD from Steamer Condensate (for pre-heating of water)
9. VFD on CT FANs from Primary pumps
10. Automatic tube cleaning system & Chemical dosing for Condenser
11. Replacing raw water pump with anew efficient pump
12. Replacing HW Boilers with a new Water to water Heat Pump
13. Replacement of 224 Tr Chiller with a best in class highly efficient new Chiller
14. Two new Chilled Water Pumps (Primary & secondary) and two new condenser pumps

Fortis, at an enterprise level has mandated protocol to identify learnings from aforesaid Pilot project and implement in other units to become a trendsetter in Healthcare segment for energy optimisation practices.

6. Are the Emissions/Waste generated by the company within the permissible limits given by CPCB/SPCB for the financial year being reported?

Yes. All emissions/waste generated at various Fortis hospitals are within permissible limits. These are continuously monitored, reviewed internally and reported to the CPCB/SPCB as per the requirement.

7. Number of show cause / legal notices received from CPCB/SPCB which are pending (i.e. not resolved to satisfaction) as on end of Financial Year.

There is one (1) show cause notice issued by Punjab Pollution Control Board during the FY-17-18 which was pending as on end of Financial Year.

Principle 7:

Businesses, when engaged in influencing public and regulatory policy, should do so in a responsible manner

1. Is your company a member of any trade and chamber or association?

Yes, the Company is member of several Industry associations.

2. If Yes, Name only those major ones that your business deals with

Some of the major ones include the Healthcare Federation of India, CII and FICCI

3. Have you advocated / lobbied through above associations for the advancement or improvement of public good?

Yes

If yes specify the broad areas (drop box: Governance and Administration, Economic Reforms, Inclusive Development Policies, Energy security, Water, Food Security, Sustainable Business Principles, Others)

We have advocated, through the Industry associations, for improvement in Governance and Administration, Economic reforms, inclusive development policies, sustainable business principles, public private partnerships, and universal healthcare.

Principle 8:**Businesses should support inclusive growth and equitable development****1. Does the company have specified programmes/ initiatives / projects in pursuit of the policy related to Principle 8? If yes details there of:**

- a. We advocate public private partnerships to deliver larger social good; and currently operate 2 PPPs.
- b. We subscribe to Sustainable development in all our hospital projects.
- c. Our CSR programmes seek to address gaps of inclusivity in healthcare delivery.

2. Are the programmes / projects undertaken through in-house team? Largely by In-House teams.**3. Have you done any impact assessment of your initiative? We measure the outcome and impact of our work.****4. What is your company's direct contribution to community development projects- Amount in INR and the details of the projects undertaken?**

The community connect activities carried out last year were 2995 which is slightly higher than the number of activities carried out this year 2811. The nature of activities haven't changed since last year and includes – Maintaining parks and public spaces around the hospital. School outreach activities under the aegis of School Mental Health Programme. Health talks and health camps in RWAs, Jogger's parks, malls, markets and corporates. BLS trainings and blood donation camps and drives to collect Organ Donation pledges. The amount of spent would be close to ₹ 1.65 Crore. This is considering an average amount spent per activity to be approx. ₹ 5.8 thousand.

5. Have you taken steps to ensure that this community development initiative is successfully adopted by the community? If yes, please explain

Yes, the adoption of these programmes is ensured through active engagement of community volunteers/RWAs.

Principle 9:**Businesses should engage with and provide value to their customers and consumers in a responsible manner****1. What percentage of customer complaints/ consumer cases are pending as on the end of financial year.**

On a daily basis, Fortis serves numerous patients through its network of hospitals. Patients' complaints are redressed through trained patient service co-ordinators and counsellors. They are escalated as may be necessary to Departmental Heads, Medical Superintendents, Facility Directors depending on their gravity and the exigencies of the situation. Most of them end up being resolved amicably resulting in many satisfied patients that bring goodwill. Fortis has Medical Grievance Committee at each Hospital and at the regional level which carefully studies complaints and takes prompt corrective action as may be required. In exceptional and rare instances the aggrieved seek available legal recourse, wherein Fortis represent and defend the case through legal department and often utilize the services of specific domain legal experts to stand for what we believe is correct, in the best interests of the Company and our stakeholders. As on 31st March 2018, 277 consumer cases were pending in various courts/forums and during FY 2017-18, 56 consumer cases were disposed of.

2. Does the company display product information on the product label, over and above what is mandated as per local laws?

Not Applicable

3. Is there any case filed by any stakeholder against the company regarding unfair trade practices, irresponsible advertising and/or anticompetitive behaviour during the last five years and pending as on end of financial year. If so, provide details thereof:

Nil

4. Did your company carry out any consumer survey/ consumer satisfaction trends?

In 2016, as a leading healthcare service provider in India, Fortis decided to take up the cause of organ donation in an effort to positively impact the well-being of the nation. The idea was to drive systemic change in the perceptions and the behaviour surrounding organ donation and increase the number of organ donation pledges. Existing negative perceptions and a general lack of actionable concern were the biggest challenges. Fortis's More to Give campaign was conceived to prick the nation's conscience by sharing stories of disabled war veterans who have actually pledged to donate organs. By enlisting war veterans into the cause of organ donation and making them the ambassadors for this cause, the campaign aimed to hit a nerve with the Indians who are complacent about registering for organ donation and make them take action towards it. During this period the organ donation message reached out to millions of viewers and listeners across the country, thanks to our media partners NDTV and Fever 104 FM. The on-ground arm of the campaign, that included 50 plus talks and events like the More to Give Walkathon managed to touch a lakh individuals. The digital arm of the campaign too saw significant engagement and reached out to over 2.3 million individuals. On the occasion of India's Organ Donation Day, Nov 29, 2016 – #MoreToGive trended on the number 1 position on twitter across India. 21000 pledges were garnered in this duration.

In the second year, the campaign enrolled patients who were on the waiting list to get organs. These patients come forward and took the pledge to donate their healthy organs and in doing so asked others across the country 'If I am waiting to get yet willing to give, what's stopping you?' As a result, celebrities like Swara Bhasker, Gul Panag, Khurafati Nitin and 29 others helped the campaign gain momentum. The campaign reach out to 100 million individuals via print, radio and digital promotion. Fortis' Heart Transplant Viral AV was viewed by over 1 percent of India's population (15 million). For 6 hrs #MoreToGive trended on the number 1 position on twitter across India with 6k tweets & 69.7 million impressions. On-ground activation across 7 locations reached out to 80,000 people. 8500 plus individuals participated in More to Give walkathon across 6 cities held on Nov 26th last year. All of this has resulted in 34000 pledges. Over the last 2 years, the More to Give campaign has become Fortis' most awarded campaign winning a total of 8 awards since inception.

Organ donation has become an organisation priority at Fortis. Fortis is amongst the leading healthcare service providers that helps facilitate Cadaver Organ Donation via establish systems and processes. Fortis Organ donation, Retrieval and Transplant (FORT) is a centralized department that helps provide direction and the necessary support to all hospitals and helps facilitate cadaver organ donations. All of this has led to 77 donations across 15 hospitals since Jan 2012 leading to harvesting of 220 organs.

The following are the outcomes basis the research conducted by Millward Brown to track the movement on various brand parameters as a result of the "More to Give" campaign –

- Spontaneous awareness for Fortis has improved across cities from 50% to 54% in the post phase, especially in Kolkata (50% to 62%) and Jaipur (35% to 59%)
- However, preference and consideration for Fortis remain steady compared to levels prior to the launch of the More To Give campaign.
- Awareness of Organ Donation avenues has not changed significantly (58% to 56%), in the period after the More To Give campaign - despite strong claimed recall of the campaign elements

Additionally, negative coverage of Fortis has been picked up by a large proportion of respondents. Such news has blunted the impact of the organ donation campaign.

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Healthcare Sector – An overview

The healthcare industry in India is one of the country's largest sectors in terms of both employment and revenue generation, and it is expected to grow at a rapid pace in the foreseeable future. Apart from drivers such as strong economic performance, rising population, and the increased prevalence of chronic diseases, significant growth within India's healthcare industry over the recent years is also believed to be facilitated by rapid privatisation of healthcare services, particularly in secondary and tertiary healthcare services in rural and urban areas.

Meanwhile, India's competitiveness in the global healthcare market also reflects in its huge availability of well-trained medical professionals and cost competitiveness in pharmaceuticals, medical devices and medical tourism sectors.

India's healthcare expenditure as a per cent of GDP has been relatively low. For example, in 2015 it was at 3.8% compared to the global average of 8.6%. This indicates that the healthcare industry has tremendous growth potential in India. Additionally, as per the WHO report-2013, the gap for healthcare infrastructure, remains substantial. India has 0.9 beds per 1000 people, significantly lower than various developing and developed countries and the global average of 3 beds/1000 people. This indicates that there is a great opportunity for companies to establish and expand hospital facilities in India.

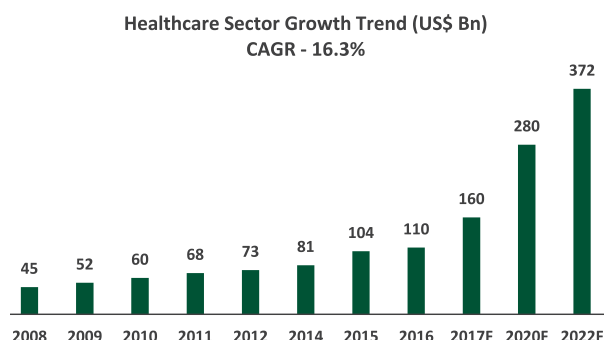
Major players in the healthcare industry in India continue to pave the way for the industry. Large investments by private sector players are likely to contribute significantly to the development of India's hospital industry, which comprises around 80% of the total market. In India, private healthcare accounts for almost 74% of the country's total healthcare expenditure.

Due to its strong market potential, investment in India's healthcare infrastructure is set to rise, benefiting hospitals, healthcare R&D, and healthcare education in the country. According to data released by the Indian Department of Industrial Policy and Promotion (DIPP), the healthcare industry in India attracted Foreign Direct Investment (FDI) worth USD 4.34 billion between April 2000 and March 2017.

Market Size

The Indian healthcare industry was worth around \$160 billion in 2017 and is expected to reach over \$280 billion by 2020 and USD 372 billion by 2022. The hospital industry in India stood at ₹ 4 trillion (USD 61.79 billion) in 2017 and

is expected to increase at a Compound Annual Growth Rate (CAGR) of 16-17 per cent to reach ₹ 8.6 trillion (USD 132.84 billion) by 2023. Rising income levels, aging population, growing health awareness, and a changing attitude towards preventive healthcare is expected to boost healthcare services demand in future.



Source: Frost and Sullivan, LSI Financial Services, Deloitte, Aranca Research

Government Initiatives

Some of the major initiatives taken by the Government of India to promote Indian healthcare industry are as follows:

- The Intensified Mission Indradhanush (IMI) has been launched by the Government of India with the aim of improving coverage of immunisation in the country and aims to reach every child under two years of age and all the pregnant women who have not been part of the routine immunisation programme.
- The Union Cabinet approved setting up of National Nutrition Mission (NNM) with a three year budget of ₹ 9,046 Crore (USD 1.40 billion) to monitor, supervise, fix targets and guide the nutrition related interventions across the Ministries.
- The Government of India aims to increase the total health expenditure to 2.5% of Gross Domestic Product (GDP) by 2025 from the current 1.15%.
- The Union Minister of Health and Family Welfare, Government of India, launched initiatives such as LaQshya, for Labour Room Quality Improvement, a mobile application for safe delivery, and operational guidelines for obstetric high dependency units (HDUs) and intensive care units (ICUs).
- In March 2018, the Union Cabinet of India approved the continuation of National Health Mission with a budget of ₹ 85,217 Crore (USD 13.16 billion) from 1st April 2017 to 31st March 2020.

- In May 2018, the Government of India approved ₹ 1,103 Crore (USD 170.14 million) for setting up All India Institute of Medical Sciences (AIIMS) in Deoghar, Jharkhand.
- During the General Budget 2018-19, the Government of India announced two major initiatives in health sector, as part of Ayushman Bharat programme aimed at making path breaking interventions to address health holistically, in primary, secondary and tertiary care systems, covering both prevention and health promotion. The initiatives are as follows:
 - ♦ Health and Wellness Centre: The National Health Policy, 2017 has envisioned Health and Wellness Centres as the foundation of India's health system. Under this 1.5 lakh centres will bring health care system closer to the homes of people. These centres will provide comprehensive health care, including for non-communicable diseases and maternal and child health services. These centres will also provide free essential drugs and diagnostic services.
 - ♦ National Health Protection Scheme: The second flagship programme under Ayushman Bharat is National Health Protection Scheme, which will cover over 10 Crore poor and vulnerable families (approximately 50 Crore beneficiaries) providing coverage upto ₹ 5 lakh per family per year for secondary and tertiary care hospitalisation.

Key Growth Drivers

India's rising population with favorable demographics

India is the second most populated country in the world with nearly a fifth of the world's population. According to the World Population Prospects, the population of India stood at 1.32 billion in 2017.

During 1975–2010 the population doubled to 1.2 billion. India is projected to be the world's most populous country by 2024, surpassing the population of China. It is expected to become the first political entity in history to be home to more than 1.5 billion people by 2030, and its population is set to reach 1.7 billion by 2050.

Looking at the demographic profile of India, while 50% of its population is estimated to be below 25 years of age, 65% is below the age of 35 years. However, the proportion of geriatric population (60 years and above) is increasing at a much faster rate than the rest of the population. This geriatric population is expected to supplement demand for the healthcare and related services significantly.

Furthermore, it is expected that consumption patterns will shift with the ageing population and improved income levels from other necessities to needs such as preventive healthcare and high-end healthcare services.

Lifestyle related diseases and growing awareness to increase hospitalisation

In the recent times, there is an increasing incidence of diseases such as hypertension, diabetes, cardio vascular diseases, behavioural problems, high cholesterol, obesity affecting even the younger people. The changed living habits due to increasing job requirement, sedentary lifestyle and competitive living are the main culprits coming in the way of golden rules of good living. People who fall victims to this phenomenon get trapped with certain diseases at a younger age. These are called lifestyle disorders because of the reason that the diseases associated with this are limited to people who adopt unhealthy and inappropriate lifestyles.

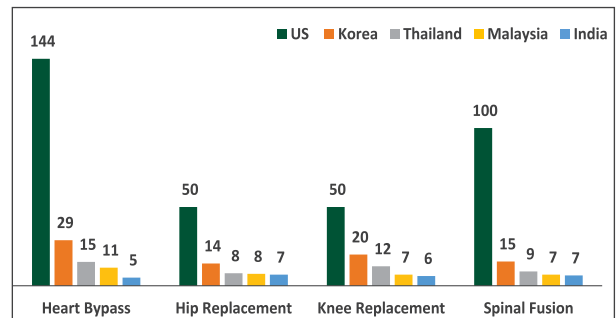
While the communicable diseases like malaria, cholera, polio can be managed with the help of proper treatment, lifestyle diseases can be prevented if healthy active lifestyle is followed. Globally, 14.2 million people between the ages of 30-69 years, die prematurely each year from diseases like heart attack, diabetes, and high blood pressure. Some of these diseases have emerged as more fatal than hereditary diseases or infectious ones.

Increased incidence of lifestyle related disease has contributed to rising healthcare spending by individuals. Moreover, growing health awareness, precautionary treatments and improved diagnostics are expected to result in higher hospitalisations.

Medical Tourism to witness significant traction

Medical tourism is a growing sector in India, estimated to be worth USD 3.9 billion in 2016. It is projected to grow to USD 8 billion by 2020. The medical tourism market witnessed a growth of 27% CAGR through 2013-16. Presence of world-class hospitals and skilled medical professionals has strengthened India's position as a preferred destination for medical tourism. Superior quality healthcare, coupled with low treatment costs in comparison to other countries, is benefiting Indian medical tourism which has enhanced the prospects of the Indian healthcare market. In addition, treatment for major surgeries in India costs 10-20% of that in many developed and developing countries. India also attracts medical tourists from developing nations due to lack of advanced medical facilities in many of these countries.

Cost of various surgeries in different countries (in USD '000)



Source: Ministry of Health, RNCOS, KPMG, Deloitte, Medical Tourism Association, LSI Financial Services, TechSci Research

Significant Opportunities in Under-Represented and Under-Served Healthcare Delivery Services

India has enormous scope to enhance healthcare delivery services considering that healthcare spending as a percentage of GDP in India is a mere 4.2% as compared to the global average of over 10%. In terms of healthcare infrastructure, India has just 1 bed per 1000 people compared to world average of ~3 beds. To achieve the target of 3 beds per 1,000 people by 2025 India would need additional 3 million beds.

Furthermore, if we compare the number of physicians and nurses, India has 0.7 doctors and 1.5 nurses per 1000 people in contrast to the global average of 2.5 doctors and nurses per 1000 people. To meet the growing demand of healthcare services, India would need an additional 1.54 million doctors and 2.4 million nurses. It is also estimated that an investment of USD 86 billion is required to achieve these targets.

Health Insurance poised to grow - positive for healthcare delivery providers

The gross domestic product (GDP) growth of any country is directly linked to the health of its population. However, healthcare is one of the key challenges for India, given the lower levels of awareness and government spending on healthcare.

During 2017, less than 27% of the Indian population was covered through health insurance. The increasing healthcare cost and burden of new diseases along with low government funding is, in a way, raising demand for health insurance coverage. Many of the corporates have started offering health insurance coverage to their employees and their family members, driving market

penetration of insurance players. It is expected that with increasing demand for affordable and quality healthcare, penetration of health insurance is poised to grow exponentially in the coming years.

With Gross Direct Premiums at ₹ 4,360 Crore (USD 676 million), the health segment has a 31% share in the gross direct premiums earned in the country as on April 2018.

INDIAN DIAGNOSTIC INDUSTRY

Laboratory testing plays a crucial role in the detection, diagnosis and treatment of disease in patients. An estimated 70% of all decisions by doctors regarding a patient's diagnosis and treatment, hospital admission and discharge are based on diagnostics test results. The diagnostic industry landscape in India is very dynamic, driven by entry of new regional players, healthy competition in mass markets, launch of new tests & technologies, advent of automation and digitisation of laboratory operations, supported by the highly skilled doctors and the increasing awareness of consumers towards health and wellness. While the investment in healthcare by private players has increased, the Government has also insisted on the need to strategically invest in preventive healthcare measures in National Health Policy 2017. Investment in diagnostics can propagate early diagnosis of numerous lifestyle diseases, which in turn has the potential to improve productivity loss and delay the onset and/or eliminate the necessity for tertiary treatment.

While only a minor portion (around 15%) of diagnostic business is being managed by the organised sector – regional and national diagnostic chains, the diagnostic service market is expected to become much more organised and consolidated.

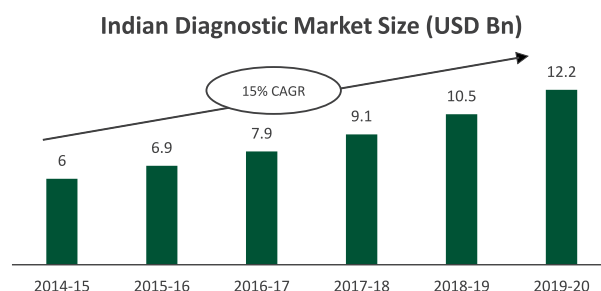
The Indian diagnostics sector has been witnessing immense progress. Major technological advancements and higher efficiency systems has taken the sector to new heights. Advanced cutting-edge technologies are being used to understand disease prognosis, thereby strengthening the sophistication level of the participants in the sector.

The Indian diagnostics market can be broadly divided into equipment, reagents and services. The service sector is largely unorganised and fragmented, with most players being clustered in the suburbs and metros. Nearly half of the approximately 100,000 diagnostic labs in India are standalone, mom-and-pop outfits. 37% of these labs are

situated within hospital premises and the remaining 15% of labs are operated by diagnostic chains.

The Indian diagnostic industry was valued at USD 6 billion in FY15 (CAGR of 16% over FY12-15) and is expected to grow at a CAGR of ~15% over FY15-20 to reach a size of about USD 12 billion in FY20. However, according to a recent report published by Goldman Sachs Global Investment Research, the size of the addressable market for standalone Diagnostic Chains was USD 5.6 billion in FY18 and is expected to grow at a CAGR of ~10% to reach a size of about USD 9.1 billion in FY23E. The top 15 organised diagnostic chains in India contribute 11% (i.e. USD 0.6 billion) to the overall Indian diagnostic market and is expected to grow at a CAGR of 14% to contribute 13% (USD 1.2 billion) to the market in FY23E.

The rising geriatric population, increasing incidence of lifestyle-related diseases, growth in medical tourism and increasing penetration of health insurance in the country will drive the demand for diagnostic services. Furthermore, increasing literacy and awareness towards preventive care in tier-I and tier-II cities would also contribute to the growth of this industry.

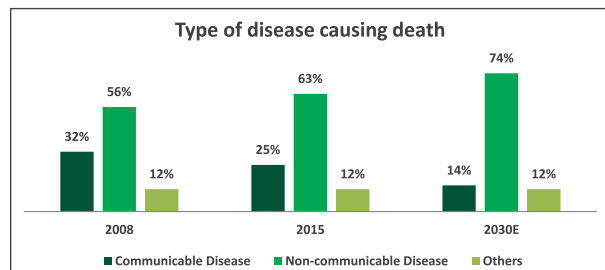


Source: Industry Estimates

Increasing demand for preventive health checks

The rising income levels and changing lifestyles is resulting in a shift in the disease profile of the population, from infectious diseases to chronic or lifestyle diseases, such as cardiovascular diseases, diabetes and cancers. According to the World Bank report, cardiovascular diseases, diabetes, cancers and other chronic diseases were collectively responsible for 60% of deaths among the Indian population in 2012, compared to approximately 48% of deaths in 2000. The increase in chronic diseases has resulted in increased demand for diagnostic tests, including biochemistry diagnostic tests for blood sugar, cholesterol and lipid profiles. The chart below depicts the expected increase in the proportion of non-

communicable disease which would result in increasing demand for diagnostic tests.



Source: Industry Estimates

Rising literacy level and awareness among population

Rising literacy levels in India have enhanced the overall knowledge of population about the chronic diseases and their increasing prevalence. The Indian population's awareness to take wellness and preventive actions to identify pre-existing diseases or likely risks from chronic diseases is on the rise. As a result, an increase in wellness and preventive diagnostic services is expected to contribute to the growth of the diagnostic-services industry.

Significant Outsourcing opportunity for Diagnostic Industry

The Indian market is evolving into an outsourcing market for diagnostics testing. It is estimated that specialised tests like molecular diagnostics or hormone related tests cost 70-80% less in India compared to other developed countries. The Diagnostic majors with accredited labs are partnering with many research organisations, medical institutions as well as insurance companies, for the same. Indian CROs (contract/custom research organisations) are providing an opportunity for diagnostic majors to tap into the global market for clinical trials. India is becoming a preferred destination for clinical trials due to its large pool of proficient medical and paramedical professionals, cost advantages, and pool of patients.

Outlook

As the healthcare infrastructure and expenditure in India continues to rise, the healthcare industry is expected to be more diversified and full of opportunities. India is also gradually becoming one of the world's leading destinations for high-end diagnostic services with large capital investment for advanced diagnostic facilities.

Overall, the healthcare industry in India is now undergoing some huge positive changes across all

major segments of the industry, including hospitals, pharmaceutical, diagnostics, medical equipment, medical insurance, and telemedicine. The government is also aiming to develop India as a global healthcare hub by issuing new policies to reduce industry tax, creating new drug testing laboratories and improving National Health Insurance Mission to provide health benefits to more people. The growth of healthcare industry in India is expected continue to progress well.

THE COMPANY

Fortis Healthcare is one of the leading healthcare delivery providers in Asia. Founded by the iconic Indian business leader, the Late Dr. Parvinder Singh, architect of growth at Ranbaxy Laboratories, Fortis is a manifestation of his vision "To create a world class integrated healthcare delivery system in India, entailing the finest medical skills combined with compassionate patient care". Fortis aspires to remain a leader in the healthcare delivery space and is driven by the larger purpose of "SAVING AND ENRICHING LIVES" through clinical excellence.

Fortis started its journey with its first hospital in 2001 in North India and, during the course of 17 years, has grown to become a leading healthcare service provider with a presence in day-care speciality, diagnostics and tertiary and quaternary care. As of March 31, 2018, the Company had a network of 43 healthcare facilities (including projects under development) in India and abroad with approximately 4,800 operational beds¹ and the potential to reach over 9,000 beds. In India, the Company is one of the largest private healthcare chains comprising a network of 39 healthcare facilities, including 31 operating facilities, 3 satellite and command centres located in public and private hospitals and 5 healthcare facility projects which are under development or are greenfield land sites.

The Company's diagnostics business i.e. SRL Limited, has a presence in over 600 cities and towns, with an established strength of 368 laboratories including 197 self-operated laboratories², 118 laboratories inside Hospitals including 27 labs located in Fortis Healthcare facilities, 42 Franchisee labs, 7 wellness centres and 4 international laboratories. It also has over 5,539 Direct clients, 1062 Collection Centers which includes 88 collection centers that are owned and 67 collection centres at International locations.

The Company is committed to deliver quality healthcare services to patients in modern facilities through the use of advanced technology and has a team of skilled

1. Includes beds at owned, operated, leased and managed facilities and 350 beds of Lanka Hospitals, an associate investment of the Company

2. Includes 23 wellness centres within these laboratories.

doctors, nurses and healthcare professionals. Most of our healthcare facilities provide secondary, tertiary and quaternary healthcare services to patients in Cardiac Care, Orthopaedics, Neurosciences, Oncology, Renal Care, Metabolic diseases care and mother and child care. The Company has also developed certain healthcare facilities around some of these specialties, which it internally classifies as “Centres of Excellence”.

KEY HIGHLIGHTS – FY 2017-18

During the year, the Company witnessed resignation of most of the directors including the Executive Chairman and Non-Executive Vice Chairman. In April-May 2018, the board of Fortis Healthcare was reconstituted wherein three new independent directors were appointed pursuant to an Extra Ordinary General Meeting (EGM) wherein the appointment of these directors was approved by the shareholders.

Pursuant to the Board meeting held on 29th May 2018, the Board of Directors had initiated a fresh bidding process (“Process”) to meet FHL’s long term and short-term objectives. 3 bidders (IHH, TPG-Manipal consortium, Hero-Burman consortium) were invited to participate in the process, and FHL had received an expression of interest from Radiant-KKR consortium. The diligence access and management interaction were offered to all the 4 bidders.

On July 3, 2018, the Company received 2 binding proposals from IHH and TPG-Manipal consortium and the Board after considering the merits of both the bids and taking into account the recommendation of its Financial Advisors (Standard Chartered Bank and Arpwood Capital) and considering the legal advice from Legal Advisors (Luthra & Luthra Law Offices and Cyril Amarchand Mangaldas), approved IHH’s offer. The Board evaluated the bids received across various parameters including:

- Commercial terms such as valuation, quantum of investment and schedule thereof
- Plans to address FHL’s liquidity requirements, including funding for RHT acquisition and for providing exit to private equity investors of SRL
- Bidder’s vision and value proposition for the Company and
- Deal certainty including simplicity of transaction structure, timelines, regulatory approvals required and financing arrangement

On July 13, 2018, the Board of Directors of Fortis Healthcare unanimously decided to recommend to its shareholders the binding investment proposal from IHH Healthcare Berhad (“IHH”) to invest ₹ 4,000 Crore by way of preferential allotment at a price ₹ 170 per share.

Salient Features of the Bid by IHH Healthcare:

- 1) IHH Healthcare:
 - a. Infusion of ₹ 4,000 Crore through subscription to the Preferential Allotment at a price of ₹ 170 per share
 - b. Mandatory Open Offer to the public shareholders of Fortis as per the SAST Regulations at price which is higher of ₹ 170 per share or price determined under Regulation 8 of SAST Regulations for 26% of the outstanding shares post issuance
 - c. Mandatory Open Offer for public shareholders of Fortis Malar Hospitals Limited at a price as determined under Regulation 8 of the SAST Regulations
 - d. Proposal provides for refinance of debt to the extent of ₹ 2,500 Crore
 - e. Funds infused to be used towards completion of acquisition of assets of RHT, SRL private equity minority shareholders and short-term liquidity needs

Rationale for Approval:

Considering all key evaluation parameters, the Board approved IHH offer for consideration of FHL shareholders:

- a. Significant primary funds infusion at highest available bid price (₹ 170/share); sufficient funds commitment for future requirements
 - c. 20% premium to current market price, c.30% premium to unaffected price (2nd July 2018) and close to 52 week high
- b. Offers significant deal certainty given a simpler transaction structure and requirement for fewer approvals and a shorter timeframe
- c. Exit opportunity for shareholders given the open offer, in case they desire

- d. Offers potential to achieve scale driven synergies on operational and financing front
- e. Integrates Fortis into a large global healthcare platform with potential synergies

Post completion of transaction, the shareholding of the investor can vary between c.31% to c.57% depending on the level of subscription in the mandatory tender offer from a range of 0% to 26%.

OTHER STRATEGIC UPDATES

The Company in February 2018 signed definitive agreements to acquire the portfolio of assets of RHT Health Trust. This acquisition, subject to necessary approvals, is expected to significantly enhance the Company's operating profitability. Fortis shareholders have approved the acquisition. The Fortis IHH transaction is expected to facilitate the financing of this acquisition.

In August 2016, the Company had announced the demerger of its diagnostics business which was expected to take 6-8 months. During FY18, the healthcare sector experienced strong headwinds and the performance of the diagnostics business was less than optimum. As a result, it was envisaged that a demerger of the diagnostic business and a subsequent listing may not unlock maximum value for Fortis and SRL shareholders. In view of this, in May-June 2018, the demerger of the diagnostics business was withdrawn and the National Company Law Tribunal (NCLT) approved the withdrawal of the scheme.

NEW INITIATIVES, MEDICAL PROGRAMMES AND SPECIALITIES COMMISSIONED

- Fortis Hospital, Mohali launched an 'Allergy Clinic' during the quarter. The specialised clinic caters to those patients who have a history of recurrent episodes of cough, cold, sneezing, bronchitis, eczema, perianal redness, redness of eyes among others.
- Fortis Hospital, Mohali introduced a new technique, Mechanico Chemical Ablation (MOCA), to treat varicose veins, for the first time in India. The procedure does not require the application of tumescent anaesthesia. A special catheter is introduced in the vein of the patient and the blood vessel is ablated along with foam sclerotherapy.
- A state-of-the-art Rehab Lab was launched at Fortis Escorts Heart Institute. The Rehab Lab is the first of its kind to offer benefits in the form of cure for individuals suffering from musculoskeletal

problems ranging from arthritic aches; women's bone health issues; sports injuries and problems associated with the geriatric population.

- Fortis Hospital, Bannerghatta Road, Bengaluru, received the Joint Commission International (JCI) accreditation for the fourth consecutive time. With this achievement, Fortis Hospital, Bannerghatta Road, has become the third Fortis facility to maintain its accreditation status for the fourth consecutive term.
- After publishing FEHI's Cardiac Clinical outcomes data and Fortis Vasant Kunj's Kidney Transplant (1 year Survival) clinical outcomes data, five other units joined this initiative. Fortis Mohali, Fortis Mulund, Fortis BG Road, Fortis CG Road and FMRI published clinical outcome data for CABG and PTCA procedures. Further ICHOM (Depression and Anxiety) standard set has been implemented Pan Fortis.
- Fortis La Femme, Richmond Road, Bengaluru, in association with Breast Milk Foundation (BMF), a non-profit organisation, launched its second and Bengaluru's first public Human Milk Bank, 'Amaara'. The Milk Bank was inaugurated and supported by Mr Ryszard Czarnecki, Vice- President of the European Parliament, Brussels, Belgium, along with Dr C. N. Ashwathnarayan, Member of the Legislative Assembly.
- Fortis Hospital, Anandapur, Kolkata, has launched a Metabolic and Bariatric Surgery Programme, under the leadership of Dr Ramesh Agarwalla, Coordinator – Gastrointestinal Surgery. The facility is capable of conducting all kinds of bariatric procedures, including gastric bypass, sleeve gastrectomy and mini gastric bypass.

FINANCIAL & OPERATIONAL HIGHLIGHTS

(The Company adopted Indian Accounting Standards (Ind AS) with effect from April 1, 2016 and accordingly the financial results along with the comparatives have been prepared in accordance with the recognition and measurement principles stated therein, prescribed under Section 133 of the Companies Act, 2013 read with the relevant rules issued thereunder and other accounting principles generally accepted in India. Hence, the below summary is as per Indian Accounting Standards (Ind AS).

For the financial year 2017-2018, the Company reported a consolidated total income of ₹ 4,560.8 Crore which

includes revenue of ₹ 4,536.9 Crore from the India Operations and ₹ 23.9 Crore from the International Operations. Overall consolidated revenue in FY18 of ₹ 4560.8 Crore compares to ₹ 4,573.7 Crore of consolidated revenue in the previous year. Consolidated Operating EBITDAC (EBITDA before the net business trust fees) stood at ₹ 655 Cr compared to ₹ 734 Crore in Financial Year 2017. This represents a margin of 14.4% in FY18 compared to 16.1% in FY17. EBITDA (excluding other income and before exceptional item) for the year was at ₹ 389 Crore compared to ₹ 362 Crore in FY17. Reported Net Profit/(Loss) after Minority Interest and Share in Associates for the Company was at ₹ (1009) Crore compared to ₹ 422 Crore in FY17.

During the financial year 2017-18, the performance of the business was impacted by external headwinds related to the healthcare sector and internal challenges. Key factors that impacted the performance include:

- Regulatory changes with respect to pricing on certain medical consumables
- Management bandwidth constraints due to the Group's and promoter related issues
- Prolonged transaction and due diligence process
- Funding constraints led to a less than optimal capex spend resulting in delay of key business initiatives
- The hospital business, specifically in North India, was significantly impacted for a few months during the year because of several highly publicised patient related incidents in a few hospitals

Despite the above circumstances, the Company continued to provide the highest standards of healthcare delivery and patient care. Furthermore, it was ensured that employees across the organisation were kept motivated in order to minimise attrition amongst both the medical and non-medical employee base.

With the pending capital raise, the Company with its fundamental value levers expects business performance to improve in the near term. As an immediate priority, the capital raise will expedite the Company's commissioning of new facilities such as the Arcot Road hospital in Chennai and operationalising additional beds in BG Road, Bengaluru. It will also accelerate the launch of new medical programmes across the Fortis network of hospitals.

FY2018 PAT after Minority Interest and Share in

Associates (PATMI) was primarily impacted by provisions and impairment losses:

- Provisions in Q4 FY2018 related to certain amounts totalling to approx. ₹ 580 Crore due to the Company, the recoverability of which is doubtful. These pertain to certain inter corporate deposits of ₹ 445 Crore loans given to body corporates and interest thereon of ₹ 25.5 Crore, an advance and security deposit given to body corporate along with impairment of CWIP of ₹ 53.3 Crore, loan given to Fortis C-Doc and interest thereon of ₹ 16.2 Crore, certain other amounts recoverable of ₹ 12.7 Crore and other exceptional items of ₹ 26 Crore
- Impairments in Q4 FY2018 related to business related investments and goodwill. For the year the total impairment loss recorded was approx. ₹ 327 Crore. This includes the impairment of goodwill related to the Company's investments in Escorts Heart Institute and Research Center Limited of ₹ 125 Cr, RHT Trustee Manager ₹ 37.6 Crore, Birdie and Birdie Realtors (100% subsidiary of the Company owning a land parcel in New Delhi) ₹ 69.4 Crore, impairment of investments in Lanka Hospitals ₹ 49 Crore. The Company had also recorded goodwill impairment of ₹ 45 Crore in Q2 FY2018 due to the closure of Raipur unit.

FY2017 PATMI of ₹ 422 Crore includes a one-time gain in Share in Associates of ₹ 421 Crore. This was the Company's share in the profits of RHT which includes the exceptional gain arising from the FHTL transaction recorded in Q3 FY2017

The India business comprising the Hospital and the Diagnostic business recorded revenues of ₹ 4,537 Crore, compared to ₹ 4,508 Crore in the corresponding year. For the year FY 2017-18, the hospital business contributing 81% to the overall India business i.e. ₹ 3,683 Crore, compared to ₹ 3,712 Crore in FY17. The India Diagnostic business reported net revenue (net of inter-company elimination) of ₹ 854 Crore compared to ₹ 795 Crore in the corresponding previous period.

For the India business, the operating EBITDAC (EBITDA before net business trust costs) stood at ₹ 662 Crore, representing a margin of 14.6%. The India Hospital business reported operating EBITDAC (EBITDA before net business trust costs) at ₹ 500 Crore, a margin of 13.6% compared to ₹ 545 Crore (14.7% margin) reported in FY2017. The Diagnostic business in India reported EBITDA at ₹ 161 Crore, margin of 18.9% compared to 21.9% margin reported in FY17.

International patient revenues for the hospital business during the year stood at ₹ 402 Crore representing 10.9% of overall hospital business revenue, compared to ₹ 395 Crore reported in the previous financial year.

Key operational parameters in the Company's hospital business continued to see a healthy uptrend. ARPOB (Average Revenue per Occupied Bed) grew to ₹ 1.49 Crore compared to ₹ 1.45 Crore in FY17, an increase of 3%. ALOS (Average length of stay) was at 3.48 days compared to 3.56 days in previous year, while Occupancy stood at 70% versus 74% in FY17 respectively.

The Company had net debt of ₹ 1,404 Crore and a net debt to equity ratio of 0.26 times as on 31 March 2018. This compares to a net debt of ₹ 1,279 Crore in the previous financial year and a net debt to equity ratio of 0.20 times as on 31 March 2017.

SRL LIMITED

Overview

SRL Limited enjoys the leadership position in the diagnostics industry in terms of revenue as well as its reach to the customers. SRL boasts of the largest network of 368 labs and wellness centers with a pan-India footprint augmented with a 6600+ network of active revenue-churner collection points including collection centers as well as sample pick up points (direct clients). The collection points serve to pick samples across India and feed satellite and reference labs through a robust logistics channel. SRL reached out to over 60,000 doctors and diagnosed more than 16 million samples in FY2017-18. SRL, being the largest mass market player, is present across diagnostic services segments of pathology and radiology with services ranging across all pathology segments viz. screening, diagnostic, predictive, preventive and monitoring tests.

SRL also enjoys the most respectable and trusted position in the industry, being the front runner in knowledge leadership and technical prowess. SRL strives to bring up-to-date advances in technology along with customer-centric services, delivered by the highly trained staff and esteemed doctors, who are well renowned for their expertise and contribution to the industry. SRL Team of Pathologists, Scientists and other Professionals maintain a close connect with the physicians in order to enhance the academic environment aiming eventually at improved patient outcomes.

Public Private Partnership

In a healthcare infrastructure deficient country like India, SRL has done pioneering work to provide diagnostic

services in remote, rural and tribal dominated areas of Jharkhand, Himachal and Uttar Pradesh. Its partnership with various state government has continued to gain strength and momentum and, SRL, has undoubtedly occupied the top slot in diagnostics PPP space in India by mitigating the multi-dimensional challenges posed by economical, infrastructural and social healthcare infrastructure. SRL has set up diagnostic centers in PHCs (Public Healthcare Centers) in Jharkhand and provided trained manpower to carry out phlebotomy services, along with free health camps and health melas for BPL population in remote areas. Creating awareness about lifestyle disorders like diabetes, arthritis & cardiovascular diseases and about infectious diseases like Tuberculosis and hepatitis has been the prime objective of these BPL health camps. In Jharkhand, SRL has helped state government to improve its health indicators by providing diagnostic services to more than 2.6 lakh individuals and carrying out 7.5 lakh tests of infectious and non-communicable diseases in FY18. SRL has walked an extra mile to serve BPL tribal population by setting up diagnostic centers in 10 PHCs (viz. Barhait, Barharwa, Boarjor, Borio, Chouparan, Ramgarh, Keredari, Pathargama, Petarwar, Baliyapur) in districts like Godda, Sahibganj, Hazaribagh and Dumka. In FY18, SRL conducted 35 health camps/melas in which 17,000 patients were screened for common disorders. SRL has tied up with TB departments of 4 districts to provide rapid diagnostic access to TB patients.

SRL has done laudable work in difficult topology, tortuous terrain and extremes of weather in the state of Himachal Pradesh by providing uninterrupted diagnostic services in 24 health institutions of state government. In a state characterised by deficient private healthcare facilities, it has served approx. 2.3 lakh patients who are dependent on state health facilities. In the process, it has carried out close to a million routine and specialized tests.

In Uttar Pradesh also, UPHSSP (Uttar Pradesh Health System Strengthening Project), a government project meant for improving health facilities in UP, recognised the yeoman services provided by SRL and extended the PPP contract for all 22 district hospitals for entire FY18. During this period, SRL held close to 400 health camps in various district hospitals, where patients were screened for nutritional deficiencies like vitamin D and this information helped clinicians to chart health management plans for these patients. Overall, SRL provided access of high end pathology services to more than 3 lakh patients and carried out more than 8.5 lakh tests. SRL was instrumental in carrying out 40 RTMs

(Round Table Meets) for clinicians to create awareness about high end tests which could aid in better clinical management of the patients.

International Business

The Company's International Division became operational in 2003 to address the ever-growing diagnostic needs of the global medical fraternity. The International Operations of the Company comprise of state-of-art labs in Dubai, Kathmandu, Biratnagar (Nepal) and Colombo. In FY 2017-18, the Company initiated the work of setting up a lab in Kabul as technical advisor to a local partner. The lab will be first of its kind in Afghanistan and will benefit from SRL's unmatched expertise in the diagnostic domain.

SRL's international network also consists of 67 collection centres spread across SAARC region, Gulf and the Middle East, Sub-Saharan Africa and South East Asia. They send these samples to SRL Reference labs in India which process the samples and make the reports available on a real-time basis using SRL's efficient and highly acclaimed and awarded IT system and robust logistics network. Along with laboratory services (both radiology and pathology), SRL also assists the international clients and partners in the planning and implementation of laboratory management services, along with complete IT support through indigenously developed lab management software - 'CLIMS'.

Research and Development

The R&D department of the company is the largest Molecular Diagnostics Laboratory in terms of volume of tests in India; recognised as Post Graduate Teaching Institute by University of Mumbai for PhD in Biotechnology and MSc (by Research).

SRL has continued its focus on the Oncology, Neurology, Prenatal and Advanced Genomics segments to ensure that we are always ahead of the curve in the innovation race. PRENAT-NEXT, advanced Next Generation Sequencing based test was developed and launched for non-invasive screening of chromosomal aneuploidies in high risk cases. In Oncology segment, most advanced and US FDA approved multi-gene panel/multi-biomarker test - ONCOFOCUS-NEXT for personalised care was standardised and released for first time in India. A strategic collaborative tie-up was established to offer Indianised and innovative test - Can Assist for Breast Cancer Prognosis.

While on one hand, SRL continue to further boundaries on innovative projects, there is a continuous parallel

focus on optimising the operational efficiency (TAT and cost savings) of routine molecular diagnostics services to meet the market needs. Molecular Oncology and Molecular Genetics segment are still at nascent stage in India; however, we clocked substantial growth (>30%) in this futuristic area during FY 2017-2018.

The R&D division received an Award for the 'Training Programme for Creating Skilled Medicos in Molecular Pathology: Fellowship Course' from Elets Technomedia and eHealth Magazine in collaboration with National Skill Development Corporation (NSDC, GoI) and Healthcare Sector Skill Council. The project for the award was based on the Fellowship Course in Molecular Pathology that was conceptualised and initiated by R&D Department in 2014 and is recognised by the Maharashtra University of Health Science (MUHS) at our Central Reference Laboratory in Mumbai.

Brand Initiatives

SRL has a legacy of over 23 years and throughout these years the company's purpose has been to 'help people on their path to better health' - be it through our SRL centres across the country, or via Public-Private Partnership, we are always trying to serve the masses by providing them with quality diagnostic services. SRL has been playing an active role in organising conclaves that bring together the top Oncologists, Nephrologists, Gynecologist, TB specialists and other doctors, on common platforms where new developments in each of these fields can be discussed. More than 300 RTMs and CMEs were conducted in the last fiscal, engaging with about 2500 doctors across India. By connecting doctors to doctors over these, knowledge sharing, forums like TB Summit, Transplant Conclave and Oncocon, we help keep doctors updated with diagnostics sector information.

SRL was created with the vision to provide superior quality tests, with accurate outcomes, at affordable prices, to the masses. SRL business delivery stands on four strong pillars of (1) providing accurate and quality results, (2) empathy towards our patients and partners, (3) innovation in every process and (4) transparency in our daily operations. To further strengthen the pillar of empathy, in July 2017, the company launched its new brand campaign "You are Not Just a Label", that was seen in leading newspapers in top cities like Delhi/NCR, Mumbai, Kolkata, Bangalore, Chandigarh, Patna, Lucknow, Guwahati, etc. Through the 'You are Not Just a Label' campaign, SRL intended to reach out to public at large with a promise that for SRL Diagnostics you are not just a label on a blood sample,

but a cherished individual who has placed their faith in the company for their healthcare needs.

To bring about societal change, the company runs extensive campaigns to create awareness about major health issues. One of the campaigns, Let's Make India Diabetes Free, which took off in November 2017, offered free blood sugar tests to people. The tests were conducted at major airports and HyperCITY mall outlets across India. Last year when Delhi NCR was experiencing smog, in an effort to combat it, SRL initiated an anti-pollution drive wherein it distributed 1,000 air-purifying plants in Gurugram.

Along with the traditional product marketing initiatives, the proactive campaigns via the digital channels and social networks boosted the performance momentum and increased our engagement with the customers at national and regional level with the introduction of regional marketing teams in key markets.

Information Technology

At SRL, the IT Department has been constantly enhancing various business applications by leveraging new technologies to support various new initiatives of business functions, enhance customer experience and engage customers. The Company has continued with its investments for automating various business processes to be more productive. All of us witnessed the historic roll out of Goods and Service Tax (GST) during the year, which was skilfully deployed, playing a vital role in making our company's system GST Compliant.

During the year, SRL further enhanced the Home Collection service provided to the customers, which is facilitated by an Application based module to interface between the customers and phlebotomists. SRL's Proprietary CLIMS (Centralised Lab Information system) coverage was enhanced to further our process of complete automation of Lab processes.

SRL has always focused on IT as a tool to generate and grow business, rather than just support services. The shining example is our patented lab management service tool – CLIMS, which enables the Information Technology to come forward as a revenue centre. With the quickly changing Indian demographics as well as advent of technology that has generated awareness and consciousness about health, SRL has also focused on latest digital technologies to enhance customer experience and generate operational efficiency.

SRL launched a new patient portal, which enables the customers to maintain electronic medical records at one

place including the all the historical medical records and not just limited to the laboratory diagnostics reports from SRL. Apart from using it as medical record repository, the customer has options to book Lab Visits/ Home Collection with multiple payment options.

Organisation Restructuring

The Diagnostics industry is an extremely dynamic one with the competitive landscape changing fast with new players with substantial financial backing entering the market. As the business is highly local and retail based, a lot of the action happens at the regional level where strong local players with advanced technological expertise, have gained significant market share. While SRL has long enjoyed the top position at a national level, we have some ground to cover at regional level. Therefore, it is crucial for SRL to be proactive and agile to necessary changes so as to counter the growing competition, increase depth of coverage in focus regions, and ensure customer satisfaction and loyalty. That is the only way to surge ahead to meet its organisational goals while consolidating its leadership position in the Diagnostic industry.

The SRL strategy for next 2 years is Growth³ – Growing Revenues, Growing Margins and Growing Reputation. And one of its key enablers will be a nimble, dynamic and a responsive organisation structure that will be empowered and circled around the customer, and closer to the market. The fiscal year 2017-18 also marks a very important milestone in the history of the organisation as we re-structured the organisational model. The key highlights of this re-energised organisation are the introduction of regional heads to lead the businesses, institution of a new Centre of Excellence (CoE), led by subject matter experts (SMEs) drawn from various sub-specialities, and a new Marketing vertical to drive Consumer and Clinical initiatives, in close association with the R&D department. This will drive sustainable growth and healthy profitability in the long run, thriving on (i) Empowered regional leadership (ii) Technical superiority (iii) Customer Centricity and (iv) Focus on operational efficiency with measurable metrics.

Training and Development

Our belief is that in the current competitive scenario, our people are one of the major differentials when customers/clients look at SRL as a leader of the diagnostic industry. Therefore, Training continues to remain one of the Company's key focus areas. In last few years, SRL has progressed to bring many tailor-made competency enhancement programmes, which includes robust Technical Trainings as well as specialized Behavioural

trainings. In FY 17-18, the Company clocked as high as 3001 Man-days covering over 887 employees.

The company's prestigious 15 days training programme "Nneev" has been further strengthened with a better mix of 'Theory' and 'Exercise' with inclusion of different learning enhancement activities. SRL conducted 8 Nneev trainings during the year. In the Company's endeavour to transform the managers into leaders, the Company also launched Managerial Development Programme "Saksham" for the Managers/ Senior Managers in the year 2017-18. This is a high intensity training workshop involving advance methodologies for understanding self and others; building coaching capability among the managers with an approach of different strokes for different folks. Looking into the strong need of customer centricity, the Company also launched F.A.C.E. (Foremost Attention to Customer Engagement) workshops for the customer facing employees and trained 154 employees in FY 17-18. The company conducted 04 Assessment Centres in FY 17-18 where 23 people qualified and became part of the Talent Pool. This strategy helps the company to have ready talent available when needed and at the same time this is highly motivating for the employees as they see the clear growth path.

Awards and Accolades

SRL has grown from strength to strength; always keeping our customers' interests at the core of everything it does and believe in. The dedication and hard work of SRL has resulted into it winning several prestigious awards and accolades this year. While the recognition reinforces its strong credentials and helps establish the Company as a leader in the Indian diagnostics sector, it is a conclusion of the trust it enjoys from the customers.

Some of the key recognition that came this year includes–

1. "ABP News Healthcare Leadership Awards 2017" in the category of "Best Diagnostic Service Provider of the Year", November 2017
2. The Medgate Today "Best Diagnostic Company of the Year" Award at the 7th MT India Healthcare Awards 2017, April, 2017
3. Elets Healthcare and Wellness Summit 2018 Award in the category "Leader Brand in Clinical Laboratory" for our project 'Fellowship Training Programme for Skilled Medicos in Molecular Pathology', March 2018
4. "Gurgaon's Best Employer Brand Award 2017" by the World HRD Congress

5. Certificate of Appreciation from IPAQT (The Initiative for Promoting Affordable Quality TB Tests) for our valuable contribution as an IPAQT Partner towards TB control in India

SRL Limited Financials

For the financial year 2017-18, SRL Ltd. reported net revenues of ₹ 854 Crore (net of inter-company sales) compared to ₹ 795 Crore reported during the Financial Year 2016-17, a growth of 7.4%. The Company operating EBITDA for the year stood at ₹ 161 Crore, representing a margin of 18.9% as compared to margin of 21.9% reported during the previous financial year. On a standalone basis, SRL's gross revenue grew at 6% to ₹ 990 Crore compared to ₹ 932 Crore reported in FY17.

The lab medicine business (pathology business) contributed 87.4% to total revenues and grew 7% over the previous year. The contribution of the imaging business to total revenues declined to 6.3% from 6.9% in the previous year, mainly due to network rationalisation. Clinical Trials, Wellness and the International segment contributed 6.3% to the overall revenues of the Diagnostics business.

The business undertook a total of over 16.1 million accessions for Pathology and Radiology during the year, a growth of 5% over FY17. Through these accessions it undertook 38 million tests during the year, up 8.3% as compared to 35 million tests in FY17.

The business continued to have a well-diversified geographical mix with no over dependence on any region, allowing it to optimally capitalise on the pan India network. Regional FY2018 revenue contributions were 32% from the North, 27% from the West, 18% from the South, 20% from East and Central India and 2% from International.

As of March 31, 2018, SRL had a network of 368 labs, 1,062 collection points and 5,539 direct clients.

HUMAN RESOURCE

As we progress ahead in our journey of becoming a purpose led organisation, "Clinician Led, Patient Focussed" approach has been at the centre of all our initiatives. FY 17-18 has been a very challenging year with respect to external and internal environment. Having endured endless rumors, speculations about potential fraudulent transactions, investigations, failed deals and merger proposals, Team Fortis has emerged stronger with renewed resolve to gain lost glory.

We focussed our collective energy to strengthen our organization to deliver better patient care and pick up

financial steam. The Fortis brand continues to command respect in the field of healthcare delivery and is a preferred workplace for good talent. Testimony to this lies in our ability to retain and hire talent at the same level as that of last year.

Employee Connect & Engagement - We made concerted efforts towards strengthening our communication channels with the employees to listen and provide opportunities for them to voice their concerns. This not only involved traditional face to face interactions but was also achieved by adopting best in class digital platform, '**Workplace by Facebook**', for collaborating and communicating with 16,000 employees across Fortis network.

The Leadership Team met on various occasions to evolve and sharpen the focus on priority areas. Business and functional leaders played a key role in managing engagement and communication channels with their respective teams on sustained and continuous basis. Proactive, open & transparent communication has become 'a given' under the current circumstances where brand Fortis is attracting media attention in abundance.

Despite all the noise, clinicians, nurses and other employees alike, took it upon themselves to find innovative ways of collaboration and inclusive working styles which helped them to remain purposeful and fully involved in their work. Such cohesive environs has ensured steadfastness of brand Fortis.

Rewards & Recognition - Celebrating small and big achievements alike is the core element of Fortis spirit. Fortis values of Patient Centricity, Ownership, Integrity, Innovation and Teamwork are displayed in daily transactions and conduct by Fortisians across our network. It is important to remain agile and active to ensure that we all continue to be passionate towards our values and display empathy towards patients and caregivers. Our R&R framework is an active proponent of this philosophy and purpose.

Talent Management - Employee value proposition continues to get stronger with healthy leadership pipeline as our focus has been to nurture talent and groom them through ranks. A unique platform was created for peer learning by engaging in a Joint Vision Program with Johnson & Johnson. Key management personnel from both organisations developed a common agenda for exchange of ideas around Talent Management, L&D and IR practices.

Talent Acquisition - We have initiated developing talent pool in line with the Facility Management Trainee Programme for Unit Administration Head role by participating in campus hiring at IIM – Ahmedabad's Armed Forces Programme. These resources can later be groomed for leadership roles within the organization.

'Enhancing Human Resource Management Capability'

- In our endeavour to continuously enhance capabilities for effective execution and reinforce our HR systems, the first module of the programme was conducted for all unit HR Heads. The key focus was to augment competences and adherence to compliances, thereby resulting in ameliorating employee engagement and building a culture of fairness, transparency, trust and empathy.

Clinician Hiring and Engagement - The Clinician Hiring and Engagement function has been further consolidated and strengthened by effective talent and medical programme mapping. We have been able to retain clinical talent and minimise business impact where exits have taken place. Series of activities have been conducted to position Fortis as a preferred employer for prospective clinicians – these include campus connect programmes, focussed social media campaigns, and branding on website clinician career page and external media. Our focus has also been on supporting clinical and academic skills development of young doctors to provide them with growth opportunities and also keep attrition under check. Engagement of clinicians in activities like Medical Councils and Clinical Committees has improved their ownership in business and administrative matters.

Nursing - In line with our commitment to continuously focus on skilling & building capabilities of our nurses, a three-day programme 'Communicating Care' was initiated for our new nurses. The program focusses on imparting, skilling, applying & reinforcing Patient Centric Service Behaviours. Designed & developed on globally recognised healthcare models & proven practices such as AIDET (*Acknowledge, Introduce, Duration, Explain, Thank you*), LEAP (*Listen, Empathy, Apologize, Provide Solution*), ISBAR (*Introduction Situation, Background, Assessment, Recommendation*), Hand Hygiene, Grooming standards & their application in real life-based scenarios equips our nurses to come across as able, confident healthcare professionals providing best in class, effective & compassionate patient care.

Learning and Development

'How to series....' – Learning programmes which provide combination inputs on knowledge of tasks/ processes,

skills and behavioural to enhance efficiencies at job. Over a dozen short duration trainings such as 'How to explain procedures to patients effectively', 'How to be an effective representative of your unit' and many others were designed & conducted, leveraging internal expertise with focus to achieve the goals by problem solving versus general soft skills programmes.

Peer Exchange Programme - To further enable knowledge sharing, the exchange programme was initiated for Unit functional heads. The programme provides a structured platform to learn problem solving, generate new ways /ideas for addressing process gaps, resource mobilisation, communicating/influencing with patients and business owners and high performance work place/best practices for achieving cost efficient patient experience and seamless operation excellence. The exchange programme conducted by pairing functional leaders enables participants from across Fortis to shadow, observe & mutually learn by drawing on each other's expertise & experiences.

e-learning curriculum - This was launched across the organisation to facilitate just in time, self-paced/flexible & learner driven experience. Leveraging the new learning methodology of e-learning entailing gamification, video based simulations, animation, interactive quizzes and assessments. The learning content of the curriculum is aligned to address specific knowledge requirements pertaining to medical know how, patient safety, patient rights & responsibilities and has been created in collaboration with external & internal subject matter expert (SME's).

Customised Functional learning paths - for specific roles for providing requisite knowledge, skills, and attitudes of a new joiner coupled with a revamped **One Fortis Induction Version 2.0** focussing on enhancing new joiner experience & fostering engagement & integration have been successfully rolled out this year.

As on March 31, 2018, the Company had a total employee base in the hospitals & the diagnostics business of 20,816 employees.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

At Fortis, management has the overall responsibility to design, implement and monitor an effective control environment that is aligned to the inherent risks of the organisation.

Management is responsible for the identification, assessment, development of risk mitigation plans and monitoring of action plans. A framework for risk mitigation has been developed institutionalised and is overseen by the Board of the Company with assistance from committees and management.

An entity level control framework sets the control philosophy and principles which guide the organisation policy and operating processes. An internal control framework has been designed to manage and mitigate the risks faced by the Company.

The organisational hierarchy, role, responsibility, authority and accountability structures have been defined to provide an enabling environment for business functions and units to operate as per the designed control environment. Review and oversight procedures are designed to monitor effective adherence to design.

The internal control system has been designed to commensurate with the nature of business, size and complexity of operations and is monitored by the management to provide reasonable assurance on the achievement of objectives, effectiveness and efficiency of operations, reliability of financial reporting and compliance with applicable laws and regulations.

As part of the Corporate Governance Report, Internal Financial Control certification provides assurance on the existence of effective internal control systems and procedures.

The internal control framework is supplemented with an internal audit programme that provides an independent view of the efficacy and effectiveness of the process and control environment and through its observations provides an input to the management to support continuous improvement programme. The internal audit programme is managed by an Internal Audit function directly reporting to the Audit & Risk Management Committee of the Board.

The scope and authority of the Internal Audit Function is derived from the Audit Charter approved by the Board. The Internal Audit function develops an internal audit plan to assess control design and operating effectiveness, as per the risk assessment methodology.

The Internal Audit function provides assurance to the Board and management that a system of internal control is designed and deployed to manage key business risks and is operating effectively. For the identified

observations, management provides an action plan to address the process and control deficiencies noted in the internal audit reviews and action plans are monitored for compliance by the Internal Audit Function under the supervision and guidance of the Audit and Risk Management Committee.

FORWARD LOOKING STATEMENT

Except for the historical information contained herein, statements in this discussion which contain words or phrases such as 'will', 'would', 'indicating', 'expected to' etc., and similar expressions or variations of such expressions may constitute 'forward-looking statements'. These forward looking statements involve a number of risks, uncertainties and other factors that could cause actual results to differ materially from those suggested by the forward-looking statements. These risks and uncertainties include, but are not limited to, our ability to successfully implement our strategy, future business plans, our growth and expansion in business, the impact of any acquisitions, our financial

capabilities, technological implementation and changes, the actual growth in demand for our products and services, cash flow projections, our exposure to market risks as well as other general risks applicable to the business or industry. The Company undertakes no obligation to update forward looking statements to reflect events or circumstances after the date thereof. These discussions and analysis should be read in conjunction with the Company's financial statements included herein and the notes thereto.

References

Aarogya Bharat – India Healthcare Roadmap for 2025 by Bain & Company and NATHEALTH
 IBEF, Healthcare Update, June 2018
 Medical Value Travel in India, KPMG & FICCI, FICCI Heal Conference
 Market Research, Reports, Web Articles, Press & Media Reports and Others

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTIS HEALTHCARE LIMITED

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying Standalone Ind AS Financial Statements of **FORTIS HEALTHCARE LIMITED** ("the Company"), which comprise the Balance Sheet as at March 31, 2018 and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement, 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 Standalone 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 Standalone 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 Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India.

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

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs below.

Auditor's Responsibility

Our responsibility is to express an opinion on these Standalone 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 and the Order issued under section 143(11) of the Act.

We conducted our audit of the Standalone 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 Standalone 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 Standalone Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Standalone 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 Standalone 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 Standalone Ind AS Financial Statements.

We have considered the material weaknesses identified and reported in our separate Report on the Internal Financial Controls Over Financial Reporting in determining the nature, timing and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements for the year ended March 31, 2018.

Except as indicated in the Basis for Qualified Opinion paragraphs below, we believe that the audit evidence obtained by us (including the written representations by the Management which was taken on record by the Board of Directors), is sufficient and appropriate to provide a basis for our qualified audit opinion on the Standalone Ind AS Financial Statements.

Basis for Qualified Opinion

1. As explained in Note 30 of the Standalone Ind AS Financial Statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm (including identification of certain systemic lapses and override of internal controls), which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, are summarised in the said Note.

Also, as explained in the said note:

- a) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Standalone Ind AS Financial Statements.
- b) With respect to the other matters identified in the Investigation Report, the Board intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report including, inter alia, initiating an internal enquiry.
- c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.

- d) Various regulatory authorities are currently undertaking their own investigation (refer Note 31 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.
- e) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

In view of the above, we are unable to comment on the regulatory non-compliances, if any, and the adjustments / disclosures which may become necessary as a result of further findings of the ongoing or future regulatory / internal investigations and the consequential impact, if any, on these Standalone Ind AS Financial Statements.

2. As explained in Note 12 of the Standalone Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICDs granted by Fortis Hospitals Limited, a subsidiary of the Company, were assigned – refer Note 30 of the Standalone Ind AS Financial Statements) ('Assignee' or 'Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi and have, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ("Term Sheet") with a certain party, the Company is liable for claims owed by the Claimant to the certain party.

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with the said certain party.

Whilst this matter was included as part of the investigation carried out by the external legal firm

referred to in paragraph 1 above, the external legal firm did not report on the merits of the case since the matter was sub judice.

In addition to the above, the Company has also received four notices from the Claimant claiming (i) ₹ 1,800.00 lacs as per notices dated 31 May, 2018 and 1 June, 2018 (ii) ₹ 21,582.00 lacs as per notice dated 4 June, 2018; and (iii) and ₹ 1,962.00 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, the certain party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Since the Civil Suit is sub-judice, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on these Standalone Ind AS Financial Statements.

3. As explained in Note 6(5) of the Standalone Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 30 (d) (iv), (ix) and (x) of the Standalone Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.

In the absence of all required information, we are unable to comment on the completeness/accuracy of the related party disclosures/details in these

Standalone Ind AS Financial Statements and the compliance with the applicable regulations and the consequential impact, if any, of the same on these Standalone Ind AS Financial Statements.

4. As explained in Note 35 of the Standalone Ind AS Financial Statements, the Company having considered all necessary facts and taking into account external legal advice, has decided to treat as non-Est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives' in the

Strategy Function. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to ₹ 2,002.39 lacs is shown as recoverable in the Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of ₹ 2,002.39 lacs has been made which has been shown as an exceptional item.

As stated above, due the nature of dispute and uncertainty involved, we are unable to comment on the tenability of the refund claim, the provision made for the uncertainty in recovery of the amounts, the recovery of the assets in possession of the erstwhile Director and other non-compliances, if any, with the applicable regulations and the consequential impact, if any, of the same on these Standalone Ind AS Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, the aforesaid Standalone 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 Ind AS and other accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2018, and its loss, total comprehensive loss, its cash flows and statement of changes in equity for the year ended on that date.

Emphasis of Matter

We draw attention to Note 33 of the Standalone Ind AS Financial Statements wherein it has been explained that the Standalone Ind AS Financial Statements have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, based on our audit we report, to the extent applicable that:
 - a) We have sought and except for the matters described in the Basis for Qualified Opinion paragraphs above, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Standalone Ind AS Financial Statements.
 - b) Except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion proper books of account as required by law relating to preparation of the aforesaid Standalone Ind AS Financial Statements have been kept so far as it appears from our examination of those books.
 - c) The Standalone Balance Sheet, the Standalone Statement of Profit and Loss (including Other Comprehensive Income), the Standalone Cash

Flow Statement and Standalone Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Standalone Ind AS financial statements.

- d) Except for the effects/ possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion the aforesaid Standalone Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act
- e) The matters described in the Basis for Qualified Opinion paragraphs and the Emphasis of Matter paragraph above, in our opinion, may have an adverse effect on the functioning of the Company.
- f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 and taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
- g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraph above.
- h) 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 adverse opinion on the Internal Financial Controls over Financial Reporting of the Company, for the reasons stated therein.
- i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

- a. Except for the possible effects of the matters described in paragraph 2 of the Basis for Qualified Opinion above, the Standalone Ind AS Financial Statements disclose the impact of pending litigations on the financial position of the Company. Refer Note 11 and 12 of the Standalone Financial Statements
- b. Except for the possible effects of the matters described in paragraph 4 of the Basis for Qualified Opinion above, the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses. Refer Note 9(e) of the Standalone Ind AS Financial Statements
- c. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note 9(f) of the Standalone Financial Statements

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 which is subject to the possible effect of the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report and the material weakness described in Basis of Adverse Opinion in our separate Report on the Internal Financial Controls over Financial Reporting.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Gurugram
July 07, 2018
RT/YK/2018

RASHIM TANDON
Partner
(Membership No. 095540)

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 1(h) under ‘Report on Other Legal and Regulatory Requirements’ section of our Audit 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 HEALTHCARE LIMITED** (“the Company”) as of March 31, 2018 in conjunction with our audit of the Standalone Ind AS Financial Statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

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

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report.

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

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

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) is sufficient and appropriate to provide a basis for our adverse 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.

Basis for Adverse opinion

The matters described in the Basis for Qualified Opinion paragraphs of our Audit Report on the Standalone Ind AS Financial Statements for the year ended March 31, 2018, and the control weaknesses observed in the Company's financial closing and reporting process in regard to assessment of the impairment of goodwill and investments, where the Company did not have adequate internal controls for identifying impairment indicators, selection and application of various inputs to be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, have resulted in material weaknesses in the internal financial controls over financial reporting as the Company have not (a) adhered to their internal control policies (b) safeguarded their assets (c) prevented and detected possible frauds and errors (d) ensured the accuracy and completeness of the accounting records, and (e) prepared reliable financial information on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us, because of the effect/possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company, has not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of March 31, 2018 based on the internal financial 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.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Standalone Ind AS Financial Statements of the Company for the year ended March 31, 2018 and these material weaknesses have, inter alia, affected our opinion on the said Standalone Ind AS Financial Statements and we have issued a qualified opinion on the said Standalone Ind AS Financial Statements.

For **DELOITTE HASKINS & SELLS LLP**

Chartered Accountants

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

Gurugram
July 07, 2018
RT/YK/2018

RASHIM TANDON
Partner
(Membership No. 095540)

ANNEXURE B” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2 under ‘Report on Other Legal and Regulatory Requirements’ section of our Audit Report of even date and except for the effects/possible effects of the matters described in the Basis for Qualified Opinion paragraphs of our Audit Report and the material weaknesses described in the Basis of Adverse Opinion in our separate Report on the Internal Financial Controls Over Financial Reporting)

- (i) In respect of its fixed assets:
 - (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.
 - (b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.
 - (c) In respect of freehold land amounting to ₹ 10.09 lacs, the Company has not been able to provide us with original title deed in order for us to verify if such immovable property is held in the name of the Company.
In respect of immovable properties of land and buildings that have been taken on lease and disclosed as fixed assets in the financial statements, the lease agreements are in the name of the Company, where the Company is the lessee in the agreement.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals and no material discrepancies were noticed on physical verification.
- (iii) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section on which we are unable to comment, the Company has granted loans, secured or unsecured, to companies, firms, 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 as per stipulations.
 - (c) There is no overdue amount remaining outstanding as at the year-end.
- (iv) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section on which we are unable to comment, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposits during the year. The Company does not have any unclaimed deposits and accordingly the provisions of Sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.
- (vi) The maintenance of cost records has been specified by the Central Government under section 148(1) of the Companies Act, 2013. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.
- (vii) According to the information and explanations given to us, in respect of statutory dues:
 - (a) The Company has generally been regular in depositing undisputed statutory dues including Provident Fund, Employees’ State Insurance, Income Tax, Service Tax, Works Contract Tax, Customs Duty, Value Added Tax, Goods and Services Tax and Cess with the appropriate authorities during the year and that there are no undisputed amounts in respect of these dues which have remained outstanding as at March 31, 2018 for a period of more than six months from the date they became payable.

We are informed that the operations of the Company during the period did not give rise to any liability for Excise Duty.

- (b) Details of dues of Income-tax and Service Tax which have not been deposited as on March 31, 2018 on account of disputes are given below:-

Name of Statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates (Assessment year)	Amount Involved (₹ Lacs)	Amount Unpaid (₹ Lacs)
Income Tax Act	Income Tax and Interest thereon	Commissioner of Income Tax (Appeals), Delhi	2012-13	334.18	-
Income Tax Act	Tax deducted at source	Commissioner of Income Tax (Appeals)	2016-17 to 2017-18	1,252.00	1,252.00
Central Excise Act, 1944	Value Added Tax	Supreme Court	2009-10	1,412.35	1,412.35
Central Excise Act, 1944	Value Added Tax	Supreme Court	2010-11	2,208.81	2,208.81
Finance Tax, 1994	Service Tax and penalty	Custom Excise & Service Tax Appellate Tribunal	2007-08 to 2012-13	265.47	265.47
Finance Tax, 1994	Service Tax and penalty	Custom Excise & Service Tax Appellate Tribunal	2008-09 to 2012-13	294.35	294.35
The Customs Act, 1962	Custom duty and penalty	Appellate Authority	2013-14	12.00	12.00
		TOTAL		5,779.17	4,192.98

We are informed that there are no dues in respect of Customs Duty and Works Contract Tax as at 31 March, 2018 which have not been deposited on account of any dispute.

- (viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of dues to a bank or to any financial institution except that in case of loan of ₹ 10,000 lacs due to a financial institution, which was repayable on November 9, 2017 but was fully repaid in multiple tranches till January 5, 2018. The Company did not have any outstanding debentures during the year.
- (ix) As indicated in the Investigation Report referred to in Paragraph 1 of 'Basis for Qualified Opinion' section on our Audit Report and as explained in Note 30 to the Standalone Ind AS Financial Statements, certain funds were diverted from the Company to effect the roll over of ICDs by a subsidiary company. Such diversions may indicate application of term loans for purposes other than for which they were raised.

Subject to above, in our opinion and according to the information and explanations given to us, the loans taken by the Company and applied during the year were for the purpose for which they were raised.

The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments).

- (x) As explained in Note 30 (i) of the Standalone Ind AS Financial Statements:
- At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.
 - Various regulatory authorities are currently undertaking their own investigation (refer Note 31 of the Standalone Ind AS Financial Statements), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

Subject to the above, 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) According to the information and explanations given to us and as explained in Note 35 of the Standalone Ind AS Financial Statement, the Company has now been advised by an external legal counsel that the payments made to the erstwhile Executive Chairman under the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to him in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function, would be considered to be covered under the limits of section 197 of the Companies Act, 2013. Consequently the Company has determined that it has paid/provided managerial remuneration to the erstwhile Executive Chairman in excess of the limits approved by the Central Government, as given below:

Managerial Position	Excess amount of (₹ in lacs) remuneration paid / provided	Financial year ending	Treatment of the excess remuneration in the respective year financial statements	Steps taken by the Company for securing refund
Executive Chairman (Upto February 13, 2018)	2,002.39	Year ended 31 March, 2017 and 2018	Recoverable in books of account and subsequent provision made.	The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 is not applicable.
- (xiii) Except for the effects / possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion section on which we are unable to comment, the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the completeness/correctness of the disclosures/details of related party transactions in the financial statements as required by the applicable accounting standards.
- (xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 is not applicable to the Company.
- (xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and hence provisions of section 192 of the Companies Act, 2013 are not applicable.
- (xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

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

Gurugram
July 07, 2018
RT/YK/2018

RASHIM TANDON
Partner
(Membership No. 095540)

STANDALONE BALANCE SHEET

Particulars	Notes	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	5(i)(a)	16,822.20	14,182.25
(b) Capital work-in-progress	5(i)(b)	15,934.49	19,259.65
(c) Goodwill	5(ii)	2,721.77	3,292.57
(d) Other intangible assets	5(iii)(a)	751.19	1,089.18
(e) Intangible assets under development	5(iii)(b)	706.89	640.22
(f) Financial assets			
(i) Investments			
a) Investments in associates	5(iv)	-	4.75
b) Investments in subsidiaries	5(v)	365,769.69	360,261.97
(ii) Loans	5(vii)	46,002.78	69,797.17
(iii) Other financial assets	5(viii)	1,043.39	866.31
(g) Deferred tax assets (Net)	5(ix)	6,340.79	6,700.45
(h) Non-current tax assets (Net)	5(x)	5,144.05	5,645.35
(i) Other non-current assets	5(xi)	399.58	612.63
Total non-current assets (A)		461,636.82	482,352.50
B. Current assets			
(a) Inventories	5(xii)	695.34	558.06
(b) Financial assets			
(i) Trade receivables	5(vi)	7,096.13	7,554.31
(ii) Cash and cash equivalents	5(xiii)(a)	1,656.07	569.46
(iii) Bank balances other than (ii) above	5(xiii)(b)	7,235.29	-
(iv) Loans	5(vii)	12,194.29	7,470.50
(v) Other financial assets	5(viii)	8,110.37	16,680.39
(c) Other current assets	5(xi)	2,942.62	912.82
Total current assets (B)		39,930.11	33,745.54
Total assets (A+B)		501,566.93	516,098.04
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	5(xiv)	51,865.72	51,772.76
(b) Other equity	5(xv)	370,816.45	375,413.50
Total equity (A)		422,682.17	427,186.26
Liabilities			
B. Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	5(xvi)	23,161.34	18,311.42
(b) Provisions	5(xviii)	1,127.27	1,036.55
Total non-current liabilities (B)		24,288.61	19,347.97
C. Current liabilities			
(a) Financial liabilities			
(i) Borrowings	5(xix)	19,447.52	44,175.20
(ii) Trade payables	5(xx)	15,308.32	14,027.27
(iii) Other financial liabilities	5(xvii)	15,855.38	8,383.14
(b) Provisions	5(xviii)	1,335.94	1,295.73
(c) Other current liabilities	5(xxi)	2,648.99	1,682.47
Total current liabilities (C)		54,596.15	69,563.81
Total liabilities (B+C)		78,884.76	88,911.78
Total equity and liabilities (A+B+C)		501,566.93	516,098.04

See accompanying notes forming part of the standalone financial statements.

1-36

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 07, 2018

Place : Gurugram
Date : July 07, 2018

STANDALONE STATEMENT OF PROFIT AND LOSS

	Notes	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
I Revenue from operations	5(xxii)	65,948.00	64,511.50
II Other income	5(xxiii)	13,789.07	16,919.80
III Total income (I+II)		79,737.07	81,431.30
IV Expenses			
i) Purchases of medical consumable and drugs		13,693.34	15,026.46
ii) Changes in inventories of medical consumable and drugs	5(xxiv)	(137.28)	24.68
iii) Employee benefits expense	5(xxv)	16,134.39	19,014.96
iv) Finance costs	5(xxvi)	6,373.76	10,635.98
v) Depreciation and amortisation expense	5(xxvii)	2,887.64	2,661.65
vi) Other expenses	5(xxviii)	40,019.73	45,098.13
Total expenses (IV)		78,971.58	92,461.86
V Loss before tax and exceptional item (III-IV)		765.49	(11,030.56)
VI Exceptional items	5(xxix)	(6,794.59)	(373.28)
VII Loss before tax (V-VI)		(6,029.10)	(11,403.84)
VIII Tax expense			
i) Current tax	5(xxx)	-	-
ii) Deferred tax charge / (credit)	5(xxx)	342.73	(3,933.95)
Total tax expense (VIII)		342.73	(3,933.95)
IX Loss for the year (VII-VIII)		(6,371.83)	(7,469.89)
Other comprehensive income			
i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		48.90	163.13
(b) Deferred tax credit relating to items that will not be reclassified to profit or loss		(16.93)	(56.46)
X Total other comprehensive income		31.97	106.67
XI Total comprehensive loss for the year (IX+X)		(6,339.86)	(7,363.22)
Earnings per equity share :			
i) Basic (in ₹)	5(xxxi)	(1.23)	(1.57)
ii) Diluted (in ₹)	5(xxxi)	(1.23)	(1.57)
See accompanying notes forming part of the standalone financial statements	1-36		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

Place : Gurugram
Date : July 07, 2018

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Place : Gurugram
Date : July 07, 2018

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

STANDALONE CASH FLOW STATEMENT

	Notes	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
Cash flows from operating activities			
Loss for the year		(6,371.83)	(7,469.89)
Adjustments for:			
Income tax expenses	5(xxx)	342.73	(3,933.95)
Exceptional items	5(xxix)	5,527.53	373.28
Interest expense	5(xxvi)	5,871.77	10,251.97
Loss on sale of assets	5(xxviii)	9.47	3.22
Allowance for doubtful receivables	5(xxviii)	926.46	1,261.27
Allowance for doubtful advances	5(xxviii)	51.37	41.16
Provision for contingencies	5(xxviii)	23.98	-
Depreciation and amortisation expense	5(xxvii)	2,887.64	2,661.65
Share based payment to employees	5(xxv)	911.01	801.60
Advance tax written off	5(xxviii)	265.55	-
Excess liabilities no longer required written back	5(xxii)	(57.11)	(185.27)
Profit on sale of mutual fund	5(xxiii)	-	(57.25)
Interest Income recognised in statement of profit and loss	5(xxiii)	(13,381.51)	(16,858.27)
Financial Guarantee income	5(xxiii)	(340.59)	-
Net foreign exchange (gain)/loss	5(xxiii)	(54.82)	173.50
Operating profit/(loss) before working capital changes		(3,388.35)	(12,936.98)
Movements in working capital:			
(Increase)/decrease in trade receivables		(468.28)	2,074.42
(Increase)/decrease in inventories		(137.28)	24.68
(Increase)/decrease in other financial assets and other assets		(2,917.72)	5,637.11
Increase/ (Decrease) in other financial liabilities, provisions, other liabilities and trade payables		(957.61)	3,333.25
Cash generated from operations		(7,869.24)	(1,867.52)
Income taxes (paid) / refund (net)		235.75	4,040.82
Net cash (used in) / generated by operating activities		(7,633.49)	2,173.30
Cash flows from investing activities			
Proceeds from sale of associate		4.75	-
Cash outflow on acquisition of subsidiaries		(6,099.99)	(109,456.62)
Payments to acquire Property, plant and equipment and Intangible asset		(4,636.70)	(5,873.75)
Proceeds on sale of Property, plant and equipment		81.17	194.63
Interest received		11,561.59	19,560.46
Loans given		(74,729.45)	(218,925.87)
loans received		98,306.20	285,175.31
Inter company current account		5,608.09	-
Proceed from sale of mutual fund		-	22,077.42
Net cash generated by / (used in) investing activities		30,095.65	(7,248.42)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the Company		924.76	794.90
Proceeds from borrowings		29,157.00	2,006.90
Repayment of borrowings		(45,672.31)	11,881.48
Interest paid		(5,826.54)	(10,137.55)
Movement in current account under negative lien - Placed		(7,235.29)	-
Net cash generated by / (used in) financing activities		(28,652.38)	4,545.73
Net increase / (decrease) in cash and cash equivalents		(6,190.22)	(529.39)
Cash and cash equivalents at the beginning of the year		(1.23)	528.16
Cash and cash equivalents at the end of the year	5(xiii)(a)	(6,191.45)	(1.23)

See accompanying notes forming part of the standalone financial statements

1-36

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

Place : Gurugram
Date : July 07, 2018

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Place : Gurugram
Date : July 07, 2018

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

STANDALONE STATEMENT OF CHANGE IN EQUITY

Particulars		(₹ in Lacs)						
a. Equity share capital								
Balance at April 1, 2016		5(xiv)	46,312.99					
Issue of equity shares under employee share option plan			83.61					
Conversion of Foreign Currency Convertible Bonds into equity shares			5,376.15					
Balance at March 31, 2017		5(xiv)	51,772.75					
Issue of equity shares under employee share option plan			92.96					
Balance at March 31, 2018		5(xiv)	51,865.71					
b. Other equity								
Particular	Notes	Equity component of compound financial instruments	Securities premium reserve	Amalgamation reserve	General Reserve	Share options outstanding Account	Retained earnings	Total
Balance at April 1, 2016		1,663.84	298,306.14	156.00	5,513.99	1,227.38	21,560.75	328,428.10
Profit / (loss) for the year		-	-	-	-	-	(7,469.89)	(7,469.89)
Other comprehensive income for the year, (net of income tax)		-	-	-	-	-	106.67	106.67
Total comprehensive income for the year		-	-	-	-	-	(7,363.22)	(7,363.22)
Add : Premium on shares issued during the year		-	48,607.43	-	-	-	-	48,607.43
Recognition of share-based payments		-	-	-	-	801.60	-	801.60
Conversion of FCCB into equity shares (Refer Note 20 and 21)	5(xxxv)	(1,663.84)	-	-	-	-	1,663.84	-
Extinguishment of debt component on conversion of FCCB		-	-	-	-	-	4,939.60	4,939.60
Balance at March 31, 2017		-	346,913.57	156.00	5,513.99	2,028.98	20,800.97	375,413.51
Profit / (loss) for the year		-	-	-	-	-	(6,371.83)	(6,371.83)
Other comprehensive income for the year, net of income tax		-	-	-	-	-	31.97	31.97
Total comprehensive income for the year		-	-	-	-	-	(6,339.86)	(6,339.86)
Add : Premium on shares issued during the year		-	831.80	-	-	-	-	831.80
Recognition of share-based payments	5(xxxv)	-	-	-	-	911.01	-	911.01
Balance at March 31, 2018		-	347,745.37	156.00	5,513.99	2,939.99	14,461.11	370,816.46
See accompanying notes forming part of the standalone financial statements								

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 07, 2018

Place : Gurugram
Date : July 07, 2018

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

1) Nature of operations

Fortis Healthcare Limited (the 'Company' or 'FHL') was incorporated on February 28, 1996 and commenced its hospital operations in the year 2001. As part of its business activities, the Company holds interests in its subsidiaries which includes the Company's interest in its associates and joint ventures through which it manages and operates a network of multi-specialty hospitals and diagnostic centers.

The registered office of the Company is located at Fortis Hospital Sector-62 Phase-VIII, Mohali 160062, Punjab and the corporate office of the Company is located at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41, Gurugram 122001, Haryana.

The Company's equity shares are listed on both BSE Limited and National Stock Exchange of India Limited.

2) Recent Accounting Pronouncements

Appendix B to Ind AS 21, foreign currency transactions and advance consideration

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018.

The Management of the Company does not expect that the adoption of the above amendments to the above standards will have an impact on the financial statements of the Company.

Ind AS 115, Revenue with Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:-

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8- Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Company is evaluating the requirements of the amendment and its impact on the financial statements.

Amendments to Ind AS 12 - Recognition of Deferred tax assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

Entities are required to apply the amendments retrospectively. However, on initial application of the amendments, the change in the opening equity of the earliest comparative period may be recognised in opening retained earnings (or in another component of equity, as appropriate), without allocating the change between opening retained earnings and other components of equity. Entities applying this relief must disclose that fact.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

These amendments are effective for annual periods beginning on or after 1 April 2018. These amendments are not expected to have material effect on Company's financial statements.

3) Significant accounting policies

3.1 Statement of compliance

The financial statements of the Company has been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

3.2 Basis of preparation and presentation

The 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 reporting period.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. The accounting policies have been applied consistently over all the periods presented in the standalone financial statements.

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 taken 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 financial statements is determined on such a basis, except for, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 and value in use in Ind AS 36.

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.

3.3 Non-current assets held for sale

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal Company) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Company is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Company will retain a non-controlling interest in its former subsidiary after the sale.

When the Company is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Company discontinues the use of the equity

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Company discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Company accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Company uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal Company's) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

3.4 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated returns, trade allowances for deduction, rebates, goods and service tax or any other tax as applicable and amounts collected on behalf of third parties. Unbilled revenue is recorded for the patients where patient has not been discharged and invoice are not raised as on the reporting date.

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

Operating Income (IPD and OPD)

Operating income is recognised as and when the services are rendered / pharmacy items (medical consumables and drugs) are sold. Revenue from sale of goods are recognised when all the significant risks and rewards of ownership of goods have been passed to the buyer which coincides with the delivery of goods. The Company collects goods and service tax (GST) or any other tax as may be applicable on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

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

Income from Satellite Centers

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

Income from Clinical Research

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

Income from Sponsorships

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

Income from Academic Services

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

Equipment Lease Rentals and Income from Rent

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis except where the rentals are structured solely to increase in line with expected general inflation to compensate for the company's expected inflationary cost increases.

Export benefits

Income from 'Service Export from India Scheme' (SEIS) is recognized on accrual basis as and when eligible

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

services are performed and convertible foreign exchange is received on a net basis to the extent it is certain that economic benefits will flow to the Company.

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.

3.5 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.

Where the Company is the lessee

Rental expense from the operating lease is generally recognised as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Assets held under finance lease are initially recognized as assets of the Company at the lower of the fair value at inception of the leased property or, if lower, present value of minimum lease payments. The corresponding liability to the lessor is included in the Balance Sheet as a finance lease obligation.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized immediately in the Statement of Profit and Loss, unless they are directly attributed to qualifying assets, in which they are capitalized in accordance with the Company's general accounting policy on borrowing cost. Lease management fees, legal charges and other initial direct costs of lease are capitalized. Contingent rentals are recognised as an expenses in the period in they are incurred.

Where the Company is the lessor

Leases in which the Company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property Plant and Equipment. Rental income on operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Company's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight line basis over the lease term.

3.6 Foreign currencies

In preparing the 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 reporting period

- i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- ii) 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.
- iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on settlement or restatement of monetary items are recognised in the Statement of Profit and Loss in the period in which they arise except for:

- i) 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;
- ii) Exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the Statement of Profit and Loss on repayment of the monetary items.

3.7 Borrowing Costs

Borrowing costs 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other costs are recognised in the Statement of Profit and Loss in the period in which they are incurred.

3.8 Government grants

Government grants are not recognised until there is reasonable assurance that the Company will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Company recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Company with no future related costs are recognised in profit or loss in the period in which they become receivable.

3.9 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans like provident fund and employee state insurance are recognised as an expense when employees have rendered service entitling them to the contributions.

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, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the Balance Sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Statement of Profit and Loss. Past service cost is recognised in the Statement of Profit and Loss in the period of a plan amendment.

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense; and
- remeasurement

The company presents the first two components of defined benefit costs in the Statement of Profit and Loss in the line item 'Employee benefits expense' and "Finance Cost" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Balance Sheet represents the actual deficit.

A liability for a termination benefit is recognised at the earlier of when the company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.

ii) 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 period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of other long-term employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date.

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

The company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and liability is determined using the present value of the estimated future cash outflows expected to be made by the company in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Statement of Profit and Loss and are not deferred. The company presents the leave as a current liability in the Balance Sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where company has the unconditional legal and contractual right to defer the settlement for a period beyond 12 months, the same is presented as non-current liability.

iii) Contributions to provident fund

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

3.10 Share-based payment arrangements

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 12.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Company's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Company revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled share option outstanding account.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

For cash-settled share-based payments, a liability is recognised for the goods or services acquired, measured initially at the fair value of the liability. At the end of each reporting period until the liability is settled, and at the date of settlement, the fair value of the liability is remeasured, with any changes in fair value recognised in Statement of profit or loss for the year.

3.11 Taxation

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

i) 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 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 reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Company operates.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax is also recognised in case of unused tax credits such as minimum alternate tax paid in a year but is available for utilisation in a subsequent year when tax is payable at the normative rates.

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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Company reassesses unrecognized deferred tax assets and, the company recognizes a previously unrecognized Deferred tax asset to the extent that it has become probable that future taxable profit will allow the Deferred tax asset to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period 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 reporting period.

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 reporting period, 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.

iii) **Current and deferred tax for the year**

Current and deferred tax are recognised in the 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.

3.12 **Property, plant and equipment(PPE)**

PPE held for use in the supply of services, or for administrative purposes, are stated in the Balance Sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

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.

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 PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss in the period during which such expenditure is incurred.

Projects under which Property, plant and equipment 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 PPE when completed and ready to use.

Depreciation commences when the assets are ready for their intended use. Depreciation on all PPE except land are provided on a straight line method based on the estimated useful life of PPE, which is follows:

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Depreciation on Leasehold improvements is provided over the primary period of lease or over the useful lives of the respective PPE, whichever is shorter.

Buildings constructed over the land under lease are depreciated over the shorter of estimated life or lease period.

The useful life of PPE are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

The carrying amount of a PPE is de-recognised upon disposal of PPE 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 PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Statement of Profit and Loss. The carrying amount of PPE in case of assets held for sale is de-recognised from PPE and measured in accordance with Ind AS 105.

3.13 Intangible Assets

Intangible Assets Acquired Separately

Intangible assets with finite useful life that are acquired separately are carried on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or development, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards.

The Cost of Intangible assets are amortized on a straight line basis over their estimated useful life which is as follows.

Technical Know-how fees

Technical Know-how fees are amortised over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Software

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

License fee

License fees capitalized as intangible asset is amortised over a period of 4-10 years, being management estimate of the useful life of the asset.

Assets developed

Assets developed are amortized over a period of 5 years, being the estimated useful life as per the management estimates.

Non-Compete fee

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in the Statement of profit or loss in the period in which it is incurred.

Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Statement of Profit and Loss when the asset is derecognised.

3.14 Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the company reviews the carrying amounts of its tangible and intangible 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. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 Statement of Profit and Loss.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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 Statement of Profit and Loss.

3.15 Inventories

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

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

3.16 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 reporting period, 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.

3.17 Contingent liabilities

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

3.18 Cash flows

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

3.19 Segment Reporting

The Company is primarily engaged in the business of healthcare services which is the only reportable business segment as per Ind AS 108 'Operating Segments'. Healthcare services include various patient services delivered through clinical establishment, medical service companies, pathology and radiology services etc.

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

3.20 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 period.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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. For the purposes of calculating basic EPS, shares allotted to ESOP trust pursuant to employee share based payment plan are not included in the shares outstanding till the employees have exercised their rights to obtain shares after fulfilling the requisite vesting conditions. Till such time, the shares are allotted are considered as dilutive potential equity shares for the purposes of calculating diluted EPS.

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 period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

3.21 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.

3.22 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 profit or loss.

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

Debt Instrument that meet the following conditions are subsequently measured at amortised cost (except for debt instrument that are designated as at fair value through profit or loss ('FCTPL') 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.

Debt Instrument that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (except for debt instrument that are designated as at FVPTL 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Interest income is recognised in profit or loss for FVTOCI debt instrument. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instrument are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instrument through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

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 debt instrument 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss

Debt instrument that do not meet the amortized cost criteria or debt instrument that meet the FVTOCI criteria are measured at FVTPL. In addition, debt instrument that meet amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or 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 financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Company always measures the loss allowance at an amount equal to lifetime expected credit losses.

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

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the Balance Sheet.

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 profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Changes in the carrying amount of investment in equity instrument at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purpose of recognizing foreign exchange gains and losses, FVTOCI debt instrument are treated as financial assets measured at amortized cost. Thus, exchange difference on the amortised cost are recognized in profit and loss and other changes in the fair value of FVTOCI financial assets are recognized in the other comprehensive income.

Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by an entity 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 profit or 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 profit or 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Company, and commitments issued by the Company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a finance liability held for trading or contingent consideration recognised by the Company as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designated eliminates or significantly reduce a measurement or recognition inconsistency that would otherwise arise;
- the finance liability form part of a Company of finance assets or finance liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Company's document risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Company that are designated by the Company as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. 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.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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 guarantee contracts issued by a Company entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

Derivative financial instruments

The Company enters into derivative financial instruments to manage its exposure to foreign exchange rate risks which includes foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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

Cash and cash equivalents in Cash Flow Statement comprise cash at bank and in hand and short term investments

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

with an original maturity of three months or less, which are subject to an insignificant risk of changes in value.

4) Critical Accounting Judgements

(a) Accounting for Hospital and Medical Services agreement

Fortis Group of companies has entered into separate Hospital and Medical Services Agreements (“HMSA”) with RHT Health Trust Group of companies and Fortis Hospotel Limited (being fellow subsidiary) wherein these Companies will provide and maintain the clinical establishments along with providing other services towards out-patient diagnostics and radio diagnostic together known as clinical establishments.

The clinical establishments as stated above are 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.

These Companies has analysed the substance of the HMSA and has determined that fulfilment of service arrangement is based on the use of specified assets and conveys the Company’s right to use Clinical Establishments.

The term of the individual HMSA is 15 years and the Company pays a composite service fee i.e. base and variable fee. The base fee is fixed and increase 3% year on year. The variable fee is based on a percentage of the hospitals 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 for the 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.

(b) Assessment of claims and litigations disclosed as contingent liabilities

There are certain claims and litigations which have been assessed as contingent liabilities by the Management (Refer Notes 11 and 12 below) which may have an effect on the operations of the Company should the same be decided against the Company.

The Management has assessed that no further provision / adjustment is required to be made in these Standalone Ind AS Financial Statements for the above matters, other than what has been already recorded, as they expect a favorable decision based on their assessment and the advice given by the external legal counsels / professional advisors.

5) Critical Accounting estimates

(a) Expected Credit Loss

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. 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 period.

(b) Impairment of Goodwill

Goodwill with indefinite life are tested for impairment on an annual basis and whenever there is an indication that the recoverable amount of a cash generating unit is less than its carrying amount based on a number of factors including operating results, business plans, future cash flows and economic conditions. The recoverable amount of cash generating units is determined based on higher of value-in-use and fair value less cost to sell. The goodwill impairment test is performed at the level of the cash-generating unit of

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

cash-generating units which are benefiting from the synergies of the acquisition and which represents the lowest level at which goodwill is monitored for internal management purposes.

Market related information and estimates are used to determine the recoverable amount. Key assumptions on which management has based its determination of recoverable amount include estimated long term growth rates, weighted average cost of capital and estimated operating margins. Cash flow projections take into account past experience and represent management's best estimate about future developments.

(c) **Deferred income tax assets and liabilities**

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The amount of total deferred tax assets could change if estimates of projected future taxable income or if tax regulations undergo a change.

(d) **Useful lives of Property, plant and equipment ('PPE')**

The Company reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

(e) **Defined benefit plans**

The cost of the defined benefit plans and the present value of the defined benefit obligation are based on actuarial valuation using the projected unit credit method. 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 and mortality rates. Due to the complexities involved in the valuation and its long term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(f) **Fair value measurement of derivative and other financial instruments**

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

(g) **Income Taxes**

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Company estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty.

Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

5(iii)(a) Property, plant and equipment

Particulars	Freehold land[note (a)]	Leasehold improvements	Plant & machinery	Medical equipments	Furniture & fittings	Computers	Office equipments	Vehicles	Total
									(₹ in Lacs)
Cost or deemed cost									
As at April 01,2016	10.09	91.64	588.83	11,946.72	435.21	280.77	148.59	1,080.05	14,581.90
Additions	-	-	51.11	2,886.69	33.99	156.74	33.33	725.77	3,887.63
Disposals	-	-	(38.87)	(116.57)	(3.55)	(2.38)	(0.85)	(183.86)	(346.08)
As at March 31,2017	10.09	91.64	601.07	14,716.84	465.65	435.13	181.07	1,621.96	18,123.45
Additions	-	-	82.76	4,819.36	66.25	68.67	47.74	11.98	5,096.76
Disposals	-	-	-	(15.56)	(3.15)	(1.95)	-	(207.68)	(228.34)
As at March 31, 2018	10.09	91.64	683.83	19,520.64	528.75	501.85	228.81	1,426.26	22,991.87
Accumulated Depreciation									
As at April 01,2016	-	14.72	80.29	1,245.58	68.67	96.22	46.51	372.54	1,924.53
Charge for the year	-	21.26	91.82	1,443.85	72.66	122.62	42.29	370.40	2,164.90
Disposals	-	-	(4.99)	(29.33)	(0.20)	(2.38)	(0.67)	(110.66)	(148.23)
As at March 31,2017	-	35.98	167.12	2,660.10	141.13	216.46	88.13	632.28	3,941.20
Charge for the year	-	16.75	85.63	1,705.53	70.82	136.44	39.63	311.37	2,366.17
Disposals	-	-	-	(6.19)	(2.35)	(1.95)	-	(127.22)	(137.70)
As at March 31,2018	-	52.73	252.75	4,359.44	209.60	350.95	127.76	816.43	6,169.67
Carrying Value (As at March 31,2017)	10.09	55.66	433.95	12,056.74	324.52	218.67	92.94	989.68	14,182.25
Carrying Value (As at March 31,2018)	10.09	38.91	431.08	15,161.20	319.15	150.90	101.05	609.83	16,822.20

Notes:

- (a) The Management has confirmed that the Company has clear title to the freehold land. The original title deed is not in the possession of the Company. The Company has written to the trustee to provide then with the title deed for which a confirmation is awaited.
- (b) Certain assets owned and belonging to the Company, including but not limited to vehicles having WDV ₹ 214.63 lacs, computers and other IT related equipments, are in possession of the erstwhile Chairman, Mr. Malvinder Mohan Singh. The company is in the process of taking suitable measures to recover possession of such assets.
- (c) Certain assets owned and belonging to the Company, including vehicle having WDV ₹ 52.92 lacs and computer are in possession of the erstwhile Vice Chairman, Mr. Shivinder Mohan Singh. The company is in the process of taking suitable measures to recover possession of such assets.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**5(i)(b) Capital work-in-progress**

Capital work in progress as at March 31, 2018 is ₹ 15,934.49 lacs (net of provision for impairment ₹ 2,569.90 lacs [refer note 18(b) and 27] [as at March 31, 2017 ₹ 19,259.65 lacs (net of provision for ₹ Nil).

5(ii) Goodwill

(₹ in Lacs)		
Particulars	Goodwill	Total
Cost or deemed cost		
As at April 1, 2016	3,292.57	3,292.57
Additions	-	-
Deletions	-	-
As at March 31, 2017	3,292.57	3,292.57
Additions	-	-
Deletions	-	-
As at March 31, 2018	3,292.57	3,292.57
Amortisation and impairment		
As at April 1, 2016	-	-
Charge for the year	-	-
Deletions	-	-
As at April 1, 2017	-	-
Impairment during the year [refer note 18(d)]	(570.80)	(570.80)
Deletions	-	-
As at March 31, 2018	(570.80)	(570.80)
Net block		
As at March 31, 2017	3,292.57	3,292.57
As at March 31, 2018	2,721.77	2,721.77

The goodwill of the Company is tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired.

The Company made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management. Cash flow projections were developed covering a seven year period as at 31 March 2018 (as at 31 March, 2017 covering ten-year period) which reflects a more appropriate indication/trend of future track of business of the Company. Cash flows beyond the seven/ten-year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market.

Key Assumptions used for value in use calculations are as follows:

	As at March 31, 2018	As at March 31, 2017
Compound average net sales growth rate for seven-year/ten-year period	6% - 11%	6% - 11%
Growth rate used for extrapolation of cash flow projections beyond seven-year/ten-year period (refer note below)	4.00%	3.00%
Discount rate	13% - 15%	11% - 15%

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Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Discount rates - Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Company and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - The growth rates are based on industry growth forecasts. Management determines the budgeted growth rates based on past performance and its expectations of market development. The weighted average growth rates used were consistent with industry reports. Considering various long term qualitative factors such as company's growth prospects coupled with quantitative factors such as growth in the hospital industry into which the company operates combined with expected inflation and/or real growth in the general economy the long term growth rate has been revised to 4%.

5(iii)(a) Other Intangible assets

	(₹ in Lacs)	
Particulars	Software	Total
As at April 1, 2016	1,660.13	1,660.13
Additions	364.04	364.04
Deletions	-	-
As at March 31, 2017	2,026.17	2,026.17
Additions	183.49	183.49
Deletions	-	-
As at March 31, 2018	2,209.66	2,209.66
Accumulated Amortisation		
As at April 1, 2016	440.24	440.24
Charge for the year	496.75	496.75
Deletions	-	-
As at April 1, 2017	936.99	936.99
Charge for the year	521.48	521.48
Deletions	-	-
As at March 31, 2018	1,458.47	1,458.47
Carrying Value		
As at March 31, 2017	1,089.18	1,089.18
As at March 31, 2018	751.19	751.19

5(iii)(b) Intangible assets under development

Intangible assets under development as at March 31, 2018 is ₹ 706.89 lacs (as at March 31, 2017 is ₹ 640.22 lacs).

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Investments in associates		
Unquoted Investments (all fully paid)		
(a) Investments in Equity Instruments - at cost		
i) Fortis Medicare International Limited [(Nil (10,000 as at March 31, 2017) Ordinary Shares of US\$ 1 each)]	-	4.75
ii) Sunrise Medicare Private Limited	0.31	0.31

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(3,126 (3,126 as at March 31, 2016 and 3,126 as at April 01, 2015) Equity Shares of ₹ 10 each)		
Less: Provision for impairment of investment	(0.31)	(0.31)
Total Aggregate Un Quoted Investments	-	4.75
Aggregate carrying value of unquoted investments	-	4.75

5(v) Investments in Subsidiaries

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Non-Current		
Unquoted Investments (all fully paid)		
(a) Investments in Equity Instruments - at cost		
i) Escorts Heart Institute and Research Centre Limited * (2,000,310 (2,000,310 as at March 31, 2017) Equity Shares of ₹ 10 each) [Of the above, 50 (50 as at March 31, 2017) equity shares are held with nominee share holders](refer note 8(i))]	71,919.75	71,894.80
ii) Fortis La Femme Limited (formerly known as Fortis Health Management (West) Limited) [(50,000 (50,000 as at March 31, 2017) Equity Shares of ₹ 10 each)] [(Of the above, 6 shares (6 shares as at March 31, 2017) are held jointly with individual share holders)(refer note 8(i))]	5.00	5.00
iii) Fortis Healthcare International Limited, Mauritius [(98,560,000 (98,560,000 as at March 31, 2017) Equity Shares of US\$ 0.32 each] *	15,105.47	14,744.49
iv) Fortis Hospitals Limited [(40,300,577 (40,300,577 as at March 31, 2017) Equity Shares of ₹ 10 each)] * [Of the above, 6 shares (6 as at March 31, 2017) are held jointly with individual share holders)(refer note 8(i))]	40,484.16	40,210.58
v) Hiranandani Healthcare Private Limited * [(4,000,000 (3,400,000 as at March 31, 2017) Equity Shares of ₹ 10 each)] [(Of the above, 3 shares (3 as at March 31, 2017) are held jointly with individual share holders)(refer note 8(i))]	9,171.55	3,040.00
vi) SRL Limited ('SRL') [(45,236,779 (45,236,779 as at March 31, 2017) Equity Shares of ₹ 10 each)] [(Shareholding in SRL is pledged to secure a term loan from a body corporate (refer note 8(i))]	90,905.48	90,905.48
vii) Fortis Hospotel Limited	30,000.00	30,000.00

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Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(149,822,782 (149,822,782 as at March 31, 2017) Equity Shares of ₹ 10 each) [of the above, 6 shares (6 as at March 31, 2017) are held by nominee shareholders (refer note 19 & 8(i))]		
viii) Fortis Hospotel Limited 4,439,040 [(4,439,040 as at March 31, 2017) equity component of 17.5 % Compulsory Convertible Debentures of face value of ₹ 1,000 each (refer note 19 & 8(i))]	63,153.92	63,153.92
ix) Fortis CSR Foundation [(50,000 (50,000 as at March 31, 2017) Equity Shares of ₹ 10 each)] [(Of the above, 6 shares (6 as at March 31, 2017) are held with nominee share holders)]	5.00	5.00
(b) Investments in Debt instrument - at amortised cost		
i) Fortis Hospotel Limited Debt component of 4,439,040 (4,439,040 as at March 31, 2017) 17.5 % Compulsory Convertible Debentures of face value of ₹ 1,000 each (refer note 19).	45,019.36	45,019.36
Total Aggregate Unquoted Non-Current Investments	365,769.69	360,261.97
Aggregate carrying value of unquoted investments	365,770.00	360,267.03
Aggregate amount of impairment in value of investments	0.31	0.31

* The company have determined the fair value of guarantee given to banks on behalf of the subsidiary companies and debited the same to the investment . Refer below the break up fair value of financial guarantee attributable to subsidiary.

Name of the subsidiary company	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
i) Escorts Heart Institute and Research Centre Limited	24.96	-
ii) Fortis Healthcare International Limited, Mauritius	360.98	-
iii) Fortis Hospitals Limited	273.58	-
iv) Hiranandani Healthcare Private Limited	31.55	-
	691.07	-
<u>Non-Current</u>		
(a) Financial Assets - at cost		
i) Equity instruments - Equity Shares	257,596.41	250,805.35
ii) Equity Component of Compulsory Convertible Debentures (refer note 19)	63,153.92	63,153.92
	320,750.33	313,959.27
(b) Financial Assets measured at amortised cost		
i) Debt Component of Compulsory Convertible Debentures (refer note 19)	45,019.36	46,302.70
	45,019.36	46,302.70

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(vi)	Trade receivables (Unsecured)		
	Current		
	(a) Considered good	7,096.13	7,554.31
	(b) Considered Doubtful	4,472.11	3,526.88
	Less: Allowance for doubtful debts (expected credit loss allowance)	(4,472.11)	(3,526.88)
		7,096.13	7,554.31

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.

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. There are customers who represents more than 5% of the total balance of trade receivable. The management has carried out the assessment of the customer and doesn't foresee any default in the payment.

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 period. The provision matrix used to compute the expected credit loss allowance for different categories of trade receivables is as follows.

Ageing	Expected Credit Allowance %
0 - 1 year	0% - 50%
1 - 2 year	15% - 100%
2 - 3 year	40% - 100%
More than 3 years	70% - 100%

The Company is carrying an allowance of ₹ 4,472.11 lacs towards trade receivables. The Management believes that no further provision is required in addition to the allowance for doubtful debts already recorded.

The trade receivables are pledged as security towards borrowings taken by the Company.

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(vii)	Loans (Unsecured)		
	Non-current - at amortised cost		
	Considered good		
	(a) Loans to subsidiary company (refer note 24)	45,995.14	69,781.53
	(b) Loan to employees	7.64	15.64
	Total	46,002.78	69,797.17
	Current - at amortised cost		
	Considered good		
	(a) Loan to employees	8.02	7.74
	(b) Loan to subsidiary company (refer note 24)	10,382.89	51.29
	(c) Inter company current account	1,803.38	7,411.47
		12,194.29	7,470.50

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Considered doubtful		
(a) Loans to others	322.34	322.34
(b) Loans to subsidiary company [refer note 24 and 18(c)]	54.73	-
	377.07	322.34
Less: Allowance for doubtful loans	(377.07)	(322.34)
	(377.07)	(322.34)
	12,194.29	7,470.50

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(viii) Other financial Assets		
<u>Non current - at amortised cost</u>		
Considered good		
(a) Security deposits	93.76	356.91
(b) Deposit accounts with bank *	947.39	120.25
(c) Interest accrued on loan given to related party	2.24	375.74
(d) Technology Renewal fund advance to related party	-	13.41
	1,043.39	866.31
Considered doubtful		
(a) Security deposits [refer note 18(b) and 27]	378.00	-
	378.00	-
Less: Allowance for doubtful Security deposits	(378.00)	-
	(378.00)	-
	1,043.39	866.31

*Fixed deposits is under lien with bank and is restricted from being exchanged for more than 12 months from the Balance Sheet date (includes deposit account for ₹ 815.75 lakhs under Debt Service Reserve Account for a loan taken during the year (as at March 31, 2017 Nil.)

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
<u>Current - at amortised cost</u>		
Considered good		
(a) Security deposits	159.23	119.13
(b) Interest accrued and due on loans and deposits	7,024.71	13,660.53
(c) Technology Renewal fund advance to related party	13.41	19.19
(d) Insurance claim receivable	0.58	1.93
(e) Full and final settlement recoverable	105.52	105.52
(f) Staff Advance recoverable	9.76	57.29
(g) Advances others recoverable	150.29	2,023.39
(h) Accrued operating income	646.87	693.41
	8,110.37	16,680.39

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Considered doubtful		
(a) Full and final settlement recoverable	337.66	284.57
(b) Advances others recoverable in cash [refer note 18(b) and 27]	1,795.57	-
(c) Amount recoverable for salary and reimbursement of expenses [refer note 18(e) and 35]	2,002.39	
	4,135.62	284.57
Less: Allowance for doubtful financial assets	(4,135.62)	(284.57)
	(4,135.62)	(284.57)
	8,110.37	16,680.39

5(ix) Deferred tax assets (Net)

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

Recognised in profit and loss account and other comprehensive incomet

Particulars	As at March 31, 2017	(Charge)/ Credit to Profit or loss	(Charge)/ Credit to Other Comprehensive Income	(₹ in Lacs) As at March 31, 2018
(a) Property, plant and equipment	(616.97)	(16.83)	-	(633.80)
(b) Intangible assets	(569.90)	87.76	-	(482.14)
(c) Provision for Contingency	81.91	7.40	-	89.31
(d) Allowance for doubtful advances	210.04	741.52	-	951.56
(e) Allowance for expected credit loss	1,220.58	342.16	-	1,562.74
(f) Defined benefit obligation	725.24	63.11	(16.93)	771.42
(g) Unabsorbed Losses	4,697.04	(1,567.85)	-	3,129.19
(h) MAT Credit Entitlement	952.51	-	-	952.51
	6,700.45	(342.73)	(16.93)	6,340.79

Particulars	As at March 31, 2016	(Charge)/ Credit to Profit or loss	(Charge)/ Credit to Other Comprehensive Income	(₹ in Lacs) As at March 31, 2017
(a) Property, plant and equipment	(571.75)	(45.22)	-	(616.97)
(b) Intangible assets	(444.77)	(125.13)	-	(569.90)
(c) Fair Value adjustment	(5,155.31)	5,155.31	-	-
(d) Provision for Contingency	80.16	1.75	-	81.91
(e) Allowance for doubtful advances	188.72	21.32	-	210.04
(f) Allowance for expected credit loss	820.43	400.15	-	1,220.58
(g) Defined benefit obligation	786.33	(4.63)	(56.46)	725.24
(h) Unabsorbed Losses	2,961.84	1,735.20	-	4,697.04
(i) MAT Credit Entitlement	4,157.31	(3,204.80)	-	952.51
	2,822.96	3,933.95	(56.46)	6,700.45

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

5(x) Non- Current tax assets and liabilities

Particulars	(₹ in Lacs)	
	As at March 31, 2018	As at March 31, 2017
Advance income tax (net of provision for taxation)	5,144.05	5,645.35
	5,144.05	5,645.35

Particulars	(₹ in Lacs)	
	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xi) Other assets (Unsecured)		
Non-current		
Considered good		
(a) Capital advances	15.38	61.98
(b) Prepaid expenses	384.20	550.65
	399.58	612.63
Current		
Considered good		
(a) Goods and service tax recoverable	364.65	350.52
(b) Advance to vendors	350.64	170.39
(c) Hospital service fee advance	1,906.99	-
(d) Prepaid expenses	320.34	391.91
	2,942.62	912.82
Considered doubtful		
(a) Advance to vendors	12.68	-
	12.68	-
Less: Allowance for doubtful financial assets	(12.68)	-
	(12.68)	-
	2,942.62	912.82

Particulars	(₹ in Lacs)	
	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xii) Inventories		
Valued at lower of cost and net realisable value		
(a) Medical consumables, drugs and others	695.34	558.06
	695.34	558.06

Particulars	(₹ in Lacs)	
	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2018 (₹ in Lacs)
5(xiii)(a) Cash and cash equivalents		

For the purposes of the standalone statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the statement of cash flows can be reconciled to the related items in the balance sheet as follows:

(a) Balances with Banks		
-on current accounts	1,615.84	536.12
(b) Cash on hand	40.23	33.34
Cash and cash equivalents as per balance sheet	1,656.07	569.46
Bank overdrafts (refer note 5(xix))	(7,847.52)	(570.69)
Cash and cash equivalents as per statement of cash flows	(6,191.45)	(1.23)

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Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xiii)(b) Other Bank Balances		
(a) Balances with Banks		
-on current accounts under negative lien (refer note below)	7,235.29	-
	7,235.29	-

Note:

Balance of ₹ 7,235.29 lacs (previous year Nil) in current account is under negative lien against loan amount outstanding of ₹ 9,998.46 lacs (refer note 5(xix)) due to default in complying with the terms and conditions of the bank loan.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xiv) Share capital		
Authorised Share Capital:		
600,000,000 (600,000,000 as at March 31, 2017)	60,000.00	60,000.00
Equity shares of ₹ 10 each		
200 Class 'A' (200 as at March 31, 2017) Non- Cumulative	200.00	200.00
Redeemable Preference Shares of ₹ 100,000 each		
11,498,846 Class 'B' (11,498,846 as at March 31, 2017)	1,149.88	1,149.88
Non- Cumulative Redeemable Preference Shares of ₹ 10 each		
64,501,154 Class 'C' (64,501,154 as at March 31, 2017)	6,450.12	6,450.12
Cumulative Redeemable Preference Shares of ₹ 10 each		
Total authorised share capital	67,800.00	67,800.00
Issued, subscribed and fully paid up shares		
518,657,231 (517,727,631 as at March 31, 2017)	51,865.72	51,772.76
Equity shares of ₹ 10 each		
Total issued, subscribed and fully paid up share capital	51,865.72	51,772.76

Notes :

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

Equity Shares

Particulars	March 31, 2018		March 31, 2017	
	Number	₹ in Lacs	Number	₹ in Lacs
At the beginning of the year	517,727,631	51,772.76	463,129,994	46,312.99
Issued during the year:	-	-	53,761,537	5,376.15
Conversion of Foreign Currency Convertible Bonds (FCCB's) (Refer note 21 and 22)				
Issued during the year:	929,600	92.96	836,100	83.61
Employee Stock Option Plan (ESOP) (refer note 13)				
Outstanding at the end of the year	518,657,231	51,865.72	517,727,631	51,772.76

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors,

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it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity Shares

Name of Shareholder	As at March 31, 2018		As at March 31, 2017	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Healthcare Holdings Private Limited	-	-	270,241,529	52.20%
International Finance Corporation	-	-	34,990,887	6.76%
Yes Bank Limited	78,542,871	15.14%	-	-

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 13.

Note 1: Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the holding company of the Company w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr Malvinder Mohan Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent entity of the Company till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the company till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.

Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xv)	Other Equity		
	(i) Equity component of compound financial instrument		
	Opening balance	-	1,663.84
	Less: Conversion of FCCB into equity shares	-	(1,663.84)
	Closing balance	-	-
	(ii) Reserve and surplus		
	(A) Securities premium account		
	Opening balance	346,913.57	298,306.14
	Add : Premium on shares issued during the year	831.80	48,607.43
	Closing balance	347,745.37	346,913.57

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Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(B) Amalgamation reserve		
Opening balance	156.00	156.00
Closing balance	156.00	156.00
(C) General reserves		
Opening balance	5,513.99	5,513.99
Addition	-	-
Closing balance	5,513.99	5,513.99
(D) Share options outstanding Account		
Opening balance	2,028.98	1,227.38
Add: Arising on share-based payments (refer note 5(xxv))	911.01	801.60
Closing balance	2,939.99	2,028.98
(E) Surplus in the statement of profit and loss		
Opening balance	20,800.96	21,560.75
Loss for the year	(6,371.83)	(7,469.90)
Other comprehensive income arising from remeasurement of defined benefit obligation net of income tax	31.97	106.67
Conversion of FCCB into equity shares	-	1,663.84
FCCB reserve transferred on conversion	-	4,939.60
Net surplus in the statement of profit and loss	14,461.10	20,800.96
Total (A+B+C+D+E)	370,816.45	375,413.50

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xvi) Non current borrowings		
Secured - at amortised cost		
(a) Term loans		
- from banks [refer note 8(i)(a)(b)(g)]	4,452.76	14,820.03
- from Non-Banking Finance Corporation [refer note 8(i)(h)]	15,339.89	-
- from body corporates [(refer note 8(i)(f))]	801.28	923.98
	20,593.93	15,744.01
Unsecured - at amortised cost		
(a) Finance Lease Obligations [refer note 7(c)]	2,567.41	2,567.41
	2,567.41	2,567.41
Total non-current borrowings	23,161.34	18,311.42

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	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xvii)	Other financial liabilities		
	Current		
	Secured - at amortised cost		
	(a) Current maturities of term loans [refer note 8(i)(a)(b)(f)(g)]	12,672.11	2,083.07
	Unsecured - at amortised cost		
	(a) Current maturities of finance lease obligation [refer note 7(c)]	182.06	131.82
	(b) Security deposits	2.76	2.16
	(c) Interest accrued and due on borrowings	193.77	148.54
	(d) Capital creditors	812.56	814.12
	(e) Technology renewal fund payable to related party*	36.00	30.00
	(f) Other payable to related parties	1,569.25	4,815.97
	(g) Employee payable	290.62	190.38
	(h) Other Liabilities	96.25	167.08
		3,183.27	6,300.07
	Total	15,855.38	8,383.14

*Technology renewal fund represents fund maintained from the Base Service Fee payable to the Hospital Service Companies, for funding the replacement, refurbishment and/or upgrade of radiology and other medical equipment owned/used by Hospital Service Companies.

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xviii)	Provisions		
	Non current		
	Provision for employees' benefits		
	(a) Provision for gratuity (refer note 14)	1,127.27	1,036.55
		1,127.27	1,036.55
	Current		
	Provision for employees' benefits		
	(a) Provision for gratuity (refer note 14)	238.27	232.08
	(b) Provision for compensated absences	842.07	826.97
	Others		
	(a) Provision for contingencies *	255.60	236.68
		1,335.94	1,295.73

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

*** Provision for contingencies :**

Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(i) Provision for indemnification (refer note 19(ii))	A	205.03	205.03
(i) Others **	B		
Opening balance		31.65	26.59
Add: Provision during the year		23.98	5.06
Less: Reclassified during the year		5.06	-
		50.57	31.65
Provision for contingencies - Total (A+B)		255.60	236.68

** Provision for contingency - Others is made against clinical research studies and amount of refund due to the patients, which is expected to be settled in due course and therefore considered as current in nature.

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xix)	Current Borrowings		
	Secured - at amortised cost		
	(a) Bank overdraft [refer note 8 (i)(d)]	7,847.52	570.69
	(b) Working capital demand loan [refer note 8(i)(c)(e)]	11,200.00	12,500.00
		19,047.52	13,070.69
	Unsecured - at amortised cost		
	(a) Loans from body corporates and others [refer note 8(ii)(a)]	-	2,500.00
	(b) Loan from related parties [refer note 8(ii)(b)]	400.00	400.00
	(c) Commercial papers [refer note 8(ii)(c)]	-	28,204.51
		400.00	31,104.51
		19,447.52	44,175.20

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xx)	Trade payables (unsecured)		
	Current		
	(a) Total outstanding dues of micro enterprises and small enterprises (Refer note 23)	-	-
	(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	15,308.32	14,027.27
		15,308.32	14,027.27

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
5(xxi)	Other current liabilities (unsecured)		
	(a) Advance from patients	1,081.44	763.08
	(b) Statutory payable	1,217.08	919.39
	(c) Corporate guarantee liability	350.47	-
		2,648.99	1,682.47

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxii)	Revenue from operations		
	(a) Sale of services		
	i) Operating income - in patient department	54,351.69	53,199.39
	ii) Operating income - out patient department	10,769.87	9,533.49
	iii) Laboratory/ clinical services	232.74	4.66
	iv) Income from medical services	38.13	62.17
	v) Management fees from hospitals	464.07	346.89
	vi) Income from clinical research	12.55	2.55
		65,869.05	63,149.15
	Less: Trade discounts	1,040.59	850.04
		64,828.46	62,299.11
	(b) Sale of products - Trading		
	i) Out patient pharmacy	-	1,184.50
		-	1,184.50
	(c) Other operating revenues		
	i) Income from academic services	62.14	46.73
	ii) Income from rent [refer note 7(b)]	25.27	3.97
	iii) Equipment lease rental [refer note 7(b)]	639.03	641.38
	iv) Export benefits	4.87	-
	v) Sponsorship income	8.72	3.16
	vi) Scrap sale	14.06	10.53
	vii) Sale of plasma	19.42	8.43
	viii) Excess liabilities no longer required written back	57.11	185.27
	ix) Miscellaneous income	288.92	128.42
		1,119.54	1,027.89
	Total Revenue from operation (a+b+c)	65,948.00	64,511.50
	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxiii)	Other Income		
	(a) Interest Income		
	i) Interest on bank deposits	10.24	5.05
	ii) Interest on loan others	13,153.79	16,113.64
	iii) Interest on income tax refunds	217.48	739.58
		13,381.51	16,858.27
	(b) Other non-operating Income		
	i) Profit on redemption of mutual funds	-	57.25
	ii) Financial Guarantee income	340.59	-
	iii) Miscellaneous income	12.15	4.28
		352.74	61.53
	(c) Others Gains and losses		
	i) Gain on foreign currency transactions and translation (net)	54.82	-
		54.82	-
	Total Other Income (a+b+c)	13,789.07	16,919.80

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxiv)	Changes in inventories of medical consumable and drugs		
	(a) Inventory at the beginning of the year	558.06	582.74
	(b) Inventory at the end of the year	695.34	558.06
	Changes in inventories [(a)-(b)]	(137.28)	24.68

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxv)	Employee benefits expense		
	(a) Salaries, wages and bonus	13,829.11	16,579.15
	(b) Gratuity expense (refer note 14)	199.12	245.29
	(c) Compensated absences	139.79	277.78
	(d) Contribution to provident and other funds	796.64	807.37
	(e) Staff welfare expenses	258.72	303.77
	(f) Share based payment to employees	911.01	801.60
		16,134.39	19,014.96

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxvi)	Finance costs		
	(a) Interest expense		
	-on term loans	4,452.62	739.48
	-on cash credit	628.70	31.82
	-on others	483.87	8,753.33
	-on delayed payment of HMSA fees	306.58	-
	-on defined benefit plan	142.00	162.99
	(b) Other borrowing cost (including bank charges)	359.99	948.36
		6,373.76	10,635.98

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxvii)	Depreciation and amortisation expense		
	(a) Depreciation of Property, Plant and Equipment	2,366.16	2,164.90
	(b) Amortisation of intangible assets	521.48	496.75
		2,887.64	2,661.65

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxviii)	Other expenses		
	(a) Contractual manpower	1,175.69	1,285.22
	(b) Power, fuel and water	1,133.89	1,092.82
	(c) Housekeeping expenses including consumables	354.15	247.44

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
(d) Patient food and beverages	866.20	908.97
(e) Pathology laboratory expenses	1,519.62	1,902.49
(f) Radiology expenses	30.58	17.29
(g) Consultation fees to doctors	2,622.48	2,288.60
(h) Professional charges to doctors	8,439.03	7,646.59
(i) Hospital service fee expense (refer note 10)	13,927.45	13,603.55
(j) Repairs and maintenance		
- Building	50.41	136.15
- Plant and machinery	1,062.59	965.86
- Others	155.06	208.29
(k) Rent		
- Hospital buildings, offices and labs	716.52	618.30
- Equipments	115.53	188.76
- Others	188.10	192.76
(l) Legal and professional fee [refer note (i) below]	2,924.56	1,629.72
(m) Travel and conveyance	1,049.11	1,467.46
(n) Rates and taxes	232.96	101.80
(o) Recruitment and trainings	34.10	115.16
(p) Printing and stationary	287.26	273.27
(q) Communication expenses	279.25	413.77
(r) Directors' sitting fees	89.23	120.79
(s) Insurance	412.99	386.49
(t) Marketing and business promotion	1,204.31	1,240.33
(u) Loss on sale of assets (net)	9.47	3.22
(v) Foreign exchange fluctuation loss (net)	-	1,204.33
(w) Allowance for doubtful receivables	926.46	1,261.27
(x) Allowance for doubtful advances	51.37	41.16
(y) Advance tax written off	265.55	-
(z) Provision for contingencies [refer note 5(xviii)]	23.98	-
(aa) Corporate social responsibility expenses (refer note 26)	-	35.90
(ab) Net loss arising on financial asset designated at FVTPL (refer note 20)	-	5,636.00
(ac) Miscellaneous expenses	11.46	16.06
	40,159.36	45,249.82
Less: Expenses capitalised (refer note 25)	139.63	151.69
	40,019.73	45,098.13
Note:		
(i) Auditors' remuneration comprises (exclusive of indirect tax)		
(a) Statutory audit fee (including fees for consolidated financial statement)	106.82	92.89
(b) Limited review fee (including fees for limited review of an associate)	61.67	53.63
(c) Tax audit fee	2.50	2.51
(d) Certification and other services	6.96	16.57
(e) Out of pocket expenses	13.42	18.50
	191.38	184.10

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxix)	Exceptional items		
	Expenses/(income):		
	(a) Expenses on Composite Scheme of Arrangement and Amalgamation [refer note 18(a)]	158.53	373.28
	(b) Allowance for doubtful advance and security deposit given to body corporate along with impairment of Capital work-in-progress [refer note 18(b) and 27]	4,743.47	-
	(c) Allowance for doubtful loan given to Subsidiary Company [refer note 18(c)]	54.73	-
	(d) Impairment of goodwill of Shalimar Bagh [refer note 18(d)]	570.80	-
	(e) Exceptional gain on recovery of salary & other reimbursements paid in previous year [refer note 18(e) and 35]	(735.33)	-
	(e) Allowance for doubtful amount recoverable for salary & other reimbursement of expenses [refer note 18(e) and 35]	2,002.39	-
		6,794.59	373.28

	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxx)	Income-tax		
	Current tax		
	(a) In respect of the current year	-	-
		-	-
	Deferred tax		
	(a) In respect of the current year	342.73	(3,933.95)
		342.73	(3,933.95)
	Tax expense recognised through profit & loss account	342.73	(3,933.95)

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

Loss before tax from continuing operations	(6,029.10)	(11,403.84)
Enacted income tax rate in India	34.608%	34.608%
Income tax credit calculated	(2,086.55)	(3,946.64)
Effect of expenses not deductible in determining taxable profit	1,944.11	12.70
Effect of change in future enacted tax rate from 34.608% to 34.944%	(38.32)	-
Effect of tax in relation to previous years	(161.97)	-
Income tax expense recognised in profit or loss	342.73	(3,933.94)

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars		Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
5(xxxi)	Earnings per share (EPS)		
	Loss as per statement of profit and loss (₹ in lacs)	(6,371.83)	(7,469.90)
	Weighted average number of equity shares in calculating Basic EPS and DPS(Numbers)	518,411,273	475,528,194
	Basic EPS (in ₹)	(1.23)	(1.57)
	Diluted EPS (in ₹)	(1.23)	(1.57)

6) Related party disclosures**Names of related parties and related party relationship [Refer Note 6(5)]**

Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited) (up to February 16, 2018) (refer note 3 and 4 below)		
holding Company	Fortis Healthcare Holdings Private Limited ('FHHPL') (up to February 16, 2018) (refer note 3 and 4 below)		
Subsidiary Companies - direct or indirect through investment in subsidiaries	1)	Fortis Hospitals Limited ("FHsL") (wholly owned subsidiary of the Company) and results of its subsidiaries:	
	i.	Birdie & Birdie Realtors Private Limited (wholly owned subsidiary of FHsL)	
	ii.	Fortis C-Doc Healthcare Limited (joint venture of FHsL)	
	iii.	Fortis Health Management (East) Limited (wholly owned subsidiary of FHsL)	
	iv.	Fortis Cancer Care Limited ("FCCL") (wholly owned subsidiary of FHsL) and the results of its subsidiary Lalitha Healthcare Private Limited	
	v.	Fortis Malar Hospitals Limited (subsidiary of FHsL) and the results of its wholly owned subsidiary Malar Stars Medicare Limited.	
	vi.	Fortis Emergency Services Limited (subsidiary of FHsL till July 27, 2017/ wholly owned subsidiary of FHsL w.e.f. July 28, 2017)	
	vii.	Stellant Capital Advisory Services Private Limited (wholly owned subsidiary of FHsL) and the results of its wholly owned subsidiary Religare Health Trust Trustee Manager Pte Limited.	
	viii.	Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHsL w.e.f. October 4, 2016)	
	2)	Escorts Heart Institute and Research Centre Limited ("EHIRCL") (wholly owned subsidiary of the Company) and results of its subsidiaries	
	i.	Fortis Health Staff Limited (subsidiary of EHIRCL till July 27, 2017/ wholly owned subsidiary of EHIRCL w.e.f. July 28, 2017)	
	ii.	Fortis Asia Healthcare Pte. Limited ("FAHPL") (wholly owned subsidiary of EHIRCL) and the results of its wholly owned subsidiaries	
	a)	Fortis Healthcare International Pte. Limited ("FHIPL") (wholly owned subsidiary of FAHPL) and the results of its wholly owned subsidiaries	
		- SRL Diagnostics Middle East LLC (formerly known as Fortis Healthcare Middle East LLC) (subsidiary of FHIPL)(up to July 07, 2016)	
		- SRL Diagnostics FZ-LLC (wholly owned subsidiary of FHIPL) up to July 07, 2016	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

			- Mena Healthcare Investment Company Limited (“Mena”) (subsidiary of FHIPL) and the results of its wholly owned subsidiary
			- Medical Management Company Limited (subsidiary of Mena)
	3).	SRL Limited (“SRL”) (subsidiary of the Company) and the results of its subsidiaries and joint venture entities :	
	i.	SRL Diagnostics Private Limited (wholly owned subsidiary of SRL)	
	ii.	SRL Reach Limited (wholly owned subsidiary of SRL)	
	iii.	DDRC SRL Diagnostics Services Private Limited (joint venture of SRL)	
	iv.	Super Religare Reference Laboratories (Nepal) Private Limited (joint venture of SRL)	
	v.	SRL Diagnostics FZ-LLC (wholly owned subsidiary of SRL) with effect from July 07, 2016	
	vi.	SRL Diagnostics Middle East LLC (formerly known as Fortis Healthcare Middle East LLC) (subsidiary of SRL) (w.e.f. July 07, 2016)	
	d.	Hiranandani Healthcare Private Limited (subsidiary of the Company till July 27, 2017/ wholly owned subsidiary of the Company w.e.f July 28, 2017)	
	e.	Fortis Healthcare International Limited (“FHIL”) (wholly owned subsidiary of the Company) and results of its subsidiaries:	
	i)	Fortis Global Healthcare (Mauritius) Limited (wholly owned subsidiary of FHIL up to October 03, 2016)	
	f.	Fortis La Femme Limited (wholly owned subsidiary of the Company)	
	g.	Fortis Hospotel Limited (subsidiary of the Company) with effect from October 13, 2016.	
Fellow Subsidiaries (with whom transactions have been taken place)	(a)	RWL Healthworld Limited (formerly known as Religare Wellness Limited) (upto February 16, 2018) (refer note 3 below)	
	(b)	Medsorce Healthcare Private Limited (upto February 16-2018) (refer note 3 below)	
	(c)	Ligare Travel Limited (up to February 16, 2018) (refer note 3 below)	
	(d)	Ligare Aviation Limited (up to February 16, 2018) (refer note 3 below)	
	(e)	Fortis Global Healthcare Limited (Fellow Subsidiaries) (up to February 16-2018) (refer note 3 below)	
Associates- direct or indirect through investment in subsidiaries	(a)	Sunrise Medicare Private Limited	
	(b)	Medical and Surgical Centre Limited, Mauritius	
	(c)	International Hospital Limited (‘IHL’)	
	(d)	Escorts Heart and Super Speciality Institute Limited (‘EHSSIL’)	
	(e)	Escorts Heart and Super Speciality Hospital Limited (‘EHSSHL’)	
	(f)	Fortis Health Management Limited (‘FHML’)	
	(g)	Fortis Medicare International Limited (‘FMIL’)	
	(h)	Hospitalia Eastern Private Limited (‘HEPL’)	
	(i)	Fortis Hospotel Limited (‘FHTL’) (upto October 12, 2016)	
Joint Ventures- direct or indirect through investment in subsidiaries	(a)	Super Religare Reference Laboratories (Nepal) Private Limited (Joint venture of SRL)	
	(b)	DDRC SRL Diagnostics Services Private Limited (Joint venture of SRLDPL)	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

	(c)	Fortis Cauvery, Partnership firm (Joint venture of FCCL)
	(d)	Fortis C-Doc Healthcare Limited ('C-Doc')
Key Management Personnel ('KMP')/ Directors	(a)	Mr. Malvinder Mohan Singh – Executive Chairman & Lead-Strategic Initiatives (Resigned as Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on February 13, 2018 w.e.f. February 08, 2018) (refer note 35)
	(b)	Mr. Shivinder Mohan Singh - Non-Executive Vice Chairman (Resigned as Non-Executive Chairman & Director on February 08, 2018 and accepted by board in its meeting held on February 13, 2018 w.e.f. February 08, 2018)
		Additional related parties as per the Companies Act, 2013
	(c)	Mr. Bhavdeep Singh –Chief Executive Officer
	(d)	Mr. Gagandeep Singh Bedi - Chief Financial Officer
	(e)	Mr. Rahul Ranjan - Company Secretary
	(f)	Dr. Brian William Tempest - Non-Executive Independent Director
	(g)	Mr. Harpal Singh - Non-Executive Director
	(i)	Ms. Sabina Vaiosha - Non-Executive Independent Director (w.e.f. March 27, 2018 to May 20, 2018)
	(j)	Lt. Gen. Tejinder Singh Shergill - Non-Executive Independent Director (w.e.f. February 12, 2018 to May 20, 2018)
	(k)	Ms. Joji Sekhon Gill - Non-Executive Independent Director (up to March 07, 2018)
	(l)	Mr. Pradeep Ratilal Raniga - Non-Executive Independent Director (up to March 22, 2018)
	(m)	Dr. Preetinder Singh Joshi - Non-Executive Independent Director (up to March 19, 2018)
	(n)	Ms. Shradha Suri Marwah - Non-Executive Independent Director (up to November 14, 2017)
	(o)	Mr. Sunil Godhwani - Non-Executive Director (up to August 04, 2017)
	(p)	Mr. Ravi Umesh Mehrotra - Non-Executive Director (up to April 12, 2017)
Enterprises controlled by key management personnel ('KMP') or their relatives (with whom transactions have been taken place)	(a)	Fortis Nursing and Education Society (up to February 13, 2018) (refer note 3 below)
	(b)	Fortis Charitable Foundation (up to February 13, 2018) (refer note 3 below)
Enterprises significantly influenced by key management personnel ('KMP') or their relatives (with whom transactions have been taken place)	(a)	Dion Global Solutions Limited (up to February 16, 2018) (refer note 3 below)
	(b)	Healthfore Technologies Limited (up to February 16, 2018) (refer note 3 below)
	(c)	Escorts Heart Centre Limited (upto February 16, 2018) (refer note 3 below)

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Transactions during the year are as follows:

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Operating income (including Income from medical services, Management fees from hospitals, Income from rehabilitation center, Rental, Pharmacy income and other income)		
Fortis Hospitals Limited (Subsidiary)	-	3.87
Escorts Heart Institute & Research Centre Limited (Subsidiary)	-	0.71
SRL Limited (Subsidiary)	0.54	0.43
Fortis C-Doc Healthcare Limited (Joint Venture)	-	1.13
RWL Healthworld Limited (Fellow Subsidiary) (up to 16-February-2018) (refer note 3 below)	-	54.29
Interest on loan others		
Fortis Hospitals Limited (Subsidiary)	6,076.51	10,200.14
Fortis Healthcare International Limited (Subsidiary)	572.26	2,651.09
Fortis La Femme Limited (Subsidiary)	-	4.53
Hiranandani Healthcare Private Limited (Subsidiary)	6.15	116.54
Bhavdeep Singh (KMP)	-	8.46
Interest income on debt component of CCD instruments		
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	6,484.98	3,618.12
Financial Guarantee Income		
Fortis Hospitals Limited (Subsidiary)	154.98	-
Escorts Heart Institute & Research Centre Limited (Subsidiary)	20.05	-
Hiranandani Healthcare Private Limited (Subsidiary)	22.57	-
Fortis Healthcare International Limited (Subsidiary)	142.97	-
Investment made through corporate guarantee		
Fortis Hospitals Limited (Subsidiary)	273.58	-
Escorts Heart Institute & Research Centre Limited (Subsidiary)	24.96	-
Hiranandani Healthcare Private Limited (Subsidiary)	31.55	-
Fortis Healthcare International Limited (Subsidiary)	360.98	-
Purchase of medical consumables and pharmacy		
Escorts Heart Institute & Research Centre Limited (Subsidiary)	1.53	-
RWL Healthworld Limited (Fellow Subsidiary) (up to 16-February-2018) (refer note 3 below)	4.05	2.62
Medsorce Healthcare Private Limited (Fellow Subsidiary) (up to 16-February-2018) (refer note 3 below)	468.59	462.70
Interest expense on others		
SRL Limited (Subsidiary)	46.00	24.83

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Interest on delayed payment of hospital service fee		
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	285.53	-
Escorts Heart and Super Speciality Hospital Limited (Associate)	21.05	-
Housekeeping expenses including consumables		
Fortis Hospitals Limited (Subsidiary)	306.18	16.65
Pathology laboratory expenses		
SRL Limited (Subsidiary)	1,486.08	1,857.83
Consultation fees to doctors		
Escorts Heart Institute & Research Centre Limited (Subsidiary)	6.06	24.46
SRL Limited (Subsidiary)	3.21	-
Fortis Malar Hospitals Limited (Subsidiary)	72.84	-
Hospital Service fee expenses		
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-October-2016)	9,269.35	4,728.73
Fortis Hospotel Limited (Associate) (up to 12-October-2016)	-	4,119.14
Escorts Heart and Super Speciality Hospital Limited (Associate)	4,658.10	4,751.93
Legal and professional fee		
Healthfore Technologies Limited (Enterprises owned or significantly influenced by KMP or their relatives) (up to 16-February-2018)(refer note 3 below)	2.61	-
RHC Holding Private Limited (Ultimate holding company) (up to 16-February-2018) (refer note 3 below)	59.00	54.46
Travel and conveyance		
Fortis Emergency Services Limited (Subsidiary)	26.56	58.75
Ligare Aviation Limited (Fellow Subsidiaries) (up to 16-February-2018) (refer note 3 below)	-	176.00
Marketing and business promotion		
Fortis Emergency Services Limited (Subsidiary)	8.73	9.83
Amortisation of investment		
Fortis Hospotel Limited - Debt Instrument (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	1,283.34	541.79
Provision for doubtful receivables		
Sunrise Medicare Private Limited (Associate)	10.00	-
Provision for doubtful loans and advances		
Fortis La Femme Limited (Subsidiary)	54.73	-
Salary & other reimbursement of expenses paid, now recoverable (refer note 35)		

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Mr. Malvinder Mohan Singh (KMP/Director)	2,001.39	-
Provision for recovery of salary & other reimbursement (refer note 35)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,001.39	-
Managerial remuneration (Refer Note 1)		
Malvinder Mohan Singh (KMP/Director)	266.67	212.86
Bhavdeep Singh (KMP) (refer note 6 & 7 below)	1,183.70	957.36
Gagandeep Singh Bedi (KMP) (refer note 6 below)	303.88	240.04
Rahul Ranjan (KMP) (refer note 6 below) [inclusive of perquisite value of ESOP exercise for ₹ 26.37 lacs (Previous year Nil)]	97.95	49.87
Director Sitting Fee		
Brian William Tempest (KMP)	24.66	24.28
Harpal Singh (KMP)	23.48	20.68
Lt. Gen Tejinder Singh Shergill (KMP)	12.98	-
Pradeep Ratilal Raniga (KMP) (up to 22-March-2018)	10.56	11.49
Preetinder Singh Joshi (KMP) (up to 19-March-2018)	7.02	14.94
Joji Sekhon Gill (KMP) (up to 07-March-2018)	4.69	9.19
Shivinder Mohan Singh (KMP) (up to 08-February-2018)	4.69	8.05
Shradha Suri Marwah (KMP) (up to 14-November-2017)	1.15	10.34
Sunil Godhwani (KMP) (up to 04-August-2017)	-	2.29
Lynette Joy Hepburn Brown (KMP)	-	12.64
Ravi Umesh Mehrotra (KMP) (up to 12-April-2017)	-	6.90
Expense incurred by the Company on behalf of		
Fortis Hospitals Limited (Subsidiary)	131.85	142.67
Escorts Heart Institute & Research Centre Limited (Subsidiary)	16.39	146.24
SRL Limited (Subsidiary)	1.86	10.47
Hiranandani Healthcare Private Limited (Subsidiary)	2.82	3.42
Fortis La Femme Limited (Subsidiary)	0.42	-
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	263.46	0.52
Fortis Malar Hospitals Limited (Subsidiary)	5.29	38.07
Stellant Capital Advisory Services Private Limited (Subsidiary)	-	27.71
Fortis Emergency Services Limited (Subsidiary)	7.16	0.18
Fortis C-Doc Healthcare Limited (Joint Venture)	-	2.37
International Hospital Limited (Associate)	0.44	-
Fortis Nursing & Education Society (Enterprises controlled by KMPs or their relatives) (up to 13-February-2018) (refer note 3 below)	4.62	4.86
Medical and Surgical Centre Limited (Associate)	5.46	7.34

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Fortis Health Management Limited (Associate)	0.49	-
Medsource Healthcare Private Limited (Fellow Subsidiary) (up to 16-February-2018)(refer note 3 below)	0.17	-
Healthfore Technologies Limited (Enterprises owned or significantly influenced by KMP or their relatives) (up to 16-February-2018) (refer note 3 below)	0.35	-
Expense incurred on behalf of the Company by		
Fortis Hospitals Limited (Subsidiary)	164.22	172.88
Escorts Heart Institute & Research Centre Limited (Subsidiary)	0.84	2.34
SRL Limited (Subsidiary)	18.11	40.32
Hiranandani Healthcare Private Limited (Subsidiary)	-	0.51
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016)	157.77	153.56
Fortis Malar Hospitals Limited (Subsidiary)	24.18	18.72
Fortis Emergency Services Limited (Subsidiary)	8.88	9.83
Fortis C-Doc Healthcare Limited (Joint Venture)	-	3.73
Escorts Heart and Super Speciality Hospital Limited (Associate)	598.30	578.68
Healthfore Technologies Limited (Enterprises owned or significantly influenced by KMP or their relatives) (up to 16-February-2018) (refer note 3 below)	13.02	-
RHC Holding Private Limited (Ultimate holding company) (up to 16-February-2018) (refer note 3 below)	126.75	122.02
Ligare Aviation Limited (Fellow Subsidiaries) (up to 16-February-2018) (refer note 3 below)	5.70	-
Purchase of Property, plant and equipment		
Fortis Hospitals Limited (Subsidiary)	-	2.92
SRL Diagnostics Private Limited (Subsidiary)	16.95	-
Healthfore Technologies Limited (Enterprises owned or significantly influenced by KMP or their relatives) (up to 16-February-2018) (refer note 3 below)	63.00	-
Sale of Property, plant and equipment		
Fortis Hospitals Limited (Subsidiary)	-	592.17
Investments		
Hiranandani Healthcare Private Limited (Subsidiary)	6,100.00	-
Fortis Hospotel Limited - Equity Instrument (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	-	63,153.92
Fortis Hospotel Limited - Debt Instrument (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	-	46,153.92

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Investment of Hiranandani Healthcare Private Limited Purchased from		
Fortis Healthcare Holdings Private Limited (Holding Company of FHL till 16-February-2018))(refer note 3 below)	6,100.00	-
Disposal of Investments in Fortis Medicare International Limited to		
Fortis Global Healthcare Limited (Fellow Subsidiaries) (up to 16-February-2018) (refer note 3 below)	4.75	-
Loans and advance to subsidiary company		
Fortis Hospitals Limited (Subsidiary)	72,337.14	210,790.00
Fortis Healthcare International Limited (Subsidiary)	2,444.04	-
Hiranandani Healthcare Private Limited (Subsidiary)	-	395.92
Fortis La Femme Limited (Subsidiary)	3.00	8.78
Interest converted to loan		
Fortis Hospitals Limited (Subsidiary)	9,996.13	6,207.68
Hiranandani Healthcare Private Limited (Subsidiary)	113.66	374.92
Fortis La Femme Limited (Subsidiary)	4.44	3.78
Loans and advance refund/received		
Fortis Hospitals Limited (Subsidiary)	98,180.82	215,662.75
Fortis Healthcare International Limited (Subsidiary)	-	65,568.93
Hiranandani Healthcare Private Limited (Subsidiary)	117.66	2,966.00
Escorts Heart and Super Speciality Hospital Limited (Associate)	22.00	-
Fortis Hospotel Limited - Equity Instrument (Subsidiary) (w.e.f. 13-October-2016) (associate up to 12-October-2016)	6.00	-
Bhavdeep Singh (KMP)	-	430.18
Corporate Guarantees given to banks for loans availed by (refer note 2)		
Fortis Hospitals Limited (Subsidiary)	5,500.00	37,500.00
Fortis Healthcare International Limited (Subsidiary)	-	78,110.00
Hiranandani Healthcare Private Limited (Subsidiary)	-	5,060.00
Corporate guarantee withdrawn for loans taken by		
Fortis Hospitals Limited (Subsidiary)	-	2,000.00
Escorts Heart Institute & Research Centre Limited (Subsidiary)	-	1,500.00
Fortis C-Doc Healthcare Limited (Joint Venture)	1,031.00	-
Collection on behalf of Company by		
Fortis Hospitals Limited (Subsidiary)	4.41	52.04
Escorts Heart Institute & Research Centre Limited (Subsidiary)	7.61	14.00
Fortis C-Doc Healthcare Limited (Joint Venture)	5.70	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Collection by Company on behalf of		
Fortis Hospitals Limited (Subsidiary)	1,600.16	1,329.34
Escorts Heart Institute & Research Centre Limited (Subsidiary)	356.01	582.57
Hiranandani Healthcare Private Limited (Subsidiary)	24.45	58.22
Fortis Malar Hospitals Limited (Subsidiary)	37.71	7.66
Fortis Emergency Services Limited (Subsidiary)	-	18.05
Fortis Health Management (East) Limited (Subsidiary)	0.31	1.82
Fortis C-Doc Healthcare Limited (Joint Venture)	0.46	6.34
International Hospital Limited (Associate)	0.38	-
Fortis Health Management Limited (Associate)	0.39	-
Fortis Charitable Foundation (Enterprises controlled by key management personnel ('KMP') or their relatives) (up to 13-February-2018) (refer note 3 below)	6.67	7.13

Balance outstanding at the year-end:

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Investments		
Fortis Hospitals Limited (Subsidiary)	40,484.16	40,210.58
Escorts Heart Institute & Research Centre Limited (Subsidiary)	71,919.75	71,894.80
SRL Limited (Subsidiary)	90,905.48	90,905.48
Hiranandani Healthcare Private Limited (Subsidiary)	9,171.55	3,040.00
Fortis Healthcare International Limited (Subsidiary)	15,105.47	14,744.49
Fortis La Femme Limited (Subsidiary)	5.00	5.00
Fortis Hospotel Limited - Equity Instrument (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	93,153.92	93,153.92
Fortis Hospotel Limited - Debt Instrument (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	45,019.36	46,302.70
Fortis CSR Foundation (Subsidiary))	5.00	5.00
Fortis Medicare International Limited (Associate) (up to 07-September-2017)	-	4.75
Sunrise Medicare Private Limited (Associate)	0.31	0.31
Provision for Investment		
Sunrise Medicare Private Limited (Associate)	0.31	0.31
Loans and advance to subsidiary company		
Fortis Hospitals Limited (Subsidiary)	45,995.14	61,842.69

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Fortis Healthcare International Limited (Subsidiary)	10,382.89	7,938.85
Fortis La Femme Limited (Subsidiary)	54.73	47.29
Provision for doubtful loans and advances		
Fortis La Femme Limited (Subsidiary)	54.73	-
Interest accrued on loans		
Fortis Hospitals Limited (Subsidiary)	6,070.43	9,996.13
Hiranandani Healthcare Private Limited (Subsidiary)	-	113.66
Fortis Healthcare International Limited (Subsidiary)	953.01	373.35
Fortis La Femme Limited (Subsidiary)	-	4.44
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	-	3,196.56
Other balances recoverable		
Fortis Hospitals Limited (Subsidiary)	298.25	11,129.82
Escorts Heart Institute & Research Centre Limited (Subsidiary)	-	12.11
Hiranandani Healthcare Private Limited (Subsidiary)	-	70.27
Fortis Malar Hospitals Limited (Subsidiary)	-	17.27
Fortis Health Management (East) Limited (Subsidiary)	46.35	46.43
Fortis C-Doc Healthcare Limited (Joint Venture)	59.93	66.31
RWL Healthworld Limited (Fellow Subsidiary) (up to 16-February-2018) (refer note 3 below)	-	54.29
Dion Global Solutions Limited (Enterprises significantly influence by KMPs or their relatives) (up to 16-February-2018) (refer note 3 below)	-	0.93
Fortis Nursing & Education Society (Enterprises controlled by key management personnel ('KMP') or their relatives) (up to 13-February-2018) (refer note 3 below)	-	6.76
International Hospital Limited (Associate)	-	25.75
Fortis Health Management Limited (Associate)	142.62	142.42
Trade receivable		
Sunrise Medicare Private Limited (Associate)	10.00	-
Provision for doubtful receivables		
Sunrise Medicare Private Limited (Associate)	10.00	-
Advance Hospital Service Fee		
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	1,906.99	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Loan from related party		
SRL Limited (Subsidiary)	400.00	400.00
Interest accrued and due on borrowings		
SRL Limited (Subsidiary)	10.21	10.21
Interest accrued on delayed payment of hospital service fee		
Escorts Heart and Super Speciality Hospital Limited (Associate)	18.95	-
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016) (associate up to 12-October-2016)	256.97	-
Salary & other reimbursement of expenses recoverable (refer note 35)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,002.39	-
Provision amount recoverable for salary & other reimbursement (refer note 35)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,002.39	-
Trade payables and other current liabilities		
Fortis Hospitals Limited (Subsidiary)	-	5,071.08
Escorts Heart Institute & Research Centre Limited (Subsidiary)	689.79	271.91
SRL Limited (Subsidiary)	1,991.31	813.07
Hiranandani Healthcare Private Limited (Subsidiary)	17.54	9.24
Fortis Hospotel Limited (Subsidiary) (w.e.f. 13-Oct-2016)	-	2,684.12
Fortis Malar Hospitals Limited (Subsidiary)	96.89	2.33
Stellant Capital Advisory Services Private Limited (Subsidiary)	4.91	9.35
Fortis Emergency Services Limited (Subsidiary)	23.68	16.16
Medsources Healthcare Private Limited (Fellow Subsidiary) (up to 16-February-2018)(refer note 3 below)	-	38.68
RWL Healthworld Limited (Fellow Subsidiary)(up to 16-February-2018)(refer note 3 below)	-	0.06
Escorts Heart and Super Speciality Hospital Limited (Associate)	790.21	1,304.00
Fortis Charitable Foundation (Entfrierprises controlled by key management personnel ('KMP') or their relatives) (up to 13-February-2018) (refer note 3 below)	-	0.60
Escorts Heart Centre Limited (fellow subsidiary) (up to 16-February-2018) (refer note 3 below)	-	6.52
Corporate Guarantee Liability		
Fortis Hospitals Limited (Subsidiary)	118.60	-
Escorts Heart Institute & Research Centre Limited (Subsidiary)	4.90	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)		
Particulars	Year Ended March 31, 2018	Year Ended March 31, 2017
Hiranandani Healthcare Private Limited (Subsidiary)	8.97	-
Fortis Healthcare International Limited (Subsidiary)	218.00	-
Corporate guarantee given for loans availed by (refer note 2)		
Fortis Hospitals Limited (Subsidiary)	90,720.00	85,220.00
Fortis Healthcare International Limited (Subsidiary)	78,110.00	78,110.00
Hiranandani Healthcare Private Limited (Subsidiary)	5,060.00	5,060.00
Escorts Heart Institute & Research Centre Limited (Subsidiary)	5,000.00	5,000.00
Fortis C-Doc Healthcare Limited (Joint Venture)	-	1,031.00

Notes:

- As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.
- The loans availed by above companies against guarantee given have been used by the respective companies for acquiring Property, plant and equipment and meeting working capital requirements.
- Transactions with these parties have been shown for the full year due to practical difficulties in ascertaining the transactions for part of the year. The closing balances have not been reported as the relationship ceased to exist as at the balance sheet date.
- Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Company w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr Malvinder Mohan Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent Company of the Company till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the Company till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.
- Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 30 (d) (iv), (ix) and (x) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Company and, hence, not known to the Management.
- Amount shown is inclusive of perquisites (including ESOP exercise, if any), employer's contribution to provident fund and excluding reimbursement of expenses.
- Amount shown for the year ended 31 March, 2016 excludes one-time joining bonus of ₹ 723.41 lacs which was paid during the year ended 31 March, 2016. The aforementioned joining bonus was accrued and disclosed during the year ended 31 March, 2015.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

7) Leases

(a) Assets taken on Operating Lease:

Hospital/ Office premises, few medical equipment's and other premises are obtained on operating lease. The total lease payments in respect of such leases recognised in the Statement of Profit and Loss for the year are ₹ 1,020.15 lacs (Previous year 2016-17 ₹ 999.82 lacs).

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

(₹ in lacs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Minimum lease payments:		
Not later than one year	516.59	526.56
Later than one year but not later than five years	559.64	1,076.23

(b) Assets given on Operating Lease

- The Company has sub- leased some portion of hospital premises. In all the cases, the agreements are further renewable at the option of the Company. The total lease income received / receivable in respect of the above leases recognised in the Statement of Profit and Loss for the year are ₹ 25.27 lacs (FY 2016-17 ₹ 3.97 lacs).
- The Company has leased out certain Property, Plant and Equipment on operating lease to a Trust managing hospital operations. The lease term is for 3 years and thereafter renewable at the option of the lessor. The details of the capital assets given on operating lease are as under:

(₹ in lacs)							
	Plant And Machinery	Medical Equipment	Furniture and Fittings	Computers	Office Equipment	Vehicles	Total
As at March 31, 2018							
Cost or deemed cost	96.66	4,220.72	149.18	55.96	10.10	15.70	4,548.33
Accumulated Depreciation	96.66	2,543.23	148.13	55.96	9.93	11.71	2,865.63
Carrying Value	-	1,677.49	1.04	-	0.17	3.99	1,682.70

(₹ in lacs)							
	Plant And Machinery	Medical Equipment	Furniture and Fittings	Computers	Office Equipment	Vehicles	Total
As at March 31, 2017							
Cost or deemed cost	96.66	4,140.18	161.21	98.84	26.58	36.69	4,560.16
Accumulated Depreciation	96.66	2,240.39	147.04	98.84	25.25	30.74	2,638.92
Carrying Value	-	1,899.78	14.17	-	1.33	5.96	1,921.24

The total lease payments received in respect of such leases recognised in the Statement of Profit and Loss account for the year are ₹ 639.03 lacs (Previous year 2016-17 ₹ 641.38 lacs).

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum lease payments:		
Not later than one year	162.16	648.64
Later than one year but not later than five years	-	162.16
Later than five years	-	-

(c) Assets taken on financial lease:

The Company has taken building on financial lease. The total finance charges paid in respect of such lease recognize in the Statement of Profit and Loss during the year is ₹ 299.57 lacs (as at March 31, 2017 ₹ 292.88 lacs). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

Particulars	March 31, 2018		March 31, 2017	
	Minimum Lease Payments	Present value	Minimum Lease Payments	Present value
Not later than one year	251.57	182.06	249.33	131.82
Later than one year but not later than five years	1,094.34	395.56	1,345.92	875.05
Later than five years	7,567.26	2,171.85	7,567.26	1,692.36
Total minimum lease payments	8,913.17	2,749.47	9,162.50	2,699.23
Less: amounts representing finance charges	6,163.70		6,463.27	-
Present value of minimum lease payments	2,749.47	2,749.47	2,699.23	2,699.23
Current	-	182.06	-	131.82
Non-Current	-	2,567.41	-	2,567.41

8) Borrowings**(i) Secured Loans**

(₹ in lacs)

Particulars	Note	March 31, 2018		March 31, 2017	
		Non-Current	Current	Non-Current	Current
Term loan from Bank – HDFC Bank	(a)	1,494.76	1,993.01	3,487.76	1,835.67
Term loan from Bank - Yes Bank	(b)	2,958.00	557.95	1,496.45	124.70
Loan from a body corporate	(c)	-	1,000.00	-	10,000.00
Bank overdraft	(d)	-	7,847.52	-	570.69

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Note	March 31, 2018		March 31, 2017	
		Non-Current	Current	Non-Current	Current
Loan from Bank – Standard Chartered Bank	(e)	-	10,200.00	-	2,500.00
Term loan from a body corporate	(f)	801.28	122.70	923.98	122.70
Term loan from RBL Bank Limited	(g)	-	9,998.46	9,835.82	-
Term loan from a Non-Banking Finance Corporation - Rattan India Finance Limited	(h)	15,339.89	-	-	-
Total		20,593.93	31,719.64	15,744.01	15,153.76

- (a) The loan has been taken from HDFC Bank Limited in the financial year 2015-16. The loan is secured by a first pari passu charge by way of hypothecation of the Company's movable fixed assets. The rate of interest is HDFC Bank Base Rate of the bank plus 0.85% per annum, payable monthly. The loan is repayable in 52 structured monthly instalments commencing from October 1, 2015. As at March 31, 2018, ₹ 3,487.77 lacs (as at March 31, 2017 ₹ 5,323.42 lacs) is outstanding. The current effective average rate of interest is 9.70% p.a. (Previous year 9.85% p.a.)
- (b) Term loan from Yes Bank has been taken in financial year 2016-17 for purchase of various medical equipment's and is secured by hypothecation on invoices and insurance copies of that medical equipment's. The rate of interest is 0.50% per annum over and above yearly MCLR, payable monthly. The loan is repayable in 26 structured quarterly instalments, after a moratorium period of 180 days from the date of disbursement to the Company. As at March 31, 2018, ₹ 3,515.95 lacs (as at March 31, 2017 ₹ 1621.15 lacs) is outstanding. The current effective average rate of interest is 9.35% p.a. (Previous year 9.45% p.a.)
- (c) The short term loan has been taken in current year from Standard Chartered Investments & Loans (India) limited for the purpose of working capital and is secured by share pledge of the Company 21% shareholding in Fortis Hospitals Limited. Standard Chartered Investments & Loans (India) Limited has the right to revise the specified rate at its discretion on the interest reset dates. The loan is repayable in maximum 90 days from the date of disbursement to the Company and no rollover of the same is permitted.

During the year ended 2016-17, short term loan has been taken from Standard Chartered Investments & Loans (India) limited for the purpose of working capital and was secured by share pledge of the FHL 51% shareholding in Fortis Hospitals Limited and personal guarantee of Mr. Malvinder Mohan Singh. Standard Chartered Investments & Loans (India) Limited had the right to revise the specified rate at its discretion on the interest reset dates. The loan was repayable in maximum nine months from the date of disbursement to the Company and the same have been repaid fully.

As at March 31, 2018, the balance of the loan ₹ 1,000 lacs (as at March 31, 2017 10,000 lacs) is outstanding. The current effective average rate of interest is 10.00% p.a.

- (d) The overdraft facility has been availed from Standard Chartered Bank. Overdraft limit of ₹ 4,000 lacs (As at March 31, 2017 ₹ 4,000 lacs) and secured by pari passu charge over moveable

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

fixed assets at Mohali hospital and current assets of the Company. The rate of interest is Base rate plus margin, as may be agreed from time to time. The current effective average rate of interest is 11.25% p.a.

During the year the Company has overdraft facility from Yes bank. Overdraft limit of ₹ 5,000 lacs (As at March 31, 2017 ₹ nil) and secured by exclusive charge on 30% shares of Fortis Hospitals Limited, pari passu charge over moveable fixed assets of the Company, current assets of the Company and exclusive charge on the Land and Building of hospitals of Ludhiana and Vasant Vihar. The rate of interest is Base rate plus margin, as may be agreed from time to time. The current effective average rate of interest is 9.40% p.a.

Further the Company have taken overdraft facility from RBL Bank. Overdraft limit of ₹ 1,000 lacs (As at March 31, 2017 ₹ nil) and secured by first pari passu charge on current assets of the Company. The rate of interest is 1 year MCLR. The current effective average rate of interest is 12.00 % p.a.

- (e) The short term loan from Standard Chartered Bank in the financial year 2017-18 for the purpose of working capital and is secured by share pledge of the FHL 30% shareholding in Fortis Hospitals Limited on First charge basis and fixed deposits provided by third party. The rate of interest is MCLR plus applicable margin, as may be agreed from time to time. The loan is repayable in maximum 90 days from the date of disbursement to the Company and no rollover of the same is permitted.

During the year ended 2016-17, short-term loan had been taken from Standard Chartered Bank for the purpose of working capital and fully paid in the current financial year. The loan was secured by pari passu charge over moveable fixed assets at Mohali hospital, current assets of the Company and personal guarantee of Mr. Malvinder Mohan Singh. The rate of interest is MCLR plus applicable margin, as may be agreed from time to time. The loan was repayable in maximum four months from the date of disbursement to the company which have been fully paid.

As at March 31, 2018, the balance of the loan ₹ 10,200 lacs (as at March 31, 2017 ₹ 2,500 lacs) is outstanding. The current effective average rate of interest was 10.00% p.a.

- (f) Term loan from Siemens Financial Services Private Limited has been taken in financial year 2016-17 for purchase of medical equipment's and is secured by exclusive charge by way of hypothecation of that medical equipment's, along with all standard accessories. The rate of interest is 7.78% per annum, payable monthly. The loan is repayable in 84 structured monthly instalments, after a moratorium period of 30 days from the date of invoice of medical equipment's. As at March 31, 2018, the balance of the loan ₹ 923.98 lacs (as at March 31, 2017 ₹ 1,046.68) is outstanding.
- (g) Term loan from RBL Bank Limited is taken in financial year 2016-17 and is secured by first pari-passu charge by way of hypothecation on moveable fixed assets (present & future). Also secured by first charge over interest/dividend/cash flows arising from CCD (Compulsorily Convertible Debentures) issued by Fortis Hospotel Limited to Fortis Healthcare Limited. The rate of interest is 12% per annum (Floating) linked to RBL Bank's 1Y MCLR, payable monthly. The loan is repayable in 16 equal quarterly instalments, after a moratorium period of 12 months from the date of disbursement to the Company. As at March 31, 2018, the balance of the loan ₹ 9,998.46 (as at March 31, 2017 ₹ 9,835.82) is outstanding and the bank has invoked its right over current account balance for amount received as interest over Fortis Hospotel Limited.
- (h) The loan has been taken from Rattan India Finance Private Limited in the financial year 2017-18. The loan is secured by pledge of 149,822,776 equity shareholding of Fortis Hospotel Limited, pledge of equity 200,260 shares of Escorts Heart Institute and Research Centre Limited, Pledge of equity 3,999,994 shares of Hiranandani Healthcare Private Limited, pledge of 4,439,040 CCDs of Fortis

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Hospotel Limited and pledge of entire shareholding of Fortis Malar Hospitals Limited. The rate of interest is 14.00% per annum, payable monthly. The loan is repayable in eight equal quarterly instalment starting from 5th quarter from the date of disbursal. As at March 31, 2018, ₹ 15,339.89 lacs (as at March 31, 2017 ₹ nil lacs) is outstanding. The current average rate of interest is 17.64% p.a.

(ii) Unsecured Loans

(₹ in lacs)

Particulars	Note	March 31, 2018		March 31, 2017	
		Non-Current	Current	Non-Current	Current
Finance lease obligation	7(c)	2,567.41	182.06	2,567.41	131.82
Loan from a body corporate	(a)	-	-	-	2,500.00
Loan from related party	(b)	-	400.00	-	400.00
Commercial Papers	(c)	-	-	-	28,204.51
		2,567.41	582.06	2,567.41	31,236.33

(a) The short term loan was taken from body corporate as Inter Corporate Deposit in the financial year 2016-17. The rate of interest is 10.25% per annum. The loan is repayable in maximum 181 days from the date of disbursement to the Company i.e. 29th November, 2016 and repaid during the year. As at March 31, 2018, the balance of the loan is ₹ Nil (as at March 31, 2017 ₹ 2,500 lacs).

(b) The short-term loan has been taken from SRL Limited as Inter Corporate Deposit in the financial year 2016-17. The rate of interest is 11.50% per annum, payable quarterly. As at March 31, 2018, the balance of the loan is ₹ 400 lacs (as at March 31, 2017 ₹ 400 lacs).

(c) As at March 31, 2018

The Company does not have any commercial papers outstanding as on March 31, 2018.

As at March 31, 2017

S. No.	Particulars	Issued to	Rate of Interest (% p.a.)	Due Date	Amount
1	Commercial Paper	Axis Bank	8.00%	9-Apr-17	9,980.66
2	Commercial Paper	HDFC Bank	9.50%	17-May-17	2,470.12
3	Commercial Paper	HDFC Bank	9.50%	18-May-17	2,469.47
4	Commercial Paper	Yes Bank	8.00%	18-May-17	3,463.87
5	Commercial Paper	HDFC Bank	9.50%	25-May-17	4,930.03
6	Commercial Paper	RBL Bank	10.00%	21-Jun-17	4,890.38
Total					28,204.51

The commercial papers have been repaid during the current year.

9) Commitments:

Particulars		As at March 31, 2018	As at March 31, 2017
(a)	Estimated amount of contracts remaining to be executed on capital account (net of capital advances of ₹ 15.38 lacs (as at March 31, 2017 ₹ 61.98 lacs)	1,644.88	2,945.73

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- b. Going concern support in form of funding and operational support letters issued by the Company in favour of FLFL, FCCL, Fortis C-Doc Healthcare Limited, FHML, LHPL, FESL, FHIL, FGHML, FHIPL, FAHPL, Birdie and Birdie Realtors Private Limited, FHsL & EHIRCL.
- c. For commitment under sponsor agreement entered between the trustee-manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (Collectively referred as 'Indemnified Parties') with the Company, refer note 19.
- d. The Company is obligated to provide exit to investors in SRL Limited, subsidiary company through swap of its shares at fair market value under terms of share purchase agreement for Compulsory Convertible Preference Shares issued by the subsidiary company as per shareholder agreement.
- e. The Company has other commitments, for purchase/sales order which are issued after considering requirements per operation cycle for purchase/sale of service, employee's benefits. The company does not have any long term commitments or material non-cancellable contractual commitments/ contracts, including derivative contracts for which there were any material foreseeable losses.
- f. These were no amount which were required to be transferred to be the investor education and protection fund by the company.
- g. For commitment under Hospital service and management fees (note 10).
- h. Commitment under transition and implementation agreement and definitive agreement approved by the Board of Directors on March 28, 2018. (Refer Note 28)

10) Hospital service and management fees

The company has entered into individual Hospital and Medical Service Agreement (HMSA) with RHT Health Trust (formerly known as Religare Health Trust Group of companies (RHT)) wherein the RHT provides and maintains the clinical establishments along with other service like out-patient diagnostics and radio diagnostic to the Company the term of individual HMSA is 15 year and the Company is required to pay a composite service fee i.e. base and variable fee. The base fee is fixed at the beginning of each year and increase 3% year on year. The variable fee is based on a percentage of company's net operating revenue in accordance with the HMSA.

The total of future minimum Hospital and Medical Service fees over remaining non-cancelable period payable in form of the base fees is as under:

(₹ in lacs)		
Particulars	As at March 31, 2018	As at March 31, 2017
Minimum lease payments :		
Not later than one year	9,311.09	9,172.85
Later than one year but not later than five years	38,674.79	38,097.69
Later than five years	50,548.64	60,436.82

The Company has also provided guarantee to RHT group companies as terms of HMSA. The Bank Guarantees which had been provided by the FHL Entities in favour of the RHT Entities and Fortis Hospotel Limited for the financial year ended 31 March 2018, expired on the 30 April 2018, and are yet to be renewed. Further, FHL has provided an undertaking that one of subsidiary, Fortis Healthcare International Pte Limited ("FHIPL"), pledges its holdings of 64,120,915 shares in Lanka Hospitals Corporation Plc ("Lanka"), representing 28.66% of the total number of issued shares of Lanka, in favour of the RHT Entities and Fortis Hospotel Limited to secure the payment obligations of the Company under the HMSAs.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**11) Contingent liabilities (not provided for):**

(In addition, refer claims assessed as contingent liability described in Note 12 below)

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the Company not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence). The cases are pending with various Consumer Disputes Redressal Commission. Based on expert opinion obtained, the management believes that the Company has good chance of success in these cases.	4,221.07	4,144.31
The Commissioner of Service-tax, Chandigarh has passed an Order dated March 14, 2014 under Finance Act, 1994 alleging that assessee is liable to pay service-tax on support services of business or commerce provided to doctors, thereby raising demand of ₹ 215.34 lacs (as at March 31, 2017 ₹ 215.34 lacs) and ₹ 50.14 lacs (as at March 31, 2017 ₹ 50.14) for financial years 2007-08 to 2011-12 and 2012-13 respectively. The Company has filed an appeal with Central Excise and Service Tax Appellate Tribunal, which is pending for disposal. Based on management assessment, Company believes that it has good chance of success in these cases.	265.47	265.47
The Company is under litigation with the Income Tax Department against income tax demand on account of disallowance u/s 14A, disallowance of credit card expenditure, disallowance of foreign travelling expenses and interest income not offered to tax for assessment year 2012-13. Based on management assessment, Company believes that it has good chance of success in this case.	332.08	332.08
Service Tax Department issued notice alleging therein that Hospital is providing services of infrastructure and administrative support to Vendors and thus, is liable to pay service-tax on amounts retained from doctors' fees for the financial years 2008-09 to 2012-13. The Company has filed an appeal with Central Excise and Service Tax Appellate Tribunal, which is pending for disposal. Based on management assessment, the Company believes that it has good chance of success in this case.	294.35	294.35
A spot verification proceedings/TDS Survey u/s 133A (2A) of the I.T. Act, 1961 was conducted at two offices of the Company. Consequent to the same, the department has raised demands for the FY 2015-16 and FY 2016-17 in case of TDS deductible/deducted for retainer/consultant doctors on the ground that these retainer doctors are the employees of the company and TDS should have been deducted u/s 192 instead of section 194J. The company has filed an appeal before the CIT(A), which is pending disposal. Based on management assessment, the Company believes that it has good chance of success in this case.	1,252.00	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
The Excise & Taxation Officer, Mohali passed an order dated October 08, 2013 u/s 29(2) of Punjab VAT there raising a demand of ₹ 1,412.35 lacs (₹ 370.70 lacs interest thereon amounting to ₹ 300.24 lacs and Penalty amounting to ₹ 741.39 lacs). A writ filed before the Punjab and Haryana High Court on January 09, 2014. Stay granted and writ was decided in favour of the Company. Department has filed Special Leave Petition before Supreme Court. Based on management assessment, the Company believes that it has good chance of success in this case.	1,412.35	1,412.35
The Excise & Taxation Officer, Mohali passed an order dated August 08, 2013 u/s 29(2) of Punjab VAT there raising a demand of ₹ 2,208.81 lacs (being demand at ₹ 596.17 lacs, interest thereon amounting to ₹ 420.30 lacs & Penalty amounting to ₹ 1,192.34 lacs). A writ filed before the Punjab and Haryana High Court on January 09, 2014. Stay granted and writ was decided in favour. Department has filed Special Leave Petition before Supreme Court. Based on management assessment, the Company believes that it has good chance of success in this case.	2,208.81	2,208.81
The adjudication authority passed order dated January 21, 2014 for payment of RF amounting to ₹ 10.00 lacs and Penalty of ₹ 2.00 lacs. Appeal filed by the assessee before Commissioner of Custom decided in favour on August 01, 2014. Department in appeal before Appellate Tribunal, which is pending disposal.	12.00	12.00
Corporate guarantee given to financial institutions/ banks in respect of financial assistance availed by subsidiaries and associates of the Company. None of the corporate guarantee have been evoked by the Banks/ Financial institutions during the year as the subsidiaries and associates of the Company have complied with the loan covenants (to the extent of closing balance of loan)		
- Axis Bank	3,500.00	7,750.00
- HDFC Bank Limited	21,681.00	33,560.00
- ICICI Bank Limited	6,400.00	20,000.00
- YES Bank Limited	26,495.00	25,000.00
- Lakshmi Vilas Bank Limited	10,000.00	10,000.00
- Deutsche Bank	28,581.25	78,110.00

Note:

The Company have determined the fair value of the guarantees provided by it to the subsidiary in the current year aggregating to ₹ 691.06 lacs which have been amortised over the period of loan. However, this estimate is subject to change depending on the financial position of the subsidiary companies. Based on the assessment made by the Company the Fair Value of Financial guarantees is 340.58 as at March 31, 2018.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

12) Claims assessed as contingent liability and not provided for, unless otherwise stated:

A third party (to whom the ICDs were assigned by a Subsidiary, Fortis Hospitals Limited ('FHsL')) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and have, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ("Term Sheet") with a certain party, the Company is liable for claims owed by the Claimant to the certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 30).

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with certain party.

In addition to the above, the Company has also received four notices from the Claimant claiming (i) ₹ 1,800.00 lacs as per notices dated 30 May, 2018 and 1 June, 2018 (ii) ₹ 21,582.00 lacs as per notice dated 4 June 2018; and (iii) ₹ 1,962.00 lacs as per notice dated 4 June 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, certain party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Allegations made by the aforesaid party has been duly responded to by the Company denying (i) execution of any binding agreement with the certain party and (ii) liability of any kind whatsoever. Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

Based on advice of external legal counsel, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment has been made in these Standalone In AS Financial Statements with respect to these claims.

13) Employee Stock Option Plan

The Company has provided share-based payment scheme to the eligible employees and directors of the Company/ its subsidiaries and Holding company. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan 'A'. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 options (Grant III) were granted during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the year ended March 31, 2011 and 200,000 options (Grant V) were granted during the year ended March 31, 2012. Under plan 'B', 4,050,000 options (Grant VI) were granted during the year ended March 31, 2013, 3,715,000 options (Grant VII) were granted during the year ended March 31, 2014, 240,000 option (Grant VIII) were granted during the year March 31, 2015, 100,000 option (Grant IX) during the previous year and 2,500,000 options (Grant X) were granted during the previous year. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Company. As at March 31, 2018, the following schemes were in operation:

Particulars	Date of grant	Date of Board Approval	Date of Shareholder's approval	Number of options granted	Vesting Period	Exercise Period up to
Grant I*	13-Feb-08	30-Jul-07	27-Sep-07	458,500	February 13, 2009 to February 12, 2013	12-Feb-18

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Particulars	Date of grant	Date of Board Approval	Date of Shareholder's approval	Number of options granted	Vesting Period	Exercise Period up to
Grant II	13-Oct-08	30-Jul-07	27-Sep-07	33,500	October 13, 2009 to October 12, 2013	12-Oct-18
Grant III	14-Jul-09	30-Jul-07	27-Sep-07	763,700	July 14, 2010 to July 13, 2014	13-Jul-19
Grant IV	1-Oct-10	30-Jul-07	27-Sep-07	1,302,250	October 1, 2011 to September 30, 2015	30-Sep-20
Grant V	12-Sep-11	30-Jul-07	27-Sep-07	200,000	September 12, 2012 to September 11, 2016	11-Sep-21
Grant VI	23-Feb-12	12-Aug-11	19-Sep-11	4,050,000	September 23, 2012 to September 23, 2015	22-Feb-19
Grant VII	10-Jun-13	12-Aug-11	19-Sep-11	3,715,000	June 20, 2013 to June 09, 2016	9-Jun-20
Grant VIII	12-Nov-14	12-Aug-11	19-Sep-11	240,000	Nov 12, 2014 to Nov 11, 2017	10-Nov-21
Grant IX	1-Jun-15	12-Aug-11	19-Sep-11	100,000	Jun 01, 2015 to May 31, 2018	31-May-22
Grant X	5-Aug-15	12-Aug-11	19-Sep-11	2,500,000	Aug 05, 2015 to Aug 04, 2018	4-Aug-22

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year*	5,241,950	149.43	6,472,950	142.94
Forfeited during the year	472,700	125.56	394,900	158.25
Exercised during the year	929,600	99.79	836,100	95.07
Outstanding at the end of the year	3,839,650	164.38	5,241,950	149.43
Exercisable at the end of the year	-	-	1,670,000	91.00

*During the year in respect of 2,500,000 numbers of ESOP, the terms of issue were modified.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2018	March 31, 2017
Range of exercise prices	₹ 50.00 to 163.30	₹ 50.00 to 193.00
Number of options outstanding	3,839,650	5,241,950
Weighted average remaining contractual life of options (in years)	4.56	4.05
Weighted average fair value of options granted (in ₹)	59.23	63.48
Weighted average exercise price (in ₹)	164.38	149.43

Stock Options granted

There have been no grants made in the current year by the Company. The weighted average fair value of stock options granted during the year end March 31, 2016, ₹ 98.90. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2018	March 31, 2017
Exercise Price	₹ 50.00 to ₹ 163.30	₹ 50.00 to ₹ 193.00
Expected Volatility	6.42% to 34%	6.42% to 34%
Life of the options granted (Vesting and exercise period) in years	2 years to 7 years	2 years to 7 years
Expected dividends	-	-
Average risk-free interest rate	7.31% to 8.70%	7.31% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

14) Employee Benefits Plan:

Defined Contribution Plan

The Company's contribution towards its provident fund is a defined contribution retirement plan for qualifying employees. The Company's contribution to the Employees Provident Fund is deposited with Provident Fund Commissioner which is recognised by the Income Tax authorities.

The Company recognised ₹. 796.64 lacs (previous year ₹ 807.37 lacs) for Provident Fund and Employee State Insurance Contribution in the Statement of Profit and Loss account. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

Defined Benefit Plan

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

The following table summarizes the components of net benefit expenses recognised in the Statement of Profit and Loss and the amounts recognized in the Balance Sheet.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
i.	Movement in Net Liability		
	Present value of obligation at the beginning of the year	1,268.63	1,331.52
	Current service cost	199.12	245.29
	Interest cost	87.87	97.52
	Amount recognised to OCI	(48.90)	(45.68)
	Obligation transferred from subsidiary	(27.93)	(263.93)
	Benefits paid	(113.25)	(96.09)
	Present value of obligations at the end of the year	1,365.54	1,268.63

(₹ in lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
Present value of unfunded obligation			
Amounts in the Balance Sheet			
(a)	Liabilities	1,365.54	1,268.63
(b)	Assets	-	-
(c)	Net liability/(asset) recognised in the Balance Sheet	1,365.54	1,268.63
Current Liability		238.27	232.08
Non-Current Liability		1,127.27	1,036.55

(₹ in lacs)

Particulars		As at March 31, 2018	As at March 31, 2017
ii.	Expense recognised in Statement of Profit and Loss is as follows :		
	Amount recognised in employee benefit expense		
	Service cost	199.12	245.29
	Past Service Cost	-	-
	Total	199.12	245.29
	Amount recognised in finance cost		
	Interest cost	87.87	97.52
	Total	87.87	97.52
	Total Amount charged to Statement to Profit and Loss	286.99	342.81
iii.	Expense recognised in Statement of Other comprehensive income is as follows :		
	Net actuarial loss / (gain) due to experience adjustment recognised during the year	(16.97)	(45.68)
	Net actuarial loss / (gain) due to assumptions changes recognised during the year	(31.93)	-

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

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

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Principal Actuarial assumptions for Gratuity and compensated absences		
Rate for discounting liabilities	7.50%	7.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18%	18%
Age from 31 to 44 years	6%	6%
Age above 44 years	2%	2%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
Experience gain/(loss) adjustments on plan liabilities	(16.97)	(45.68)

Notes:

- The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
- Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary escalation rate and withdrawal rate. The sensitivity analyses below have been determined by the actuarial based on reasonably possible changes of the respective assumption occurring at the end of the reporting period, while holding all other assumptions constant.

(₹ in lacs)

Particulars	Year ended March 31, 2018		Year ended March 31, 2017	
	Increase	Decrease	Increase	Decrease
Change in discount rate by .50%	60.11	65.20	61.43	56.5
Change in Salary escalation rate by 1%	134.73	116.67	126.82	109.29
Change in withdrawal rate by 5%	18.39	17.43	30.66	29.47

Expected benefit payments for the future year

(₹ in lacs)

Year ended March 31, 2019	Year ended March 31, 2020	Year ended March 31, 2021	Year ended March 31, 2022	Year ended March 31, 2023	Year ended March 31, 2024 to year ended March 31, 2028
223.42	102.78	125.58	121.92	113.97	821.83

15) Financial Instruments

i) Capital Management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximising the return to stakeholders through the optimisation of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings as detailed in notes 5(xvi), 5(xvii) and 5(xix) offset by cash and bank balances) and total equity of the company.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

The Company is not subject to any externally imposed capital requirements other than for covenants under various loan arrangements of the Company.

The Company's Board reviews the capital structure of the Company on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at March 31, 2018 of 12.70 % (previous year 15.05%) (See below)

Gearing ratio

The gearing ratio at end of the reporting period was as follows.

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Debt*	55,656.80	64,850.05
Less: Cash and bank balances [Refer note 5(xiii)]	(1,656.07)	(569.46)
Net debt	54,000.73	64,280.59
Total equity	422,682.17	427,186.27
Net debt to equity ratio	12.78%	15.05%

*Debt is defined as long-term and short-term borrowings (excluding derivative, financial guarantee contracts and contingent consideration).

ii) Categories of financial instruments

(₹ in lacs)

Financial assets	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
Debt component of investment in compulsory convertible debenture in subsidiary	45,019.36	46,302.70
Loans - Non Current	46,002.78	69,797.17
Other financial assets - Non Current	1,043.39	866.31
Trade receivables – Current (Net)	7,096.13	7,554.31
Cash and cash equivalents	1,656.08	569.46
Loans – Current	12,194.29	7,470.49
Other financial assets – Current	8,110.37	16,680.39
Total	121,122.40	149,240.83

(₹ in lacs)

Financial liabilities	As at March 31, 2018	As at March 31, 2017
Measured at amortised cost		
Borrowings	23,161.34	18,311.42
Borrowings – Current	19,447.52	44,175.20
Trade payables – Current	15,308.32	14,025.25
Other financial liabilities – Current	15,855.37	8,383.45
Total	73,772.55	84,895.33

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(iii) Financial risk management objectives

The Company's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets, monitors and manages the financial risks including market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

The Board of Directors manages the financial risk of the Company through internal risk reports which analyse exposure by magnitude of risk. The Company has limited exposure from the international market as the Company's operations are in India. The Company has limited exposure towards foreign currency risk it earns approx. 10% of its revenue from in foreign currency from international patients. Also capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Company has not taken any derivative contracts to hedge the exposure. However the exposure towards foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign currency.

Market Risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

a) Foreign currency risk management

The Company undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars		As at March 31, 2018		As at March 31, 2017	
		FC In lacs	Equivalent ₹ in Lacs	FC In lacs	Equivalent ₹ in Lacs
Import trade payable	USD	11.89	774.77	1.25	80.77
Import trade payable	EURO	0.33	26.21	0.39	27.34
Loans given to subsidiary (including interest accrued thereon)	USD	174.03	11,335.91	128.16	8,312.20
Trade Receivables	USD	10.12	659.45	-	-

Foreign currency sensitivity analysis

The company is mainly exposed to the USD & EURO currency.

The following table details the company's sensitivity to a 5% increase and decrease in the ₹ against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans as well as loans to foreign subsidiaries where the denomination of the loan is in currency other than functional currency of the lender or borrower. A positive number below indicates an increase in profit or equity where the ₹ strengthens 5% against the relevant currency. For a 5% weakening of the ₹ against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

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(₹ in lacs)

If increase by 5%	Currency Impact USD	
Particulars	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit or loss for the year	561.03	411.57
If increase by 5%	Currency Impact USD	
Particulars	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit or loss for the year	(561.03)	(411.57)

(₹ in lacs)

If increase by 5%	Currency Impact EURO	
Particulars	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit or loss for the year	(1.31)	(1.37)
If increase by 5%	Currency Impact EURO	
Particulars	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit or loss for the year	1.31	1.37

b) Interest rate risk management

The Company is exposed to interest rate risk because Company borrow funds at both fixed and floating interest rates. The risk is managed by the Company by maintaining an appropriate mix between fixed and floating rate borrowings.

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

Interest rate sensitivity analysis

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

(₹ in lacs)

If increase by 50 basis point	Interest Impact	
Particulars	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit or loss for the year	(261.57)	(315.60)
If increase by 50 basis point	Interest Impact	
Particulars	As at March 31, 2018	As at March 31, 2017
Increase / (decrease) in profit or loss for the year	261.57	315.60

c) Other price risk

The Company investment are in the group companies and are held for strategic purposes rather than for trading purposes.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

d) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company takes due care while extending any credit as per the approval matrix approved by Board of Directors.

e) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the 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.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the Company may be required to pay.

(₹ in lacs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2018					
Finance Lease obligation	251.58	251.58	8,410.01	8,913.17	2,749.47
Working Capital Loan	12,320.00	-	-	12,320.00	11,200.00
Term loan	16,849.89	17,218.32	13,917.95	47,986.15	33,266.04
Bank Overdraft	7,847.52	-	-	7,847.52	7,847.52
Term loan from related party	446.00	-	-	446.00	400.00
Trade payables	15,308.32	-	-	15,308.32	15,308.32
Security Deposit	2.76	-	-	2.76	2.76
Interest accrued and due on borrowings	193.77	-	-	193.77	193.77
Capital creditors	812.56	-	-	812.56	812.56
Technology renewal fund	36.00	-	-	36.00	36.00
Payable to related parties	1,569.25	-	-	1,569.25	1,569.25
Employee payable	290.62	-	-	290.62	290.62
Other Liabilities	459.71	-	-	459.71	96.25
Corporate guarantee Liability	350.47	-	-	350.47	350.47
Total	56,768.45	17,469.90	22,327.96	96,536.31	74,123.03

The above table does not include any effect of the covenants as per the loan agreement.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Within 1 year	1-2 year	More than 2 years	Total	Carrying amount
As at March 31, 2017					
Finance Lease obligation	249.33	251.58	8,659.48	9,160.39	2,699.23
Commercial Paper	28,500.00	-	-	28,500.00	28,204.51
Term loan	19,960.05	13,293.97	4,029.93	37,283.95	33,227.08
Bank Overdraft	570.69	-	-	570.69	570.69
Trade payables	14,025.25	-	-	14,025.25	14,025.25
Security Deposit	2.16	-	-	2.16	2.16
Interest accrued and due on borrowings	148.54	-	-	148.54	148.54
Capital creditors	814.12	-	-	814.12	814.12
Technology renewal fund	30.00	-	-	30.00	30.00
Payable to related parties	4,815.98	-	-	4,815.98	4,815.98
Employee payable	190.38	-	-	190.38	190.38
Other Liabilities	167.39	-	-	167.39	167.39
Total	69,473.89	13,545.55	12,689.41	95,708.85	84,895.33

16) Fair value measurement**Financial Assets measured at Amortised Cost**

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Company does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

- 17) The Company has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Company is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in financial statements.

18) Exceptional items

- (a) Exceptional item amounting to ₹ 158.53 lacs (Previous year ₹ 373.28 lacs) represents expenses on composite scheme of arrangement and amalgamation. The Board of Directors of the Company at its meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business, including that housed in its majority owned subsidiary SRL Limited ("SRL") into another majority owned subsidiary, Fortis Malar Hospitals Limited ("Fortis Malar") pursuant to a composite scheme of arrangement and amalgamation ('the Scheme'). The Scheme also provides for the sale of its hospital business by Fortis Malar to the Company by way of a slump sale. The demerger shall be followed by SRL being merged with Fortis Malar as an integral part of the same Scheme. On transfer of the diagnostic business to Fortis Malar and Fortis Malar issuing its equity shares to the shareholders of the Company, the diagnostic business (including SRL) will be demerged from the Company. The appointed date for the slump sale, demerger and merger under the

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

composite scheme is January 1, 2017. The composite scheme of arrangement and amalgamation is subject to various judicial/regulatory and other required approvals and is therefore not considered as highly probable transaction. Pending such approvals, no effect of the proposed Scheme has been given in the Financial Statements.

Subsequent to year end on dated June 13, 2018, the Board of the Company, SRL and Fortis Malar Hospitals Limited decided to withdraw from the scheme, subject to the approval of National Company Law Tribunal ("NCLT"). The approval of the NCLT was received on June 15, 2018

- (b) Allowance in respect of advance and security deposit given to body corporate along with provision for capital-work-in-progress amounting to ₹ 4,743.47 given to a body corporate for leasing of office premises. Refer note 27 for further details.
- (c) During the current year, the Company has provided ₹ 54.73 lacs as doubtful towards amount recoverable from Fortis La Femme Limited due to inability to pay by the subsidiary.
- (d) During the current year, impairment loss for goodwill on acquisition of Shalimar Bagh unit amounting to ₹ 570.80 lacs has been recognised.
- (e) Exceptional gain of ₹ 735.33 lacs on recovery of salary & other reimbursements paid to erstwhile Executive Chairman in previous year. Further, allowance for ₹ 2,002.39 lacs against amount recoverable for salary & other reimbursement of expenses from the erstwhile Executive Chairman. Refer note 35 for further details.

19) As part of Sponsor Agreement entered between The Trustee-Manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, the Company has provided following indemnities: -

- i. To RHT and its directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act ('FEMA'), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Company has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Company will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHPL of the equity shares of the Hospital Services Companies.

The Company's obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

However, the Company will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

- ii. The Company has also undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

service Companies. Accordingly, Company has till date accrued ₹ 205.03 lacs (as at March 31, 2017 ₹ 205.03 lacs) as provision for contingency.

- iii. Further, as per terms of the various Agreements entered into between Hospital Services Companies and Fortis Operating companies, the Hospital Services Companies have right to recover certain statutory dues levied on them from Fortis Operating Companies. There is a possible present obligation on Hospital Services Companies to collect certain statutory dues from the Fortis Operating Companies and pay it to the relevant authorities. In view of uncertainty arising from interpretation of the regulations, management believes that value of such statutory dues cannot be measured reliably and therefore has not been considered in these financial statements.

- 20) During the year ended 31 March, 2012, the Company entered into Share Purchase Agreement with Fortis Health Management Limited (FHML), subsidiary of RHT Health Trust on January, 9 2012, pursuant to which FHML acquired 49% interest held by the Company in Fortis Hospital Limited (FHTL) at an aggregate consideration of ₹ 37,728.39 lacs. FHTL is the owner of Clinical Establishment at Shalimar Bagh and Gurgaon.

Escorts Heart Institute and Research Centre Limited ('EHIRCL') also issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹ 10 each at a premium of ₹ 7,456.98 per CCPS to Kanishka Healthcare Limited ('KHL') with a maturity period of 15 years aggregating to ₹ 30,000 lacs (CCPS subscription amount) on September 16, 2027. The holder of the CCPS is entitled to receive, only out of legal funds available for the repayment of dividends, dividends in respect of the par value of the invested CCPS at a per annum rate of 0.01%. Subsequently, KHL merged with International Hospitals Limited ('IHL'), subsidiary of RHT Health Trust.

Further, FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML had a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a determined call option price of ₹ 30,000 lacs, subject to applicable laws including fulfilment of certain conditions and receipt of necessary approvals from all third parties. Per Shareholders' Agreement, FHML also had the right to appoint 50% of the directors of FHTL, including the Chairman of the Board of Directors who had the casting vote in case of deadlock on any matter, on all financial and operating policies of the FHTL, brought to the Board of Directors for its approval. Additionally, the Company had assigned its right to receive dividends from FHTL in favour of FHML. The Management thereafter concluded that it does not exercises any control to direct relevant activities of FHTL and does not have any economic interest therefore, deconsolidated FHTL from the Group.

FHML also had a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML was unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option could have been exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.

Key terms of CCPS agreement are:-

- a) CCPS Put Option – IHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS held by IHL in EHIRCL upon occurrence of IHL having exercised FHTL Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML. The considerations payable by the Company to IHL is as follows :-
 - In case of FHTL call option - the Company is required to pay call option price determined at ₹ 30,000 Lacs, subject to compliance with the applicable law.
 - In case of FHTL put option - the Company is required to purchase, subject to due compliance with law, all CCPS at consideration equal to IHL's contribution along with coupon rate agreed.

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- b) CCPS Call Option - If IHL becomes entitled to exercise the CCPS Put Option, but does not exercise the CCPS Put Option within 90 business days thereof, then the Company shall at any time after the expiry of such 90 business days, be entitled to require IHL to sell all of the CCPS to the Company for a consideration equal to the CCPS Subscription amount along with the coupon of 0.01% accrued thereon as of such date.

In accordance with Ind AS 109, the Company's 51% interest in FHTL has been recognized at ₹ 30,000 lacs as receivable from associate company, in the opening Balance Sheet prepared as on April 01, 2015 under Ind AS, being the amount committed to be provided to the Company on transfer of legal right in FHTL on receipt of regulatory approval, which as per Management was more likely to receive being prefunctionary in nature. The amount was earlier recognised at ₹ 20,739.71 lacs (at derived cost) under the previous GAAP.

Further, the Company in its standalone books of account recognized at derivative asset of ₹ 1,908.90 lacs in the opening Balance Sheet prepared under Ind AS as at April 01, 2015 and derivative gain of ₹ 3,727.10 lacs in the Statement of Profit and Loss under Ind AS for the year ended March 31, 2016, being fair value uplift in the value of EHIRCL CCPS, in excess of call option price of ₹ 30,000 Lacs.

During the previous year ended 31 March, 2017, the Company completed the acquisition of 51% economic interest in FHTL by way of acquiring 51% of the compulsorily convertible debentures (CCDs) from Fortis Global Healthcare Infrastructure Pte Ltd (FGHIPL)-a subsidiary of RHT Health Trust (RHT) for an aggregate consideration of ₹ 110,093 lacs on 13 October, 2016. As per the Amended and Restated Shareholders Agreement ('SHA') signed between FHML, effective on completion of acquisition of CCDs, the Company has the right to appoint majority of the non-independent directors of FHTL, including the Chairman of the Board of Directors of FHTL who has casting vote in case of deadlock in relation to any matter at a meeting of the Board of Directors. The Management has concluded that it has obtained control over FHTL, as it now has control to direct relevant activities and therefore consolidated FHTL in the Group w.e.f. 13 October 2016.

Fortis Hospitals Limited, subsidiary of FHL, acquired EHIRCL CCPS from IHL for an aggregate consideration of ₹ 35,669 lacs on October 13, 2016.

Further, other terms of the Share Purchase Agreement in relation to Call and Put Option were deleted and the Company therefore reversed the derivative asset of ₹ 5,636 Lacs recorded in standalone books of account in the previous year ended 31 March, 2017.

The carrying value of the receivable on transfer of legal right has been considered as cost of investment in the FHTL, now a subsidiary of the Group. Additional investment made in CCDs carry an interest rate of 17.5% per annum and mandatorily convertible into equity shares on September 16, 2027 and therefore the Company has segregated the total value paid towards debt component and equity component, based on fair value measurement principles as per Ind AS.

- 21) During the year ended March 31, 2014, the Company issued 150 Foreign Currency Convertible Bonds aggregating to US Dollar 300 lacs due 2018 (the "Bonds") at the rate of (4.66%+LIBOR). These Bonds were listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Bonds were convertible upto US Dollar 240 lacs of principal amount at the option of the holder at any time on or after September 17, 2013 (or such earlier date as is notified to the holders of the Bonds by the Company) up to August 01, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 99.09 with 120,471 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 59.6875 = US Dollar 1.00. The Conversion Price was subject to adjustment in certain circumstances.

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Subject to certain conditions, the Bonds could be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond outstanding (but in no event exceeding US Dollar 60 lacs in aggregate principal amount of Bonds), at the option of the Company at any time on or after September 17, 2013 up to August 01, 2018 at the Partial Reset Conversion Price (as defined in the “Terms & Conditions of the Bonds”).

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Unless previously redeemed, converted or purchased and cancelled, the Bonds would be redeemed by the Company in US Dollars on August 08, 2018 at 100 per cent of its principal amount. These Bonds were considered a monetary liability and are redeemable only if there is no conversion before maturity date.

The proceeds of the issue amounting to ₹ 18,390.74 lacs were used for repayment of debts.

During the previous year, the Company allotted 18,070,650 equity shares to Standard Chartered (Mauritius) III Limited against USD 30 Million FCCB, on exercise of conversion option as per Offering Circular.

The fair value of the liability portion of such optional convertible bonds is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds received on issuance of FCCB is considered to be attributable to the equity portion of the compound instruments. This is recognised and included in the shareholders’ equity, and not subsequently remeasured and on conversion of FCCB into equity shares the amount is transferred to retained earnings in the year of conversion.

The effective interest rate on the liability element on initial recognition, pursuant to such segregation was 6.03 % per annum.

- 22)** During the year ended March 31, 2014, the Company issued 550 Foreign Currency Convertible Bonds of US Dollar 1 lac each aggregating to US Dollar 550 lacs due 2018 (the “Bonds”) at the rate of LIBOR+4.86%. The Bonds were convertible at the option of International Finance Corporation (“IFC”), an international organization established by Articles of Agreement among its member countries including the Republic of India (the holder) giving 7 day notice to the Company at any time on or after June 07, 2013 up to June 08, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Company (“Shares”) at an initial Conversion Price (as defined in the “Terms & Conditions of the Bonds”) of ₹ 99.09 and number of shares to be issued would be calculated on conversion on the basis of applicable rate of exchange of US Dollar and ₹ on conversion date. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds could be converted on the request of the holder but not less than value of US Dollar 5,000,000 or in multiple of US Dollar 1,000,000 thereafter. Except in certain condition mentioned in the “Terms & Conditions of the Bonds” the holder could not exercise the Conversion Option in part or in full in respect of twenty per cent (20%) of the original bond value for a period of three (3) years after the Subscription Date.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Company and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond at the option of the Company at any time on or after June 07, 2013 at Modified Conversion Price (as defined in the “Terms & Conditions of the Bonds”).

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Unless previously redeemed, converted or purchased and cancelled, the Bonds would be redeemed by the Company in US Dollars on June 08, 2018 at 100 per cent of its principal amount. These Bonds were considered a monetary liability and redeemable only if there is no conversion before maturity date.

During the previous year, the Company allotted 35,690,887 equity shares to International Finance Corporation against USD 55 Million FCCB, on exercise of conversion option as per FCCB Subscription Agreement.

The fair value of the liability portion of such optional convertible bonds is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds received on issuance of FCCB is considered to be attributable to the equity portion of the compound instruments. This is recognised and included in the shareholders' equity, and not subsequently remeasured and on conversion of FCCB into equity shares the amount is transferred to retained earnings in the year of conversion.

The effective interest rate on the liability element on initial recognition, pursuant to such segregation is 5.28 % per annum.

23) Details of dues to Micro and Small Enterprises as per MSMED Act, 2006

Particulars	31 March, 2018	31 March, 2017
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year:		
- Principal amount due to micro and small enterprises	-	-
- Interest due on above	-	-
The amount of interest paid by the buyer in terms of section 16 of the MSMED Act 2006 along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year	-	-
The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act 2006.	-	-
The amount of interest accrued and remaining unpaid at the end of each accounting year	-	-
The amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act 2006	-	-

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

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS**24) Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested**

(₹ in lacs)

	Fortis Hospitals Limited	Fortis Healthcare International Limited	Hiranandani Healthcare Private Limited	Fortis La Femme Limited	Total
March 31, 2018					
Current	-	-	-	54.73	54.73
Provision for loan				(54.73)	(54.73)
Current	45,995.14	10,382.89	-	-	56,378.03
Maximum Amount Outstanding	85,891.82	10,382.89	117.66	54.73	96,447.10
March 31, 2017					
Current	-	-	4.00	47.29	51.29
Non-current	61,842.69	7,938.85	-	-	69,781.54
Maximum Amount Outstanding	112,010.44	74,999.83	2,949.00	47.29	190,006.56

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

₹ in lacs

Name of the Party	Rate of Interest	Due date	Secured / unsecured	31 March 2018	31 March, 2017
Fortis Hospitals Limited	11.50%, 13.00%, 13.75%	March 31, 2020	Unsecured	45,995.14	61,842.69
Fortis Healthcare International Limited	5% & 6.5%	August 8, 2019	Unsecured	10,382.89	7,938.85
Hiranandani Healthcare Private Limited	11.75%	March 31, 2018	Unsecured	-	4.00
Fortis La Femme Limited	10%	March 31, 2020	Unsecured	-	47.29
TOTAL				56,378.03	69,832.82

The loan to subsidiary company ('FHsL') was given initially during the financial year 2011-12 and has been extended during the previous years through various addendums. The loan carried interest at 11.50% to 13.75% p.a. during its term. Currently, the interest rate is 11.50% p.a. and the loan is repayable after 31 March, 2019 as per the addendum entered during the year. Interest accrued of ₹ 9,996.13 lacs as at 31 March, 2017 has been converted into loan during the year.

- 25)** During the year, the Company has capitalised the following expenses to the cost of Property, Plant and equipment's/ capital work in progress (CWIP). Consequently, expenses disclosed under the respective notes are net of amount capitalised by the Company.

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Particulars	As at 31 March, 2018	As at 31 March, 2017
	₹ in lacs	
Opening Balance (A)	8,097.03	7,945.34
OTHER EXPENSES		
Contractual manpower	54.97	50.79
Repairs & maintenance	4.14	9.49
Legal and professional fee	80.52	85.07
Travel and conveyance		6.34
Total (B)	139.63	151.69
Total (C=A+B)	8,236.66	8,097.03
Amount Capitalized to Property, plant and equipment (D)	19.72	-
Provision for CWIP (E)	476.54	-
Balance carried forward to Capital Work in Progress (F=C-D-E)	7,740.40	8,097.03

26) 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 corporate social responsibility expenditures as certified by Management are as follows:

Particulars	(₹ in lacs)	
	Year ended 31 March, 2018	Year ended 31 March, 2017
Balance to be spent as per previous year (A)	-	35.90
Amount required to be spent for current year (B)	-	-
Gross amount required to be spent (A+B)	-	35.90
Spent during the year	-	35.90
Balance unspent at end of the year	-	-

27) Recoverability of certain advances / capital work-in-progress.

(Also refer to Note 30 [d][ix] of the Standalone Ind AS Financial Statements)

The Company had paid amount towards advance and security deposit amounting to ₹ 2,173.57 lacs to a body corporate towards lease of office space in the financial year 2013-14. Due to delays in obtaining occupancy certificate (OC), the lease agreement was terminated by the Company. Additionally, amounts aggregating to ₹ 2,569.90 lacs was incurred towards capital work-in-progress on the premises proposed to be taken on lease from the Lessor, which amount is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has invoked arbitration against the Lessor and issued a Legal Notice under Section 21 of the Arbitration and Conciliation Act 1996.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Company has recorded provisions aggregating to ₹ 4,743.47 lacs in the Standalone Ind AS Financial Statements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- 28)** The Board of Directors in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust (“RHT”) into the Company and its subsidiaries. The Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT’s entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately ₹ 465,000 lacs (“the Proposed Transaction”). The exclusivity period to execute definitive agreements for the Proposed Transaction was 60 days commencing from the date of the Term Sheet. On January 12, 2018, the parties to the Term Sheet mutually agreed to extend the exclusivity period by an additional period of 31 days from January 12, 2018.

On February 12, 2018, parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent enumerated in the definitive agreement(s) which includes regulatory approvals and any other approvals as may be required. The Company and RHT are in process of applying for regulatory approvals. Requisite approval of the shareholders of the Company have been obtained.

29) Changes in the constitution of the Board of Directors of the Company

During the year ended March 31, 2018 and until the date of issuance of these financial result, the following changes have occurred in the constitution of the Board of Directors of the Company:

- a) In November 2017, Ms. Shradha Suri Marwah, resigned as a non-executive independent director of the Company;
- b) On February 8, 2018, Mr. Malvinder Mohan Singh, Executive Chairman and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman tendered their resignation from the directorship of the Company, effective immediately. The erstwhile Board of Directors of the Company discussed the matter in detail at their meeting held on February 13, 2018 and accepted the resignations with effect from February 8, 2018.
- c) During March 2018, Ms. Joji Sekhon Gill, Dr. Preetinder Singh Joshi and Mr. Pradeep Ratilal Raniga resigned from their directorships in the Company.
- d) Mr. Rohit Bhasin was appointed as an additional independent director in the Company in April 2018. He subsequently resigned on June 26, 2018.
- e) In April 2018, Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee were appointed as Non-Executive Independent Directors of the Company and their appointment was ratified by the members of the Company in the extra-ordinary general meeting (“EGM”) of the Company in May 2018.
- f) During May 2018, Mr. Harpal Singh, Director, Lt. Gen. Tejinder Singh Shergill and Ms. Sabina Vaisoha, Additional Directors in the Company resigned from their directorships in the Company and Dr. Brian Tempest, Independent Director and Chairman of the Audit and Risk Management Committee, disassociated from his position at the behest of the resolution of the members in the EGM held in May 2018.
- g) Further, Mr. Ravi Rajagopal has been appointed as Chairman of the Board with effect from June 1, 2018. As such, the re-constituted Board of Directors comprises the following directors who were all appointed in April 2018 after the financial year ended March 31, 2018:
 - i. Mr. Ravi Rajagopal – Chairman & Independent Director
 - ii. Mr. Indrajit Banerjee - Independent Director

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

- iii. Ms. Suvalaxmi Chakraborty - Independent Director
 - iv. Mr. Rohit Bhasin - Independent Director (Additional Director) (Resigned w.e.f June 26, 2018)
- together referred to as the “Re-constituted Board”.

30) Investigation initiated by the erstwhile Audit and Risk Management Committee

- (a) There were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter-corporate loans (“ICDs”) given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm.
- (b) The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of ₹ 49,414.00 lacs (principal), placed by the Company’s wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017; (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 12 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 27 above); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited (“Fortis Healthstaff”) from a promoter group company, and subsequent repayment of loan by said subsidiary to the promoter group company.
- (c) The investigation report (“Investigation Report”) was submitted to the re-constituted Board on June 8, 2018.
- (d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as follows:
 - i. The Investigation Report, on the basis of documents / emails reviewed and interviews conducted, revealed that the ICDs were not given under the normal treasury operations of the Company/ FHsL including under the treasury policy and the mandate of the Treasury Committee; and were not specifically authorized by the Board of FHsL. All ICDs from December 2011 were repaid until March 31, 2016. However, from the first quarter of the financial year 2016-17, it has been observed that a roll-over mechanism was devised whereby, the ICDs were repaid by cheque by the borrower companies at the end of each quarter and fresh ICDs were released at the start of succeeding quarter under separately executed ICD agreements. Further, in respect of the roll-overs of ICDs placed on July 1, 2017 with the borrower companies, FHsL utilized the funds received from the Company for the purposes of effecting roll-over.
 - ii. In respect of ICDs granted, the Investigation Report revealed that there were certain systemic lapses and override of controls including shortcomings in executing documents and creating a security charge. To clarify, the charge was later created in February, 2018 for the ICDs granted on July 1, 2017, while the Company/ FHsL was under financial stress.
 - iii. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for

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granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the promoters of the Company.

- iv. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.
- v. Objections on record indicate that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.
- vi. There were certain systemic lapses in respect to the assignment of the ICDs from FHsL to a third party in September 2017 (and subsequent termination of the arrangement in January 2018), viz., no diligence was undertaken in relation to the assignment, it was not approved by the Treasury Committee and was antedated. The Board of FHsL took note of the same only in February 2018.
- vii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company. Whilst the matter was included as part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was sub-judice.
- viii. During the year, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of ₹ 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ₹ 794.50 lacs to a promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company.
- ix. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.
- x. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. The investment was realized in April 2018 with no loss in the principal value of investments.

(e) Other Matters:

In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Company and certain subsidiaries. It has been noted that the Company through its subsidiary (i.e. Fortis Hospitals Limited (“FHsL”)) acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

- (f) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 30 (d) (iv), (ix) and (x) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.
- (g) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Consolidated Ind AS Financial Statements.
- (h) With respect to the other matters identified in the Investigation Report, the Board will appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. Towards this end, they will also evaluate internal organizational structure and reporting lines, the delegation of powers of the Board or any committee thereof, the roles of authorized representatives and terms of reference of executive committees and their functional role. We will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report, including inter alia, initiating an internal enquiry.
- (i) The regulatory authorities are currently undertaking their own investigation (refer Note 31 below), and it is likely that they may make a determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report on the basis of facts, including those facts that the independent investigator would not have had access to, given their limited role and limitations stated in the Investigation Report. Accordingly, in light of the foregoing, the Board of Directors at this juncture is unable to make a determination on whether a fraud has occurred. That said, the Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a final determination on these matters and to undertake the remedial action, as required under, and to ensure compliance with, applicable law and regulations.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Except for the findings of the Investigation Report, including matters on internal control described above, and inability of the Board of Directors to, at this juncture (as stated above), make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, proper and sufficient care has been taken for the 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 fraud and other irregularities

In the event other exposures were to come to light, the Company / FHsL are committed to appropriately addressing the same, including making additional provisions where required.

- (j) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

31) Investigation by Various Regulatory Authorities

- (a) The Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI has summoned the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of ₹ 473 Crores reported in the media. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. SEBI has also appointed forensic auditors to conduct a forensic audit, who are also in the process of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries are in the process of furnishing all the requisite information and documents requested by SEBI and its forensic auditors.
- (b) The Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC
- (c) The Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company in the process of submitting all requisite information in this regard with SFIO and has in this regard requested SFIO for additional time to submit the information.
- (d) The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of accounts as and when the outcome of the above investigations is known.

32) Proposed investment in the Company

The Board of Directors approved a Composite Scheme of Arrangement with Manipal Health Enterprises Private Limited on March 27, 2018. Post that the Company received binding bids from IHH Healthcare Berhad, Hero-Burman Consortium, Radiant, and TPG-Manipal Consortium. The Board decided to appoint an Expert Advisory Committee (EAC) & an additional financial advisor to evaluate all binding offers. Subsequently, in the Board

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

Meeting held on May 10, 2018, the Board by majority approved a preferential allotment of equity shares for ₹ 800 Crores and preferential allotment of warrants for ₹ 1,000 Crores to Hero-Burman Consortium. With this the agreement executed with TPG-Manipal Consortium terminated. Further on the May 28, 2018 the Board received a letter from Hero-Burman Consortium giving its consent to initiate a fresh bidding process. As a result, Hero-Burman Consortium's offer accepted by the Board on May 10, 2018 stands mutually terminated. The Board in its meeting held on May 29, 2018 decided to initiate a fresh, time-bound process. The details of the process have been disclosed on National Stock Exchange and BSE Ltd. Pursuant to the above, the Board of Directors of the Company have received binding bids on July 3, 2018. Upon approval of transaction pursuant to acceptance of the binding bids, there will be change in the capital structure.

33) Going concern assumption

The Company has incurred a net loss of ₹. 6,371.83 lacs during the year ended March 31, 2018 consequent to various events during the year, which necessitated creating one time provisions in the financial statements (refer Note 18). These events have adversely impacted the Company's working capital position and its credit rating. Further, the Company's current liabilities exceeded its current assets by ₹. 14,666.04 lacs as at March 31, 2018.

However, the Management believes that the events stated above do not impact the Company's ability to continue as a going concern due to the following :

1. In June 2018, the Company has secured new line of credit facility aggregating to ₹ 12,500 lacs. Further, the Company is in process of securing additional line of credit of ₹ 34,000 lacs;
2. The Company has access to unencumbered assets that can be offered as security for any additional funding requirements in the future.

Accordingly the Company's financial statement have been prepared on a going concern basis.

Additionally, the reconstituted Board of Directors have, also, initiated measures to obtain capital infusion into the Company through a bidding process (Refer Note 32).

- 34) The Company has investments in Group Company namely Fortis Hospitals Limited aggregating to ₹ 40,484.16 lacs (Previous year ₹ 40,210.58 lacs). Further, the Company has also given loans and advances (including Interest) aggregating to ₹ 45,995.14 lacs (Previous year ₹ 72,350.69 lacs) to Fortis Hospitals Limited. As per the latest audited Balance Sheet of Fortis Hospitals Limited for the year ended March 31, 2018, the accumulated losses have substantially eroded the net-worth of the company. However, no provision for diminution in the value of the investments and loans and advances is considered necessary as the investments are strategic long-term investments and part of the aforesaid ongoing bidding process and therefore, the diminution in the value is temporary in nature.

35) Letter of Appointment of erstwhile Executive Chairman

The Company having considered all necessary facts and taking into account external legal advice, has decided to treat as non-Est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company, the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LOA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements, aggregating to ₹. 2,002.39 lacs (comprising reversal of FY 2016-17 expenditure of ₹ 735.33 lacs, which has been disclosed as an exceptional income in the Standalone Ind AS Financial Statements, and expenditure of ₹ 1,267.06 lacs relating to FY 2017-18) is shown as recoverable in the Standalone Ind AS Financial Statements of the Company for the year ended March 31 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of ₹. 2,002.39 lacs has been made which has been shown as an exceptional item

- 36) Subsequent to the year end in May 2018 the Company sold off 18.2 million units of RHT Health Trust, an associate of the Company for a consideration of 13.65 million Singapore Dollars.

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

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 07, 2018

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF FORTIS HEALTHCARE LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying Consolidated Ind AS Financial Statements of Fortis Healthcare Limited (hereinafter referred to as “the Parent” or “the Company”) and its subsidiaries (the Parent and its subsidiaries together referred to as “the Group”), which includes the Group’s share of profit in its associates and its joint ventures, comprising the Consolidated Balance Sheet as at March 31, 2018, the Consolidated Statement of Profit and Loss (including other comprehensive income), the Consolidated Cash Flow Statement, the Consolidated Statement of Changes in Equity, for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as “the or these Consolidated Ind AS Financial Statements”).

Management’s Responsibility for the Consolidated Ind AS Financial Statements

The Parent’s Board of Directors is responsible for the preparation of these Consolidated Ind AS Financial Statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as “the Act”) that give a true and fair view of the consolidated financial position, consolidated financial performance including other comprehensive income, consolidated cash flows and consolidated statement of changes in equity of the Group including its share of profit / loss in its associates and joint ventures in accordance with the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with the Companies (Indian Accounting Standards) Rules, 2015, as amended, and other accounting principles generally accepted in India. The respective Board of Directors of the entities included in the Group and of its associates and joint ventures are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group, its associates and its joint ventures and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Consolidated Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the Consolidated Ind AS Financial Statements by the Directors of the Parent, as aforesaid.

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs below and paragraph 1 under the section ‘Report on Other Legal and Regulatory Requirements’ below.

Auditor's Responsibility

Our responsibility is to express an opinion on these Consolidated 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 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 Consolidated 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 Consolidated Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Consolidated Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial controls relevant to the Parent's preparation of the Consolidated 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 Parent's Board of Directors, as well as evaluating the overall presentation of the Consolidated Ind AS Financial Statements.

We have considered the material weaknesses identified and reported in our separate Report on the Internal Financial Controls over Financial Reporting in determining the nature, timing and extent of audit tests applied in our audit of the Consolidated Ind AS Financial Statements for the year ended March 31, 2018.

Except as indicated in the Basis for Qualified Opinion paragraphs below, we believe that the audit evidence obtained by us (including the written representations by the Management which was taken on record by the Board of Directors) and the audit evidence obtained by other auditors in terms of their reports referred to in the Other Matters paragraphs below, is sufficient and appropriate to provide a basis for our qualified audit opinion on these Consolidated Ind AS Financial Statements.

Basis for Qualified Opinion

1. As explained in Note 38 of the Consolidated Ind AS Financial Statements, pursuant to certain events/transactions, the erstwhile Audit and Risk Management Committee (the 'ARMC') of the Company decided to carry out an independent investigation by an external legal firm on certain matters more fully described in the said Note. The terms of reference for the investigation, the significant findings of the external legal firm (including identification of certain systemic lapses and override of internal controls), which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, are summarised in the said Note.

Also, as explained in the said Note:

- a) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Consolidated Ind AS Financial Statements.
- b) With respect to the other matters identified in the Investigation Report, the Board intends to appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. They will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report including, inter alia, initiating an internal enquiry.
- c) At this juncture the Board is unable to make a determination on whether a fraud has occurred on the Company in respect of the matters covered in the investigation by the external legal firm, considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report.
- d) Various regulatory authorities are currently undertaking their own investigation (refer Note 39 of the Consolidated Ind AS Financial Statements), and it is likely that they may make a determination on whether

any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report.

- e) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

In view of the above, we are unable to comment on the regulatory non-compliances, if any, and the adjustments/disclosures which may become necessary as a result of further findings of the ongoing or future regulatory/internal investigations and the consequential impact, if any, on these Consolidated Ind AS Financial Statements.

2. As explained in Notes 36 and 37 (b) of the Consolidated Ind AS Financial Statements, the Group has recognised a provision aggregating to ₹ 44,502.62 lacs against the outstanding ICDs placed (including interest accrued thereon of ₹ 4,259.62 lacs) and ₹ 2,549.02 lacs against property advance (including interest accrued thereon of ₹ 174.02 lacs), due to uncertainty of recovery of these balances. The recognition of interest income aggregating to ₹ 4,433.64 lacs as at March 31, 2018 on these doubtful ICDs and property advance is not in compliance with Ind AS 18 'Revenue' and consequently interest income and exceptional items (net) are overstated to that extent.
3. As explained in Note 14 (I) of the Consolidated Ind AS Financial Statements, a Civil Suit has been filed by a third party (to whom the ICDs were assigned – refer Note 36 of the Consolidated Ind AS Financial Statements) ('Assignee' or 'Claimant') against various entities including the Company (together "the Defendants"), before the District Court, Delhi and have, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La-Femme" in addition to certain financial claims. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit.

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged Term Sheet with the said certain party.

Whilst this matter was included as part of the investigation carried out by the external legal firm referred to in paragraph 1 above, the external legal firm did not report on the merits of the case since the matter was sub judice.

In addition to the above, the Company has also received four notices from the Claimant claiming (i) Rs. 1,800 lacs as per notices dated 30 May, 2018 and 1 June, 2018 (ii) ₹ 21,582 lacs as per notice dated 4 June, 2018; and (iii) and ₹ 1,962 lacs as per notice dated 4 June, 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, the certain party has also asserted rights to invest in the Company as part of the alleged transaction involving the Claimant. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Since the Civil Suit is sub-judice, the outcome of which is not determinable at this stage, we are unable to comment on the consequential impact, if any, of the above matters on these Consolidated Ind AS Financial Statements.

4. As explained in Note 9(4) of the Consolidated Ind AS Financial Statements, related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 38 (d) (iv), (ix) and (x) of the Consolidated Ind AS Financial Statements) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.

In the absence of all required information, we are unable to comment on the completeness/accuracy of the related party disclosures/details in these Consolidated Ind AS Financial Statements and the compliance with the applicable regulations and the consequential impact, if any, of the same on these Consolidated Ind AS Financial Statements.

5. As explained in Note 37 (c) of the Consolidated Ind AS Financial Statements, the Company through its overseas subsidiaries made investments in an overseas fund. Subsequent to the year end, investments held in the fund were sold at a discount of 10%. As at March 31, 2018, the consequential foreseeable loss of ₹ 5,510.14 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) has been considered in these Consolidated Ind AS Financial Statements.

In absence of sufficient information available with the Group demonstrating the reasonability of the discount recorded as provision for foreseeable loss in the value of the investment in the overseas fund, we are unable to comment on the same.

6. As explained in Note 43 of the Consolidated Ind AS Financial Statements, the Company having considered all necessary facts and taking into account external legal advice, has decided to treat as non est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. The external legal counsel has also advised that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to ₹ 2,002.39 lacs is shown as recoverable in the Consolidated Ind AS Financial Statements of the Company for the year ended March 31 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of Rs. 2,002.39 lacs has been made which has been shown as an exceptional item.

As stated above, due the nature of dispute and uncertainty involved, we are unable to comment on the tenability of the refund claim, the provision made for the uncertainty in recovery of the amounts, the recovery of the assets in possession of the erstwhile Director and other non-compliances, if any, with the applicable regulations and the consequential impact, if any, of the same on these Consolidated Ind AS Financial Statements.

Qualified Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries, associates and joint ventures referred to in the Other Matters paragraphs below, except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, which are not quantifiable, and our comments in paragraph 1 under the section 'Report on Other Legal and Regulatory Requirements' below, the aforesaid Consolidated 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 Ind AS and other accounting principles generally accepted in India, of the Consolidated state of affairs of the Group as at March 31, 2018, and their Consolidated loss, Consolidated total comprehensive loss, their Consolidated cash flows and Consolidated statement of changes in equity for the year ended on that date.

Emphasis of Matter

1. We draw attention to the following matters in the Notes forming part of the Consolidated Ind AS Financial Statements:
 - a) Notes 14 (II) (A) and (B) relating to outcome of income tax assessments in respect of Escorts Heart Institute and Research Centre Limited (EHIRCL), one of the subsidiaries in the Group, regarding amalgamation of two Societies and its subsequent conversion to EHIRCL.
 - b) Notes 14 (II)(C), (D) and (E) relating to the outcome of the civil suit / arbitrations with regard to termination of certain land leases allotted by Delhi Development Authority (DDA) and the matter related to non-compliance with the order of the Honourable High Court of Delhi in relation to provision of free treatment / beds to poor by Escorts Heart Institute and Research Centre Limited.

- c) Note 14 (III) regarding matter relating to termination of Hospital lease agreement of Hiranandani Healthcare Private Limited, one of the subsidiaries in the Group, by Navi Mumbai Municipal Corporation ('NMMC') vide order dated January 18, 2018.

Based on the advice given by external legal counsel, no provision/ adjustment has been considered necessary by the Management with respect to the above matters in these Consolidated Ind AS Financial Statements.

2. We draw attention to Note 41 of the Consolidated Ind AS Financial Statements wherein it has been explained that the Consolidated Ind AS Financial Statements have been prepared on a going concern basis for the reasons stated in the said Note.

Our opinion is not modified in respect of these matters.

Other Matters

- (a) We did not audit the financial statements of 4 subsidiaries, whose financial statements reflect total assets of ₹ 21,335.73 lacs as at March 31, 2018, total revenues of ₹ 814.36 lacs and net cash outflows amounting to ₹ 81.26 lacs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The Consolidated Ind AS Financial Statements also include the Group's share of net profit of ₹ 590.67 lacs for the year ended March 31, 2018, as considered in the Consolidated Ind AS Financial Statements, in respect of 1 joint venture, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and joint venture, and our report in terms of sub-section (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and joint venture, is based solely on the reports of the other auditors.

We did not audit the financial statements of 4 subsidiaries, whose financial statements, prepared under Singapore Financial Reporting Standards "SFRS" and International Financial Reporting Standards "IFRS", reflect total assets of ₹ 100,456.15 lacs as at March 31, 2018, total revenues of ₹ 5,913.26 lacs and net cash outflows amounting to ₹ 350.44 lacs for the year ended on that date, as considered in the Consolidated Ind AS Financial Statements. The financial statements of the subsidiaries prepared in accordance with SFRS have been audited by other auditors who have submitted their conclusions, prepared under generally accepted auditing standards of their respective countries. The Management of the Company has converted these financial statements of the subsidiaries to Ind AS, for the purpose of the preparation of the Consolidated Ind AS Financial Statements. Our report in terms of sub-section (3) of Section 143 of the Act on the Consolidated Ind AS financial statements, in so far it relates to amount and disclosures included in respect of the subsidiaries, is based solely on the report of other auditors and the conversion adjustments prepared by the Management and audited by us.

We also did not audit the financial statements of 3 overseas associates and 1 overseas joint venture included in the Consolidated Ind AS Financial Statements whose financial statements, prepared under Singapore Financial Reporting Standards "SFRS" and Nepal Accounting Standard "NAS" respectively, reflect Group's share of net profit of ₹ 6,402.53 lacs for the year ended March 31, 2018 as considered in the Consolidated Ind AS Financial Statements. The financial statements of the associates prepared in accordance with SFRS and joint venture prepared in accordance with NAS have been audited by other auditors who have submitted their conclusions, prepared under generally accepted auditing standards of their respective countries. The Management of the Company has converted these financial statements of the joint venture and associates to Ind AS, for the purpose of the preparation of the Consolidated Ind AS Financial Statements. Our report in terms of sub-section (3) of Section 143 of the Act on the Consolidated Ind AS financial statements, in so far it relates to amount and disclosures included in respect of the joint venture and associates, is based solely on the report of other auditors and the conversion adjustments prepared by the Management and audited by us.

- (b) We did not audit the financial statements of 8 subsidiaries, whose financial statements reflect total assets of ₹ 11,280.82 lacs as at March 31, 2018 total revenues of ₹ 13,075.16 lacs and net cash inflows amounting to ₹ 209.85 lacs for the year ended on that date, as considered in the Consolidated Ind AS Financial statements. The Consolidated Ind AS Financial Statements also include the Group's share of net profit of ₹ 223.25 lacs for the year ended March 31, 2018 as considered in the Consolidated Ind AS Financial Statements, in respect of 3 associates and 2 joint venture, whose

financial statements have not been audited by us. These financial statements are unaudited and have been furnished to us by the Management and our opinion on the Consolidated Ind AS Financial Statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, joint venture and associates, is based solely on such unaudited financial statements. In our opinion and according to the information and explanations given to us by the Management, these financial statements are not material to the Group.

Our opinion on the Consolidated Ind AS Financial Statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors and the financial statements certified by the Management.

Report on Other Legal and Regulatory Requirements

1. As regards to the matters to be inquired by the auditors in terms of section 143(1) of the Act, we report, to the extent applicable, as follows:

- (a) As explained in Note 36 and Note 38(d)(ii) and (vi) of the Consolidated Ind AS Financial Statements, a wholly owned subsidiary of the Company has granted loans in the form of ICDs to three borrower companies, which are stated to have been secured at the time of grant on July 1, 2017. However, it has been noted in the Investigation Report that:
 - i. there were certain systemic lapses and override of internal controls including shortcomings in executing documents and creating a security charge. The charge was later on created in February 2018 for the ICDs granted on July 1 2017 while the Company/ FHsL was under financial stress; and
 - ii. there were certain systemic lapses in respect to the assignment of the ICDs and subsequent termination of the arrangement, viz., no diligence was undertaken in relation to assignment, it was not approved by the Treasury Committee and was antedated. The Board of the subsidiary took note of the same only in February 2018.

Further, we note from the Investigation Report that the external legal firm was unable to assess as to whether the security (charge) is realisable considering the nature of assets held by the borrower companies.

In view of the above, we are unable to comment whether aforesaid loans and advances made by the wholly owned subsidiary on the basis of security have been properly secured or whether they are prejudicial to the interests of the Group.

- (b) As explained in Note 38(d)(i) of the Consolidated Ind AS Financial Statements, in respect of the ICDs placed, the Investigation Report has stated that a roll-over mechanism was devised whereby, the ICDs were repaid by cheque by the borrower companies at the end of each quarter and fresh ICDs were released at the start of succeeding quarter under separately executed ICD agreements. Further, in respect of the roll-overs of ICDs placed on July 1, 2017 with the borrower companies, FHsL utilized the funds received from the Company for the purposes of effecting roll-over.

We are unable to determine whether these transactions in substance represent book entries or whether they are prejudicial to the interests of the Group as these were simultaneously debited and credited to the bank statement

However, as explained in Note 36 to the Consolidated Ind AS Financial Statements, the Company's Management has fully provided for the outstanding balance of the ICDs and the interest accrued thereon as at March 31, 2018.

- (c) As explained in Note 38(d) (viii), during the year, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of ₹ 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ₹ 794.50 lacs to a promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the promoter group company were ultimately routed through various intermediary companies and used for repayment of the ICDs /vendor advance to FHsL / Company.

Further as explained in Note 38 (e), the Company through its subsidiary (i.e. FHsL) acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs /vendor advance to FHsL.

With regard to the above acquisitions, we are informed that pre-approval from the Audit Committee was obtained for acquiring the equity interest, but not for advancing the loans to these subsidiaries. Further, we understand that the aggregate of the amounts paid towards acquisition of shares and the loans given were substantially higher than the enterprise value of these companies at the time of acquisition, as determined by the Group.

In view of the above, we are unable to determine whether these transactions are prejudicial to the interests of the Group.

2. As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of subsidiaries, associates and joint ventures companies incorporated in India, referred in the Other Matters paragraph above, we report, to the extent applicable, that:
 - (a) We have sought and, except for the matters described in the Basis for Qualified Opinion paragraphs above and the matters described in paragraph 1 above of this section, obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Consolidated Ind AS Financial Statements.
 - (b) Except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above and the matters described in paragraph 1 above of this section, in our opinion proper books of account as required by law relating to preparation of the aforesaid Consolidated Ind AS Financial Statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.
 - (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income/Loss), the Consolidated Cash Flow Statement and Consolidated Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the Consolidated Ind AS Financial Statements.
 - (d) Except for the effects / possible effects of the matters described in the Basis for Qualified Opinion paragraphs above, in our opinion the aforesaid Consolidated Ind AS Financial Statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - (e) The matters described in the Basis for Qualified Opinion, the Emphasis of Matters paragraphs above and the matters described in paragraph 1 above of this section, in our opinion, may have an adverse effect on the functioning of the Group.
 - (f) On the basis of the written representations received from the directors of the Company as on March 31, 2018 and taken on record by the Board of Directors of the Company and the reports of the statutory auditors of its subsidiary companies, associate companies and joint venture companies incorporated in India, none of the other directors of the Group's companies, its associate companies and joint venture companies incorporated in India is disqualified as on March 31, 2018 from being appointed as a director in terms of Section 164(2) of the Act.
 - (g) The qualification relating to maintenance of accounts and other matters connected therewith are as stated in the Basis for Qualified Opinion paragraphs above and in the matters described in paragraph 1 above of this section.
 - (h) With respect to the adequacy of the Internal Financial Controls over Financial Reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditor's

reports of the Company, subsidiary companies, associate companies and joint venture company incorporated in India. Our report expresses an adverse opinion on the Internal Financial Controls over Financial Reporting of those companies, for the reasons stated therein.

- (i) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. Except for the possible effects of the matters described in paragraph 3 of the Basis for Qualified Opinion above, the Consolidated Ind AS Financial Statements disclose the impact of pending litigations on the consolidated financial position of the Group, its associates and joint ventures.
 - ii. Except for the possible effects of the matters described in paragraph 6 of the Basis for Qualified Opinion above, the Group did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.
 - iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company and its subsidiary companies, associate companies and joint venture companies incorporated in India.

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

RASHIM TANDON
Partner
(Membership No. 095540)

Gurugram, July 07, 2018
RT/YK/2018

“ANNEXURE A” TO THE INDEPENDENT AUDITOR’S REPORT

(Referred to in paragraph 2(h) under ‘Report on Other Legal and Regulatory Requirements’ section of our Audit 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”)

In conjunction with our audit of the Consolidated Ind AS Financial Statements of FORTIS HEALTHCARE LIMITED (hereinafter referred to as “the Parent” or “the Company”) as of and for the year ended March 31, 2018, we have audited the internal financial controls over financial reporting of the Company, its subsidiary companies, its associates and a jointly controlled company, which are companies incorporated in India, as of that date, to which the requirements for reporting under section 143(3)(i) of the Act applies.

Management’s Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent, its subsidiary companies, and a jointly controlled company, which are companies incorporated in India, to which the requirements for reporting under section 143 (3)(i) of the Act applies, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies 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 (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Also, refer to the matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 under the section ‘Report on Other Legal and Regulatory Requirements of our Audit Report.

Auditor’s Responsibility

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

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

We believe that the audit evidence we have obtained (including the written representations by the Management which was taken on record by the Board of Directors) and the audit evidence obtained by the other auditors of the subsidiary companies and a jointly controlled company, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our adverse audit opinion on the internal financial controls system over financial reporting of the Company, its subsidiary companies, its associates and its jointly controlled company, which are companies incorporated in India.

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.

Basis for Adverse Opinion

The matters described in the Basis for Qualified Opinion paragraphs and in paragraph 1 of the section 'Report on Other Legal and Regulatory Requirements' of our Audit Report on the Consolidated Ind AS Financial Statements for the year ended March 31, 2018, and the control weaknesses observed in the Company's financial closing and reporting process in regard to assessment of the impairment of goodwill where the Company did not have adequate internal controls for identifying impairment indicators, selection and application of various inputs to be used in testing, review and maintaining documentation for workings used in testing and concluding whether there is any impairment, have resulted in material weaknesses in the internal financial controls over financial reporting as the Company and its subsidiaries have not (a) adhered to their internal control policies (b) safeguarded their assets (c) prevented and detected possible frauds and errors (d) ensured the accuracy and completeness of the accounting records, and (e) prepared reliable financial information on a timely basis.

A 'material weakness' is a deficiency, or a combination of deficiencies, in internal financial control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis.

Adverse Opinion

In our opinion, to the best of our information and according to the explanations given to us and based on the consideration of the reports of the other auditors referred to in the Other Matters paragraph below, because of the effect/possible effect of the material weaknesses described in the Basis for Adverse Opinion paragraph above on the achievement of the objectives of the control criteria, the Company, its subsidiary companies, its associate companies and a jointly controlled company, which are companies incorporated in India, have not maintained adequate internal financial controls over financial reporting and the internal controls were also not operating effectively as of March 31, 2018 based on the internal financial 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 Control Over Financial Reporting issued by the Institute of Chartered Accountants of India.

We have considered the material weaknesses identified and reported above in determining the nature, timing, and extent of audit tests applied in our audit of the Consolidated Ind AS Financial Statements of the Company for the year ended March 31, 2018 and these material weaknesses have, inter alia, affected our opinion on the said Consolidated Ind AS Financial Statements and we have issued a qualified opinion on the said Consolidated Ind AS Financial Statements.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 4 subsidiary companies and 1 jointly controlled company, which are companies incorporated in India, is based solely on the corresponding reports of the auditors of such companies incorporated in India, who have issued unmodified reports on the internal financial controls over financial reporting of these companies.

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

Gurugram, July 07, 2018
RT/YK/2018

RASHIM TANDON
Partner
(Membership No. 095540)

CONSOLIDATED BALANCE SHEET

Particulars	Notes	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
ASSETS			
A. Non-current assets			
(a) Property, plant and equipment	6(i)(a)	284,898.42	297,398.56
(b) Capital work-in-progress	6(i)(b)	19,401.15	23,538.18
(c) Goodwill	6(ii)	204,879.85	232,587.29
(d) Other intangible assets	6(iii)(a)	9,426.43	11,918.38
(e) Intangible assets under development	6(iii)(b)	3,206.49	3,274.11
(f) Financial assets			
(i) Investments			
a) Investments in associates/joint venture	6(iv)	139,685.96	148,626.61
(ii) Trade receivables	6(vii)	-	1,092.59
(iii) Loans	6(viii)	34.95	1,748.97
(iv) Other financial assets	6(ix)	6,205.90	8,923.49
(g) Non-current tax assets (Net)	6(x)(a)	33,148.54	38,328.94
(h) Deferred tax assets (Net)	6(xi)(a)	29,512.21	23,313.60
(i) Other non-current assets	6(xii)	3,617.85	3,463.60
Total non-current assets (A)		734,017.75	794,214.32
B. Current assets			
(a) Inventories	6(xiii)	6,662.76	6,156.67
(b) Financial assets			
(i) Other investments	6(vi)	33,506.37	39,160.01
(ii) Trade receivables	6(vii)	47,018.78	47,294.23
(iii) Cash and cash equivalents	6(xiv)	12,961.62	54,430.26
(iv) Bank balances other than (iii) above	6(xv)	9,005.52	219.34
(v) Loans	6(viii)	1,648.83	8,692.63
(vi) Other financial assets	6(ix)	12,266.53	11,105.80
(c) Other current assets	6(xii)	4,732.25	5,744.26
Assets classified as held for sale	6(xvi)	348.66	4,679.46
Total current assets (B)		127,802.66	172,803.20
Total assets (A+B)		128,151.32	177,482.66
EQUITY AND LIABILITIES			
A. Equity			
(a) Equity share capital	6(xvii)	51,865.72	51,772.76
(c) Other equity	6(xviii)	354,306.65	462,575.70
Equity attributable to owners of the Company		406,172.37	514,348.46
Non-controlling interests		125,523.18	116,728.00
Total equity (A)		531,695.55	631,076.46
B. Liabilities			
I Non-current liabilities			
(a) Financial Liabilities			
(i) Borrowings	6(xix)	94,812.74	127,870.11
(ii) Other financial liabilities	6(xx)	1,243.98	1,446.76
(b) Provisions	6(xxi)	6,369.91	5,510.62
(c) Deferred tax liabilities (Net)	6(xi)(b)	14,311.60	12,886.97
(d) Other non-current liabilities	6(xxii)	254.66	260.67
Total non-current liabilities (B)		116,992.89	147,975.13
II Current liabilities			
(a) Financial liabilities			
(i) Borrowings	6(xxiii)	45,229.23	68,034.35
(ii) Trade payables	6(xxiv)	78,296.11	58,866.06
(iii) Other financial liabilities	6(xx)	70,816.58	40,674.13
(b) Provisions	6(xxi)	6,658.97	6,459.91
(c) Current tax liabilities (Net)	6(x)(b)	276.20	1,581.47
(d) Other current liabilities	6(xxv)	12,079.22	12,453.95
Liabilities directly associated with assets classified as held for sale	6(xvi)	124.32	4,575.52
Total current liabilities (C)		213,480.63	192,645.39
Total liabilities (B+C)		330,473.52	340,620.52
Total equity and liabilities (A+B+C)		862,169.07	971,696.98
See accompanying notes forming part of the consolidated financial statements		1 - 45	

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 7, 2018

Place : Gurugram
Date : July 7, 2018

CONSOLIDATED STATEMENT OF PROFIT AND LOSS

Particulars	Notes	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
I Revenue from operations	6(xxvi)	456,080.96	457,371.47
II Other income	6(xxvii)	13,972.59	16,600.31
III Total Income (I+II)		470,053.55	473,971.78
IV Expenses			
(i) Purchases of medical consumable and drugs		100,408.13	99,986.42
(ii) Changes in inventories of medical consumable and drugs	6(xxviii)	(506.09)	(230.30)
(iii) Employee benefits expense	6(xxix)	90,564.86	90,540.82
(iv) Finance costs	6(xxx)	25,778.70	22,943.64
(v) Depreciation and amortisation expense	6(xxxi)	23,895.52	22,217.86
(vi) Other expenses	6(xxxii)	238,302.21	231,786.07
Total expenses (IV)		478,443.33	467,244.51
V Share of profit of associates/joint ventures [refer note 31(d)]		5,315.95	48,605.94
VI (Loss)/Profit before exceptional item/ tax (III-IV+V)		(3,073.83)	55,333.21
Exceptional items	6(xxxiii)	(88,103.27)	(164.28)
VII (Loss)/Profit before tax		(91,177.10)	55,168.93
VIII Tax expense			
(i) Current tax	6(xxxiv)	9,290.15	9,325.66
(ii) Deferred tax credit	6(xxxiv)	(7,025.05)	(2,085.62)
		2,265.10	7,240.04
IX (Loss)/Profit for the year (VII+VIII)		(93,442.20)	47,928.89
Other comprehensive income/(loss)			
(i) Items that will not be reclassified to profit or loss			
(a) Remeasurements of the defined benefit plans		253.23	(1,200.49)
(b) Deferred tax relating to items that will not be reclassified to profit or loss		(79.14)	416.43
(ii) Items that may be reclassified to profit or loss			
(a) Exchange differences in translating the financial statements of foreign operations		192.78	(1,950.19)
X Total other comprehensive income/(loss)		366.87	(2,734.25)
XI Total comprehensive income/(loss) for the year (IX+X)		(93,075.33)	45,194.64
Profit/(loss) for the year attributable to:			
(i) Owners of the Company		(100,921.69)	42,166.47
(ii) Non-controlling interests		7,479.49	5,762.42
		(93,442.20)	47,928.89
Other comprehensive income/(loss) for the year attributable to:			
(i) Owners of the Company		380.49	(2,709.67)
(ii) Non-controlling interests		(13.62)	(24.58)
		366.87	(2,734.25)
Total comprehensive income/(loss) for the year attributable to:			
(i) Owners of the Company		(100,541.20)	39,456.80
(ii) Non-controlling interests		7,465.87	5,737.84
		(93,075.33)	45,194.64
Earnings per equity share (for continuing operations):	6(xxxv)		
(i) Basic (in Rs.)		(19.46)	8.87
(ii) Diluted (in Rs.)		(19.46)	8.87

See accompanying notes forming part of the consolidated financial statements

1 - 45

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 7, 2018

Place : Gurugram
Date : July 7, 2018

CONSOLIDATED CASH FLOW STATEMENT

	Notes	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
Cash flows from operating activities			
(Loss) / profit after tax		(93,442.20)	47,928.89
Adjustments for:			
Tax expense	6(xxxiv)	2,265.10	7,240.04
Exceptional loss (net)	6(xxxiii)	88,103.27	164.28
Interest expenses	6(xxx)	25,778.70	22,943.64
Interest income	6(xxvii)	(13,700.26)	(10,969.10)
Loss on disposal of property, plant and equipment (net)	6(xxxii)	94.78	116.39
(Profit) / loss on sale of current investment	6(xxxii)	(4.02)	(5,207.95)
Remeasurement of actuarial gain/loss	6(xxix)	253.23	(2,734.25)
Provision for doubtful receivables	6(xxxii)	7,607.09	5,244.17
Provision for doubtful advances	6(xxxii)	331.51	830.98
Advances written off	6(xxxii)	1,156.63	-
Loss on sale of investment in overseas fund	6(xxxii)	5,510.14	-
Depreciation and amortisation expense	6(xxxi)	23,895.52	22,217.86
Provision for contingencies	6(xxxii)	189.98	238.58
Provision for litigations	6(xxxii)	-	347.64
Bad debts written off	6(xxxii)	32.71	30.14
Expense recognised in respect of equity-settled share-based payments	6(xxix)	1,193.84	942.84
Operating profit before working capital changes		49,266.02	89,334.15
Movements in working capital:			
(Increase)/decrease in trade and other receivables		(6,271.76)	(2,049.39)
(Increase)/decrease in inventories		(506.09)	(153.13)
(Increase)/decrease in other assets		(669.76)	(5,891.39)
Increase/ (Decrease) in trade payables		19,430.05	2,725.15
Increase/ (Decrease) in provisions		868.37	16,807.25
Increase/ (Decrease) in other liabilities		(4,720.43)	6,989.23
Cash generated from operations		57,396.40	107,761.88
Income taxes paid		(2,036.94)	(11,116.60)
Net cash generated by operating activities	(A)	55,359.45	96,645.28
Cash flows from investing activities			
Interest received		4,213.50	9,310.77
Maturity/ (Investment) in bank balances other than cash		(960.83)	2,390.32
Payments for property, plant and equipment		(18,010.91)	(27,762.17)
Proceeds from disposal of property, plant and equipment		12,453.60	-
Inter Corporate deposits (given)/received back (net)		(40,243.00)	-
Proceeds from repayment of loan by body corporate		4,750.00	2,375.00
Proceeds from disposal of mutual fund		-	22,942.55
Dividends received from associates		4,483.47	36,247.80
Purchase of compulsorily convertible preference shares		-	(35,669.00)
Net cash inflow/(outflow) on disposal/ investment of subsidiary		-	(109,998.41)
Net cash (used in) investing activities	(B)	(33,314.17)	(100,163.14)
Cash flows from financing activities			
Proceeds from issue of equity instruments of the company		924.76	794.90
Movement in current account under negative lien - Placed		(7,235.29)	-
Payment on acquisition of partial interest in a subsidiary that does not involve change of control		(6,099.70)	-
Proceeds from long-term borrowings		18,632.87	61,393.90
Repayments of from long-term borrowings		(21,487.38)	(12,354.71)
(Repayments of) / Proceeds from short-term borrowings (net)		(32,595.98)	(903.59)
Interest paid		(25,444.06)	(22,993.14)
Net cash generated (used in)/from financing activities	(C)	(73,304.79)	25,937.35
Net (decrease)/increase in cash and cash equivalents	(A+B+C)	(51,259.51)	22,419.49
Cash and cash equivalents at the beginning of the year		34,753.75	12,299.28
Add: Cash and cash equivalents in respect of subsidiaries acquired during the year		-	34.98
Cash and cash equivalents at the end of the year	6(xiv)	(16,505.76)	34,753.75
See accompanying notes forming part of the consolidated financial statements	1 - 45		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 7, 2018

Place : Gurugram
Date : July 7, 2018

CONSOLIDATED STATEMENT OF CHANGE IN EQUITY

Particulars		(₹ in Lacs)									
a. Equity share capital											
Balance at April 1, 2016		46,312.99									
(a) Issue of equity shares under employee share option plan		83.61									
(b) Conversion of Foreign Currency Convertible Bonds into equity shares		5,376.16									
Balance at March 31, 2017		51,772.76									
(c) Issue of equity shares under employee share option plan		92.96									
Balance at March 31, 2018		51,865.72									
b. Convertible non-participating preference share capital											
Balance at April 1, 2016		30,000.00									
(a) Acquired by Group Company		(30,000.00)									
Balance at March 31, 2017		-									
(b) Addition during the year		-									
Balance at March 31, 2018		-									
c. Other equity											
Particulars		Reserve and Surplus					Items of other comprehensive income				Total
		General Reserve	Share options outstanding Account	Capital redemption reserve	Other Reserves	Retained earnings	Foreign currency translation reserve	Attributable to owners of the parents	Non-controlling interests		
Balance at April 1, 2016 (A)		41,964.89	821.11	337.50	(1,432.06)	36,630.81	(5,070.19)	369,802.93	39,165.12	408,968.05	
Profit for the year		-	-	-	-	42,166.47	-	42,166.47	5,762.42	47,928.89	
Other comprehensive income for the year, net of income tax		-	-	-	-	(759.48)	(1,950.19)	(2,709.67)	(24.58)	(2,734.25)	
Total comprehensive income for the year (B)		-	-	-	-	41,406.99	(1,950.19)	39,456.80	5,737.84	45,194.64	
Premium on shares issued during the year		-	(24.84)	-	-	-	-	48,582.60	-	48,582.60	
Transferred from equity component of compound financial instrument	(1,663.84)	-	-	-	-	1,663.84	-	-	-	-	
Dividend distribution tax on dividend	-	-	-	-	-	(49.50)	-	(49.50)	-	(49.50)	
Non controlling interest and goodwill adjustment	-	-	-	-	-	(1,099.56)	-	(1,099.56)	(663.12)	(1,762.68)	
Acquisition of subsidiary during the year	-	-	-	-	-	-	-	-	72,488.16	72,488.16	
Recognition of share-based payments	-	-	942.84	-	-	-	-	942.84	-	942.84	
FCCB Reserve transferred on conversion	-	-	-	-	-	4,939.60	-	4,939.60	-	4,939.60	
Balance at March 31, 2017 (C)		156.00	1,739.11	337.50	(1,432.06)	83,492.18	(7,020.38)	462,575.70	116,728.00	579,303.71	

Other equity	Reserve and Surplus										Items of other comprehensive income		Total
	Particulars	Equity component of compound financial instruments	Securities premium reserve	Amalgamation reserve	General Reserve	Share options outstanding Account	Capital redemption reserve	Other Reserves	Retained earnings	Foreign currency translation reserve	Attributable to owners of the parents	Non-controlling interests	
	Profit / (loss) for the year	-	-	-	-	-	-	-	(100,921.69)	-	(100,921.69)	7,479.49	(93,442.20)
	Other comprehensive income for the year, net of income tax	-	-	-	-	-	-	-	187.71	192.78	380.49	(13.62)	366.87
	Total comprehensive income for the year (D)	-	-	-	-	-	-	-	(100,733.98)	192.78	(100,541.20)	7,465.87	(93,075.33)
	Premium on shares issued during the year	-	831.80	-	-	-	-	-	-	-	831.80	-	831.80
	Non current investment adjustments	-	-	-	-	-	-	-	(3,057.81)	-	(3,057.81)	-	(3,057.81)
	Non controlling interest adjustments	-	-	-	-	-	-	-	520.54	-	520.54	444.96	965.50
	Purchase of stake from Non-controlling interest	-	-	-	-	-	-	-	(7,118.95)	-	(7,118.95)	761.43	(6,357.52)
	Recognition of share-based payments	-	-	-	-	1,070.92	-	-	-	-	1,070.92	122.92	1,193.84
	ESOP issue by subsidiary	-	-	-	-	-	-	-	25.65	-	25.65	-	25.65
	Balance at March 31, 2018 (E)	-	344,170.26	156.00	41,964.89	2,810.03	337.50	(1,432.06)	(26,872.37)	(6,827.60)	354,306.65	125,523.18	479,829.84

See accompanying notes forming part of the consolidated financial statements

1 - 45

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sd/-
RASHIM TANDON
Partner

For and on behalf of the Board of Directors
FORTIS HEALTHCARE LIMITED

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035
Place : Gurugram
Date : July 7, 2018

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 7, 2018

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of operations

Fortis Healthcare Limited (the 'Company' or 'Parent Company' or 'FHL') was incorporated in the year 1996 and commenced its hospital operations in the year 2001. As part of its business activities, the Company holds interests in its subsidiaries (the Company and its subsidiaries hereinafter referred to as the 'Group') which includes the Group's interest in its associates and joint ventures through which it manages and operates a network of multi-specialty hospitals and diagnostics centers.

The registered office of the Company is located at Fortis Hospital Sector-62 Phase-VIII, Mohali 160062, Punjab and the corporate office of the Company is located at Tower A, Unitech Business Park, Block - F South City - 1, Sector-41 Gurugram 122001, Haryana.

The Company's equity shares are listed on both BSE Limited and National Stock Exchange of India Limited.

2. Recent Accounting Pronouncements

Appendix B to Ind AS 21, Foreign currency transactions and advance consideration

On March 28, 2018, MCA has notified the Companies (Indian Accounting Standards) Amendment Rules 2018 containing Appendix B to Ind AS 21, Foreign currency transactions and advance consideration which clarifies the date of the transaction for the purpose of determining the exchange rate to use on initial recognition of the related asset, expense or income, when an entity has received or paid advance consideration in a foreign currency. This amendment will come into force from April 1, 2018.

The Management does not expect that the adoption of the above amendments to the above standard will have an impact on the financial statements of the Group.

Amendments to Ind AS 12 - Recognition of Deferred Tax Assets for Unrealised Losses

The amendments clarify that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of that deductible temporary difference. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profit may include the recovery of some assets for more than their carrying amount.

The Management does not expect that the adoption of the above amendments to the above standard will have an impact on the Consolidated Financial Statements of the Group.

Ind AS 115, Revenue with Contract with Customers

On March 28, 2018, Ministry of Corporate Affairs has notified the Ind AS 115, Revenue from Contract with Customers. The core principle of the new standard is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Further the new standard requires enhanced disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers.

The standard permits two possible methods of transition:

- Retrospective approach- Under this approach the standard will be applied retrospectively to each prior reporting period presented in accordance with Ind AS 8 - Accounting Policies, Changes in Accounting Estimates and Errors.
- Retrospectively with cumulative effect of initially applying the standard recognized at the date of initial application (Cumulative catch - up approach)

The effective date for adoption of Ind AS 115 is financial periods beginning on or after April 1, 2018. The Group is evaluating the requirements of the amendment and its impact on the financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

3. Summary of significant accounting policies

(a) Statement of compliance

The financial statements of the Group has been prepared in accordance with Indian Accounting Standards ('Ind AS') notified under section 133 of the Companies Act 2013, read together with the Companies (Indian Accounting Standards) Rules, 2015.

(b) Basis of preparation and presentation of Consolidated Financial Statements

The Consolidated financial statements relates to FHL and its subsidiaries, joint ventures and associates ('Fortis Group' or 'Group') more fully described in 'composition of group' in note 7 below.

The Consolidated 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 reporting period as explained in accounting policy below.

Historical cost is generally based on the fair value of the consideration given in exchange of goods and services. The accounting policies have been applied consistently over all the periods presented in the consolidated financial statements.

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 Group 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 consolidated financial statements is determined on such a basis, except for share based payment transaction that are within the scope of Ind AS 102, leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realisable value in Ind AS 2 and value in use in Ind AS 36.

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:

- i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii) 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
- iii) Level 3 inputs are unobservable inputs for the asset or liability.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and entities (including structured entities) controlled by the Company. Control is achieved when the Company:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Group reassesses whether or not it controls an investee if facts and circumstances indicate there are changes to one or more of the three elements of control listed above.

When the Company has less than a majority of the voting rights of an investee, it has power over investee when the voting rights are sufficient to give it the practical ability to direct the relevant activities of the

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

investee unilaterally. The Company considers all relevant facts and circumstances assessing whether or not the Company's voting rights in an investee are sufficient to give it power including:

- the size of the Company's holding of voting rights relative to the size and dispersion of holdings of the other vote holders;
- potential voting rights held by the Company, other vote holders or other parties;
- rights arising from other contractual arrangements; and
- any additional facts and circumstances that indicate that the Company has, or does not have, current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders' meetings.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the Consolidated Statement of Profit and Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interest. Total comprehensive income of the subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustment are made to the financial statement of subsidiaries to bring their accounting policies into line with Group's accounting policies.

All intragroup assets and liabilities, equity, income, expense, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Changes in the Group's ownership interests in existing subsidiaries

Which does not result in loss of control of subsidiary.

- Changes in the Group's ownership interests in subsidiaries are accounted for as equity transactions.
- The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries.
- Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

Which results in loss of control of subsidiary.

- a gain or loss is recognised in profit or loss and is calculated as the difference between
 - (i) the aggregate of the fair value of the consideration received or receivable and the fair value of any retained interest and
 - (j) the previous carrying amount of the assets (including goodwill), and liabilities of the subsidiary and any non-controlling interests.
- All amounts previously recognised in other comprehensive income in relation to that subsidiary are accounted for as if the Group had directly disposed of the related assets and liabilities of the subsidiary (i.e. reclassified to profit or loss or transferred to another category of equity as specified/permitted by applicable Ind AS).

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- The fair value of any investment retained in the former subsidiary at the date when control is lost is regarded as the fair value on initial recognition for subsequent accounting under Ind AS 109, or, when applicable, the cost on initial recognition of an investment in an associate or a joint venture.

(d) Business Combination

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition-date fair values of the assets transferred by the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interests issued by the Group in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

At the acquisition date, the identifiable assets acquired and the liabilities assumed are recognised at their fair value, except that:

- (i) deferred tax assets or liabilities, and assets or liabilities related to employee benefit arrangements are recognised and measured in accordance with Ind AS 12 Income Taxes and Ind AS 19 Employee Benefits respectively; and
- (ii) assets (or disposal groups) that are classified as held for sale in accordance with Ind AS 105 Non-current Assets Held for Sale and Discontinued Operations are measured in accordance with that Standard.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

In case of a bargain purchase, before recognising a gain in respect thereof, the Group determines whether there exists clear evidence of the underlying reasons for classifying the business combination as a bargain purchase. Thereafter, the Group reassesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and recognises any additional assets or liabilities that are identified in that reassessment. The Group then reviews the procedures used to measure the amounts that Ind AS requires for the purposes of calculating the bargain purchase. If the gain remains after this reassessment and review, the Group recognises it in other comprehensive income and accumulates the same in equity as capital reserve. This gain is attributed to the acquirer. If there does not exist clear evidence of the underlying reasons for classifying the business combination as a bargain purchase, the Group recognises the gain, after reassessing and reviewing (as described above), directly in equity as capital reserve.

Non-controlling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured either at fair value or at the non-controlling interests' proportionate share of the recognised amounts of the acquiree's identifiable net assets. The choice of measurement basis is made on a transaction-by-transaction basis. Other types of non-controlling interests are measured at fair value or, when applicable, on the basis specified in another Ind AS.

When the consideration transferred by the Group in a business combination includes assets or liabilities resulting from a contingent consideration arrangement, the contingent consideration is measured at its acquisition-date fair value and included as part of the consideration transferred in a business combination.

Change in fair value of contingent consideration that qualify as measurement period adjustment are adjusted retrospectively, with corresponding adjustment against goodwill or capital reserve, as the case may be.

The subsequent accounting for changes in the fair value of the contingent consideration that do not qualify as measurement period adjustment depends on how the contingent consideration is classified. Contingent consideration that is classified as equity is not remeasured at the subsequent reporting dates and its subsequent settlement is accounted for within equity. Contingent consideration that is classified as an asset or a liability is

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

remeasured at fair value at subsequent reporting dates with the corresponding gain or loss being recognised in Consolidated Statement of Profit and Loss.

When the business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interest in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are reclassified to profit or loss where such treatment would be appropriate if that interest were disposed of.

If the initial accounting for the business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

(e) Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business (see note 3(d) above) less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (or groups of cash-generating units) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

On disposal of the relevant cash-generating unit, the attributable amount of goodwill is included in the determination of the profit or loss on disposal.

The Group's policy for goodwill arising on the acquisition of an associate and a joint venture is described at note 3(f) below.

(f) Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

The results and assets and liabilities of associates and joint ventures are incorporated in these consolidated financial statements using the equity method of accounting, except when the investment, or a portion thereof, is classified as held for sale, in which case it is accounted for in accordance with Ind AS 105. Under the equity method, an investment in an associate or a joint venture is initially recognised in the consolidated balance sheet at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate or joint venture.

Distributions received from an associate or a joint venture reduce the carrying amount of the investment. When the Group's share of losses of an associate or a joint venture exceeds the Group's interest in that

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate or joint venture), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture.

An investment in an associate or a joint venture is accounted for using the equity method from the date on which the investee becomes an associate or a joint venture. On acquisition of the investment in an associate or a joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised directly in equity as capital reserve in the period in which the investment is acquired.

After application of the equity method of accounting, the Group determines whether there any is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the net investment in an associate or a joint venture and that event (or events) has an impact on the estimated future cash flows from the net investment that can be reliably estimated. If there exists such an objective evidence of impairment, then it is necessary to recognise impairment loss with respect to the Group's investment in an associate or a joint venture.

When necessary, the entire carrying amount of the investment (including goodwill) is tested for impairment in accordance with Ind AS 36 Impairment of Assets as a single asset by comparing its recoverable amount (higher of value in use and fair value less costs of disposal) with its carrying amount. Any impairment loss recognised forms part of the carrying amount of the investment. Any reversal of that impairment loss is recognised in accordance with Ind AS 36 to the extent that recoverable amount of the investment subsequently increases.

The Group discontinues the use of the equity method from the date when the investment ceases to an associate or a joint venture, or when the investment is classified as held for sale. When the Group retains an interest in the former associate or joint venture and the retained interest is a financial asset, the Group measures the retained interest at fair value at that date and the fair value is regarded as its fair value on initial recognition in accordance with Ind AS 109. The difference between the carrying amount of the associate or joint venture at the date the equity method was discontinued, and the fair value of any retained interest and any proceeds from disposing of a part interest in the associate joint venture is included in the determination of the gain or loss on disposal of the associate or joint venture. In addition, the Group accounts for all amounts previously recognised in other comprehensive income in relation to that associate or joint venture on the same basis as would be required if that associate or joint venture had directly disposed of the related assets or liabilities. Therefore, if a gain or loss previously recognised in other comprehensive income by that associate or joint venture would be reclassified to profit or loss on the disposal of the related assets or liabilities, the Group reclassifies the gain or loss from equity to profit or loss (as a reclassification adjustment) when the equity method is discontinued.

The Group continues to use the equity method when an investment in an associate becomes investment in a joint venture or an investment in a joint venture becomes an investment in an associate. There is no remeasurement to fair value upon such changes in ownership interests.

When the Group reduces its ownership interest in an associate or a joint venture but the Group continues to use the equity method, the Group reclassifies to profit or loss the proportion of the gain or loss that had previously been recognised in other comprehensive income relating to that reduction in ownership interest if that gain or loss would be reclassified to profit or loss on the disposal of the related assets or liabilities.

When a group entity transacts with an associate or a joint venture of the Group, profits and losses resulting

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from the transactions with the associate or joint venture are recognised in the Group's consolidated financial statements only to the extent of interests in the associate or joint venture that not related to the Group.

(g) **Non-current assets held for sale**

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the asset (or disposal group) is available for immediate sale in its present condition subject only to terms that are usual and customary for sales of such asset (or disposal group) and its sale is highly probable. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

When the Group is committed to a sale plan involving loss of control of a subsidiary, all of the assets and liabilities of that subsidiary are classified as held for sale when the criteria described above are met, regardless of whether the Group will retain a non-controlling interest in its former subsidiary after the sale.

When the Group is committed to a sale plan involving disposal of an investment, or a portion of an investment, in an associate or joint venture, the investment or the portion of the investment that will be disposed of is classified as held for sale when the criteria described above are met, and the Group discontinues the use of the equity method in relation to the portion that is classified as held for sale. Any retained portion of an investment in an associate or a joint venture that has not been classified as held for sale continues to be accounted for using the equity method. The Group discontinues the use of the equity method at the time of disposal when the disposal results in the Group losing significant influence over the associate or joint venture.

After the disposal takes place, the Group accounts for any retained interest in the associate or joint venture in accordance with Ind AS 109 unless the retained interest continues to be an associate or a joint venture, in which case the Group uses the equity method (see the accounting policy regarding investments in associates or joint ventures above).

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell.

(h) **Revenue Recognition**

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated returns, trade allowances for deduction, rebates, goods and service tax or any other tax as applicable and amounts collected on behalf of third parties. Unbilled revenue is recorded for the patients where patient has not been discharged and invoice are not raised as on the reporting date.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

Operating Income (IPD and OPD)

Operating income is recognised as and when the services are rendered / pharmacy items (medical consumables and drugs) are sold. Revenue from sale of goods are recognised when all the significant risks and rewards of ownership of goods have been passed to the buyer which coincides with the delivery of goods. The Company collects goods and service tax (GST) or any other tax as may be applicable on behalf of the government and, therefore, these are not economic benefits flowing to the Company. Hence, they are excluded from revenue.

Income from Laboratory

Revenue from diagnostic services is recognised at the time of generation and release of test reports, which coincides with the completion of service to the customer.

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Income from Medical Services

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

Sale of Product

Revenue from sale of goods is recognized when all the significant risks and rewards of ownership of the goods have been passed to the buyer, usually on delivery of the goods. The Group collects goods and Service Tax (GST) or any other tax as applicable on behalf of the government and, therefore, these are not economic benefits flowing to the Group. Hence, they are excluded from revenue.

Trustee-manager fees earned are recognized when services are rendered.

Income from Satellite Centers

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

Income from Clinical Research

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

Income from Sponsorships

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

Income from Academic Services

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

Equipment Lease Rentals and Income from Rent

Revenue is recognised in accordance with the terms of lease agreements entered into with the respective lessees on straight line basis except where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases.

Export benefits

Income from 'Service Export from India Scheme' 'SEIS' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received on a net basis to the extent it is certain that economic benefits will flow to the Group.

Interest income

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Group 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.

Dividend Income

Dividend income from investment is recognized when the shareholder's right to receive payment has been established.

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(i) 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.

Group as the lessee

Rental expense from the operating lease is generally recognised as an expense in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Assets held under finance lease are initially recognized as assets of the Group at the lower of the fair value at inception of the leased property or, if lower, present value of minimum lease payments. The corresponding liability to the lessor is included in the Consolidated Balance Sheet as a finance lease obligation.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized immediately in the Consolidated Statement of Profit and Loss, unless they are directly attributed to qualifying assets, in which they are capitalized in accordance with the Group's general accounting policy on borrowing cost. Lease management fees, legal charges and other initial direct costs of lease are capitalized. Contingent rentals are recognised as expenses in the period in which they are incurred.

Group as the lessor

Leases in which the Group does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in Property Plant and Equipment. Rental income on operating lease is recognized in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the Group's expected inflationary cost increases, such increases are recognised in the year in which such benefits accrue.

Costs, including depreciation, are recognized as an expense in the Consolidated Statement of Profit and Loss. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased assets and recognised on a straight-line basis over the lease term.

(j) Foreign currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognised at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period

- i) Monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date.
- ii) 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.
- iii) Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences on settlement or restatement of monetary items are recognised in the Consolidated Statement of Profit and Loss in the period in which they arise except for:

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- i) 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;
- ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks.
- iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the investment in the foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to the Consolidated Statement of Profit and Loss on repayment of the monetary items.

For the purposes of presenting these consolidated financial statements, the assets and liabilities of Group's foreign operations are translated into Indian ₹ using exchange rates prevailing at end of each reporting period. Income and expense items are translated at the average exchange rate for the period, unless exchange rates fluctuate significantly during that period, in which case exchange rates at the dates of the transactions are used. Exchange differences arising, if any, are recognised in other comprehensive income and accumulated in equity (and attributed to non-controlling interests as appropriate).

On the disposal of a foreign operation (i.e. a disposal of the Group's entire interest in a foreign operation, a disposal involving loss of control over a subsidiary that includes a foreign operation, or a partial disposal of an interest in a joint arrangement or an associate that includes a foreign operation of which the retained interest becomes a financial asset), all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Group are reclassified to profit or loss.

In addition, in relation to a partial disposal of a subsidiary that includes a foreign operation that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences are re-attributed to non-controlling interests and are not recognised in profit or loss. For all other partial disposals (i.e. partial disposals of associates or joint arrangements that do not result in the Group losing significant influence or joint control), the proportionate share of the accumulated exchange differences is reclassified to profit or loss.

Goodwill and fair value adjustments to identifiable assets acquired and liabilities assumed through acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and translated at the rate of exchange prevailing at the end of each reporting period. Exchange differences arising are recognised in other comprehensive income.

(k) Borrowing Costs

Borrowing costs 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.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation. All other costs are recognised in the Consolidated Statement of Profit and Loss in the period in which they are incurred.

(l) Government grants

Government grants are not recognised until there is reasonable assurance that the Group will comply with the conditions attaching to them and such grants can reasonably have a value placed upon them.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises as expenses the related costs for which the grants are intended to compensate.

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Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in profit or loss in the period in which they become receivable.

(m) Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans like provident fund, employee state insurance scheme are recognised as an expense when employees have rendered service entitling them to the contributions.

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 the end of each reporting period.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to the Consolidated Statement of Profit and Loss. Past service cost is recognised in the Consolidated Statement of Profit and Loss in the period of a plan amendment.

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

Defined benefit costs are categorised as follows:

- service cost (including current service cost, past service cost, as well as gains and losses on curtailments and settlements);
- net interest expense or income; and
- remeasurement

The Group presents the first two components of defined benefit costs in the Consolidated Statement of Profit and Loss in the line item 'Employee benefits expense' and "Finance Cost" respectively. Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the Consolidated Balance Sheet represents the actual deficit or surplus in the Group's defined benefit plans. Any surplus resulting from this calculation is limited to the present value of any economic benefits available in the form of refunds from the plans or reductions in future contributions to the plans.

A liability for a termination benefit is recognised at the earlier of when the entity can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

ii) 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 period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

Liabilities recognised in respect of employee benefits are measured at the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date.

Accumulated leave, which is expected to be utilised within the next 12 months, is treated as short-term

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employee benefit. The Group measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Group treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes and liability is determined using the present value of the estimated future cash outflows expected to be made by the Group in respect of services provided by employees up to the reporting date. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the year-end. Actuarial gains/losses are immediately taken to the Consolidated Statement of Profit and Loss and are not deferred. The Group presents the leave as a current liability in the balance sheet; to the extent it does not have an unconditional right to defer its settlement for 12 months after the reporting date. Where Group 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.

iii) Contributions to provident fund

Certain entities comprised within the Fortis Group make contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952. Provident Fund is a defined contribution scheme and the contributions are charged to the Consolidated Statement of Profit and Loss of the year when an employee renders the related service.

The provident fund contribution of certain employees of the group is being deposited with “Fortis Healthcare Limited Provident Fund Trust” and “Escorts Heart Institute and Research Centre Limited Provident Fund Trust”; such contribution to the trust additionally requires the Company to guarantee payment of interest at rates notified by the Central Government from time to time, for which shortfall, if any has to be provided for as at the balance sheet date. There are no other obligations other than the contribution payable to the fund

(n) **Share-based payment arrangements**

Share-based payment transactions of the Group

Equity-settled share-based payments to employees and others providing similar services are measured at the fair value of the equity instruments at the grant date. Details regarding the determination of the fair value of equity-settled share-based transactions are set out in note 17.

The fair value determined at the grant date of the equity-settled share-based payments is expensed on a straight-line basis over the vesting period, based on the Group's estimate of equity instruments that will eventually vest, with a corresponding increase in equity. At the end of each reporting period, the Group revises its estimate of the number of equity instruments expected to vest. The impact of the revision of the original estimates, if any, is recognised in the Consolidated Statement of Profit and Loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the equity settled share option outstanding account.

Equity-settled share-based payment transactions with parties other than employees are measured at the fair value of the goods or services received, except where that fair value cannot be estimated reliably, in which case they are measured at the fair value of the equity instruments granted, measured at the date the entity obtains the goods or the counterparty renders the service.

(o) **Taxation**

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

i) **Current tax**

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before

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tax' as reported in the Consolidated 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 reporting period.

Current income-tax is measured at the amount expected to be paid to the tax authorities in accordance with the Income-tax Act, 1961 enacted in India and tax laws prevailing in the respective tax jurisdictions where the Group operates.

ii) Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in computation of taxable profit. Deferred tax is also recognised in case of unused tax credits such as minimum alternate tax paid in a year but is available for utilization in a subsequent year when tax is payable at normative basis.

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 (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

In the case of unused tax losses probability is evaluated considering factors like existence of sufficient taxable temporary differences, convincing other evidence that sufficient taxable profit will be available. At the end of each reporting period, the Group reassesses unrecognized deferred tax assets and, the Group recognizes a previously unrecognized deferred tax asset to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or 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 period 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 reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, 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 liabilities relate to the same taxable Group and the same taxation authority.

iii) Current and deferred tax for the year

Current and deferred tax are recognised in the Consolidated 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. Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

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(p) Property, plant and equipment (PPE)

PPE held for use in the supply of services, or for administrative purposes, are stated in the consolidated balance sheet at cost or deemed cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

PPE are stated at cost, net of 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 PPE is added to its carrying value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance. All other expenditure related to existing assets including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Consolidated Statement of Profit and Loss in the period during which such expenditure is incurred.

Projects under which tangible PPE 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 PPE when completed and ready to use.

Depreciation commences when the assets are ready for their intended use. Depreciation on all PPE except land are provided on a straight-line method based on the estimated useful life of PPE, which is follows:

PPE	Useful Lives
Building	30-60 Years
Plant and Machinery	15 years
Medical and laboratory equipment	10-13 years
Computers	3 years
Furniture and fittings	10 years
Office equipment's	5 years
Vehicles	4- 8 years

Buildings constructed over the land under lease are depreciated over the shorter of estimated life or lease period.

Depreciation on Leasehold improvements is provided over the primary period of lease or over the useful lives of the respective PPE, whichever is shorter.

The useful lives of PPE are reviewed at the end of each reporting period if the expected useful life of the asset changes significantly from previous estimates, the effect of such change in estimates are accounted for prospectively.

The carrying amount of a PPE is de-recognised upon disposal of PPE 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 PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Profit and Loss. The carrying amount of PPE in case of assets held for sale is de-recognised from PPE and measured in accordance with Ind AS 105.

(q) Intangible assets

Intangible assets acquired separately

Intangible assets with finite useful life that are acquired separately are carried on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any. Amortisation is recognised on a

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straight-line basis over their estimated useful lives. The estimated useful life and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate being accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are carried at cost less accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of other consideration given to acquire an asset at the time of its acquisition or development, or, when applicable, the amount attributed to that asset when initially recognised in accordance with the specific requirements of other Indian Accounting Standards.

The Cost of Intangible assets are amortized on a straight-line basis over their estimated useful life which is as follows.

Technical Know-how fees

Technical Know-how fees are amortised over a period of 3 – 5 years from the date of commencement of commercial operation by the respective entity.

Software

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

License fee

License fees capitalized as intangible asset is amortised over a period of 4-10 years, being management estimate of the useful life of the asset.

Assets developed

Assets developed are amortized over a period of 5 years, being the estimated useful life as per the management estimates.

Non-Compete fee

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

Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from development (or from the development phase of an internal project) is recognised if, and only if, all of the following have been demonstrated:

- the technical feasibility of completing the intangible asset so that it will be available for use or sale;
- the intention to complete the intangible asset and use or sell it;
- the ability to use or sell the intangible asset;
- how the intangible asset will generate probable future economic benefits;
- the availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and
- the ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognised for internally-generated intangible assets is the sum of the expenditure incurred from the date when the intangible asset first meets the recognition criteria listed above. Where no internally-generated intangible asset can be recognised, development expenditure is recognised in profit or loss in the period in which it is incurred.

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Subsequent to initial recognition, internally-generated intangible assets are reported at cost less accumulated amortisation and accumulated impairment losses, on the same basis as intangible assets that are acquired separately.

Derecognition of intangible Assets

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains and losses arising from de-recognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the Consolidated Statement of Profit and Loss when the asset is de-recognised.

(r) Impairment of tangible and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible 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 Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. When a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash-generating units, or otherwise they are allocated to the smallest group of cash-generating units for which a reasonable and consistent allocation basis can be identified.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

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 Consolidated Statement of Profit and Loss.

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 Consolidated Statement of Profit and Loss.

(s) Inventories

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

Net realizable value represents the estimated selling price in the ordinary course of business, less estimated costs of completion and estimated costs necessary to make the sale.

(t) Provision

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group 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 reporting period, 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).

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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.

(u) **Contingent liabilities**

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

(v) **Segment reporting**

The Group is primarily engaged in the business of healthcare services which is the only reportable business segment as per Ind AS 108 'Operating Segments'. Healthcare services include various patient services delivered through clinical establishment, medical service companies, pathology and radiology services etc.

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

(w) **Earnings per share**

The Group 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 Group by the weighted average number of common shares outstanding during the period.

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. For the purposes of calculating basic EPS, shares allotted to ESOP trust pursuant to employee share based payment plan are not included in the shares outstanding till the employees have exercised their rights to obtain shares after fulfilling the requisite vesting conditions. Till such time, the shares are allotted are considered as dilutive potential equity shares for the purposes of calculating diluted EPS.

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 period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

(x) **Operating cycle**

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

(y) **Financial instrument**

Financial assets and financial liabilities are recognised when a entity 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 consolidated Statement of Profit and Loss.

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(z) 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

Debt Instrument that meet the following conditions are subsequently measured at amortised cost (except for debt instrument that are designated as at fair value through profit or loss ('FVTPL') 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.

Debt Instrument that meet the following conditions are subsequently measured at fair value through other comprehensive income ('FVTOCI') (except for debt instrument that are designated at FVTPL 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.

Interest income is recognised in profit or loss for FVTOCI debt instrument. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instrument are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instrument through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

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 debt instrument 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 debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "Other income" line item.

Financial assets at fair value through profit or loss

Debt instrument that do not meet the amortized cost criteria or debt instrument that meet the FVTOCI criteria are measured at FVTPL. In addition, debt instrument that meet amortized cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria

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may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Group has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or 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 Group'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 Group applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Group in accordance with the contract and all the cash flows that the Group expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Group estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Group measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Group measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Group again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Group uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Group compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the Group always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Group has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance

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is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

Derecognition of financial assets

The Group 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 Group neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Group recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Group retains substantially all the risks and rewards of ownership of a transferred financial asset, the Group 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 profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Group retains an option to repurchase part of a transferred asset), the Group allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period. For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.

Changes in the carrying amount of investment in equity instrument at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

For the purpose of recognizing foreign exchange gains and losses, FVTOCI debt instrument are treated as financial assets measured at amortized cost. Thus, exchange difference on the amortised cost are recognized in profit an loss and other changes in the fair value of FVTOCI financial assets are recognized in the other comprehensive income.

(aa) Financial liabilities and equity instruments

Classification as debt or equity

Debt and equity instruments issued by a entity 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.

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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 Group 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 profit or 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 Group 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 profit or 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 are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the Group, and commitments issued by the Group to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- it has been incurred principally for the purpose of repurchasing it in the near term; or

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- on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a finance liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- such designated eliminates or significantly reduce a measurement or recognition inconsistency that would otherwise arise;
- the finance liability form part of a group of finance assets or finance liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the Group's document risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on re-measurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the Group that are designated by the Group as at fair value through profit or loss are recognised in profit or loss.

Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. 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.

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Financial guarantee contracts issued by a group entity are initially measured at their fair values and, if not designated as at FVTPL, are subsequently measured at the higher of:

- the amount of loss allowance determined in accordance with impairment requirements of Ind AS 109; and
- the amount initially recognised less, when appropriate, the cumulative amount of income recognised in accordance with the principles of Ind AS 18.

Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

(ab) Derivative financial instruments

The Group enters into derivative financial instruments to manage its exposure to foreign exchange rate risks which includes foreign exchange forward contracts.

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

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

Cash and cash equivalents in Cash Flow Statement comprise cash at bank and in 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.

(ad) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or

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payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated. The Company considers all highly liquid investments that are readily convertible to known amounts of cash to be cash equivalents.

4. Critical Accounting Judgements

I. Accounting for Hospital and Medical Services agreement

Fortis Group of companies has entered into separate Hospital and Medical Services Agreements (“HMSA”) with RHT Health Trust Group of companies and Fortis Hospotel Limited (being subsidiary) wherein these companies is required to provide and maintain the clinical establishments along with providing other services towards out-patient diagnostics and radio diagnostic (together known as ‘Clinical establishments’).

The clinical establishments as stated above are 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.

Fortis Group has analysed the substance of the HMSA and has determined that fulfilment of service arrangement is based on the use of specified assets and conveys Fortis Group right to use the Clinical Establishments.

The term of the individual HMSA is 15 years and the Group pays a composite service fee i.e. base and variable fee. The base fee is fixed and increase 3% year on year. The variable fee is based on a percentage of the Hospitals net operating income in accordance with the HMSA.

Fortis Group has analysed increase in base fee payments and has determined that such increase is to compensate for the 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.

II. Assessment of claims and litigations disclosed as contingent liabilities

There are certain claims and litigations which have been assessed as contingent liabilities by the Management (Refer Notes 13, 14 and 15 below) which may have an effect on the operations of the Group should the same be decided against the Group.

The Management has assessed that no further provision / adjustment is required to be made in these Consolidated Ind AS Financial Statements for the above matters, other than what has been already recorded, as they expect a favorable decision based on their assessment and the advice given by the external legal counsels / professional advisors.

III. Control assessment over Fortis C-Doc Healthcare Limited (‘C-Doc’)

In the case of C-Doc, the Group holds 60% equity shares of C-Doc of the entity.

As per terms of Joint Venture agreement, The Group and other investor have right to appoint equal number of directors in the Board of Directors and basis control assessment, the Group has considered the same as joint venture. Hence, it has been accounted for using the equity method.

IV. Control over Fortis Healthcare Middle East LLC

The Subsidiary (SRL) owns 49% equity shares (Group’s effective interest of 27.70%) of Fortis Healthcare Middle East LLC through SRL Diagnostics FZ-LLC. However, based on the contractual arrangement between the Group and other shareholder, the Group has the power to manage the firm technically, financially and administratively to any or all of its Board of Directors and the Management of Fortis Healthcare Middle

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East LLC is under the exclusive control of the Group. Therefore, the Directors of the Group concluded that the Group has control over Fortis Healthcare Middle East LLC and it is consolidated in these financial statements.

V. Control over Fortis Emergency Services Limited (FESL)

During the current year the Group has acquired remaining 51% shareholding in FESL. Whereas In the in the previous year ended 31 March, 2017, the Group did not hold more than 50% equity shares of FESL and based on a control assessment carried out under Ind AS 110 Consolidated Financial Statements. FESL was considered to be a subsidiary of the Group under Ind AS because the Group has a sufficiently dominant interest to direct the relevant activities of FESL owing to its contractual arrangement with FESL.

VI. Control over Fortis Healthstaff Limited

During the current year the Group has acquired remaining 70.61 % shareholding in Fortis Healthstaff Limited. Whereas in the previous year, the Group owned 29.39 % ownership interest in Fortis Healthstaff Limited since it exercised control over Fortis Healthstaff Limited by virtue of contractual right to appoint all the directors of the Fortis Healthstaff Limited. The Board of directors had power to take decisions on the relevant activities of the Company due to which the same was considered to be subsidiary of the Group.

VII. Control over Fortis CSR Foundation

During the year ended March 31, 2015, the Company incorporated 'Fortis CSR Foundation', a non-profit Company under section 8 of the Companies Act, 2013 for carrying out Corporate Social Responsibilities ('CSR') of the Group. Since the objective of control over the entity by the Group is not to obtain economic benefits from its activities, it is not considered for preparation of consolidated financial statement of the Group.

5. Significant accounting estimates

The preparation of the consolidated financial statements requires management to make estimates, assumptions and judgments that affect the reported balances of assets and liabilities and disclosures as at the date of the consolidated financial statements and the reported amounts of income and expense for the periods presented.

The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates considering different assumptions and conditions.

Estimates and underlying assumptions are reviewed on an ongoing basis. Impact on account of revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are discussed below.

(a) Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash generating unit (group of cash generating units) to which goodwill has been allocated. The value in use calculation requires the Group to estimate the future cash flows expected to arise from the cash generating unit (group of cash generating units) and a suitable discount rate in order to calculate present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

(b) Revenue Recognition

Revenue from fees charged for inpatient and outpatient hospital/clinical services rendered to insured, corporate, ECGS and CGHS patients are subject to approval from Insurance companies, corporates, ECGS and CGHS authorities. Accordingly, the Group estimates the amounts likely to be disallowed by such entities based on past trends. Estimation based on past trends are also required in determining the value of consideration from customers to be allocated to award credit for customers.

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(c) Deferred income tax assets and liabilities

Significant management judgment is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and the level of future taxable profits.

The amount of total deferred tax assets could change if estimates of projected future taxable income or if tax regulations undergo a change.

(d) Useful lives of Property, plant and equipment ('PPE')

The Group reviews the estimated useful lives and residual value of PPE at the end of each reporting period. The factors such as changes in the expected level of usage, technological developments and product life-cycle, could significantly impact the economic useful lives and the residual values of these assets. Consequently, the future depreciation charge could be revised and thereby could have an impact on the profit of the future years.

(e) Impairment of investments

The Group reviews its carrying value of investments carried at amortised cost annually, or more frequently when there is an indication for impairment. If the recoverable amount is less than its carrying amount, the impairment loss is accounted for.

(f) Defined benefit plans

The cost of the defined benefit plans and the present value of the defined benefit obligation ('DBO') are based on actuarial valuation using the projected unit credit method. 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 and mortality rates. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(g) Litigation

From time to time, the Group is subject to legal proceedings, the ultimate outcome of each being always subject to many uncertainties inherent in litigation. A provision for litigation is made when it is considered probable that a payment will be made and the amount of the loss can be reasonably estimated. Significant judgement is made when evaluating, among other factors, the probability of unfavourable outcome and the ability to make a reasonable estimate of the amount of potential loss. Litigation provisions are reviewed at each accounting period and revisions made for the changes in facts and circumstances.

(h) Income Taxes

Deferred tax assets are recognized to the extent that it is regarded as probable that deductible temporary differences can be realized. The Group estimates deferred tax assets and liabilities based on current tax laws and rates and in certain cases, business plans, including management's expectations regarding the manner and timing of recovery of the related assets. Changes in these estimates may affect the amount of deferred tax liabilities or the valuation of deferred tax assets and thereby the tax charge in the Consolidated Statement of Profit or Loss.

Provision for tax liabilities require judgements on the interpretation of tax legislation, developments in case law and the potential outcomes of tax audits and appeals which may be subject to significant uncertainty.

Therefore, the actual results may vary from expectations resulting in adjustments to provisions, the valuation of deferred tax assets, cash tax settlements and therefore the tax charge in the Statement of Profit or Loss.

(i) Fair value measurement of derivative and other financial instruments

The fair value of financial instruments that are not traded in an active market is determined by using valuation techniques. This involves significant judgements in selection of a method in making assumptions that are mainly based on market conditions existing at the Balance Sheet date and in identifying the most appropriate estimate of fair value when a wide range of fair value measurements are possible.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

6(i)(a)	Property, plant and equipment	Leasehold land (refer note 1 and 2 below)	Freehold land (refer note 3 and 4 below)	Building (refer note 5 and 6)	Leasehold improvements	Plant & machinery	Medical equipments (refer note 7)	Furniture & fittings (refer note 7)	Computers (refer note 7)	Office equipments	Vehicles	(₹ in Lacs) Total
	Particulars											
	Cost or deemed cost											
	Gross Carrying value											
	As at April 1, 2016	398.22	30,917.82	29,424.13	7,407.04	14,780.19	66,528.93	4,999.99	2,389.64	1,883.41	2,971.20	161,700.57
	Additions	-	-	1,633.28	1,364.91	1,384.18	12,787.68	417.50	678.94	461.79	1,302.28	20,030.56
	Additions on acquisition of subsidiaries (refer note 31)	50,070.00	58,420.00	41,640.00	-	4,930.38	2,929.53	923.70	39.44	192.31	-	159,145.36
	Disposals	-	-	(147.83)	(36.11)	(518.46)	(821.29)	(45.45)	(20.44)	(59.70)	(276.35)	(1,925.63)
	Other adjustments (refer note 8 below)	-	-	-	(9.34)	(0.08)	(7.83)	(9.49)	(0.21)	0.21	-	(26.74)
	Reclassified as held for sale [refer note 6(xvi)]	-	(4,249.02)	-	-	-	-	-	-	-	-	(4,249.02)
	Exchange translation adjustments	-	-	-	(30.14)	-	(21.34)	(0.01)	(1.09)	(0.03)	(0.28)	(52.89)
	As at March 31, 2017	50,468.22	85,088.80	72,549.58	8,696.36	20,576.21	81,395.68	6,286.24	3,086.28	2,477.99	3,996.85	334,622.21
	Additions	-	-	1,295.16	688.82	2,070.11	13,699.86	623.95	679.91	474.31	179.16	19,711.28
	Disposals	-	-	(12,873.77)	(195.07)	(277.74)	(2,181.72)	(48.38)	(25.64)	(28.52)	(416.52)	(16,047.36)
	Exchange translation adjustments	-	-	54.60	3.81	-	3.19	0.05	(0.55)	-	0.03	61.13
	As at March 31, 2018	50,468.22	85,088.80	61,025.57	9,193.92	22,368.58	92,917.01	6,861.86	3,740.00	2,923.78	3,759.52	338,347.26
	Accumulated Depreciation											
	As at April 1, 2016	-	-	577.89	1,440.58	3,275.33	10,535.06	698.35	990.66	503.06	1,126.57	19,147.50
	Charge for the year	-	-	1,905.10	1,641.38	2,307.33	9,679.02	798.21	791.45	597.43	962.73	18,682.65
	Disposals	-	-	(46.48)	(27.24)	(49.06)	(236.26)	(11.88)	(14.85)	(31.12)	(137.15)	(554.04)
	Exchange translation adjustments	-	-	-	(30.35)	-	(20.24)	(0.03)	(1.62)	(0.03)	(0.19)	(52.46)
	As at March 31, 2017	-	-	2,436.51	3,024.37	5,533.60	19,957.58	1,484.65	1,765.64	1,069.34	1,951.96	37,223.65
	Charge for the year	-	-	2,680.83	1,553.93	2,573.46	9,993.57	936.46	780.57	661.47	530.90	19,711.19
	Disposals	-	-	(1,686.02)	(178.09)	(108.70)	(1,155.29)	(43.34)	(21.11)	(13.22)	(293.21)	(3,498.98)
	Exchange translation adjustments	-	-	6.55	3.72	-	2.38	0.03	0.27	-	0.03	12.98
	As at March 31, 2018	-	-	3,437.87	4,403.93	7,998.36	28,798.24	2,377.80	2,525.37	1,717.59	2,189.68	53,448.84
	Carrying value											
	As at March 31, 2017	50,468.22	85,088.80	70,113.07	5,671.99	15,042.61	61,438.10	4,801.59	1,320.64	1,408.65	2,044.89	297,398.56
	As at March 31, 2018	50,468.22	85,088.80	57,587.70	4,789.99	14,370.22	64,118.77	4,484.06	1,214.63	1,206.19	1,569.84	284,898.42

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Notes

1. Leasehold Land includes ₹ 377.11 lacs (Previous Year ₹ 377.11 lacs) in respect of a subsidiary, for which, during the financial year 2005-06, Delhi Development Authority had terminated all the allotment letters lease/ deeds for which the subsidiary has filed an appeal in the Delhi High Court. Repossession of land has been stayed by an interim stay order passed by Delhi High Court [refer note 14(C) and 14(D)]. Leasehold land is not amortised since it has been taken on a perpetual lease.
2. Leasehold Land includes ₹ 21.11 lacs (Previous Year ₹ 21.11 lacs) in respect of a subsidiary, for which, the deed is not in possession of the Group. The subsidiary has written to the Delhi Development Authority to provide a copy of the deed and reply is awaited.
3. The management has confirmed that the Group has clear title to the freehold lands.
4. The original title deeds for certain freehold lands included in above are in the possession of trustee and banks against loans outstanding for which confirmation has been received except for freehold land having carrying value of ₹ 10.09 lacs for which the Group has written to the trustee to provide the title deed and a confirmation is awaited.
5. Residential building includes three flats which have been taken on joint ownership with the doctors and the cost capitalised in the books of accounts relates to share of the subsidiary company. The Gross Block is ₹ 233.00 lacs and Net block is ₹ 166.89 lacs as at 31 March, 2018.
6. Buidling includes hospital building taken under finance lease. [refer note 10(a)].
7. The above assets include certain fixed assets leased pursuant to operating lease agreement [refer note 10(d)].
8. Other adjustments include necessary reclassifications, rectifications and inter head transfers and adjustments to depreciation thereof.
9. Certain assets includes under Property, plant and equipment, are held as pledge against loans taken by the Group.
10. Certain assets owned and belonging to the Company, including but not limited to vehicles having WDV ₹ 258.15 lacs, computers and other IT related equipments, are in possession of the erstwhile Chairman, Mr. Malvinder Mohan Singh. The Group is in the process of taking suitable measures to recover possession of such assets.
11. Certain assets owned and belonging to the Company, including vehicle having WDV ₹ 52.92 lacs and computer are in possession of the erstwhile Vice Chairman, Mr. Shivinder Mohan Singh. The Group is in the process of taking suitable measures to recover possession of such assets.

6(i)(b) Capital work-in-progress

Capital work-in-progress as at March 31, 2018 is ₹ 19,401.15 lacs (net of provision for impairment ₹ 2,656.81 lacs [refer note 28(d) and 37(a)] [as at March 31, 2017 ₹ 23,538.18 lacs (net of provision for impairment Nil)].

6(ii) Goodwill

Goodwill acquired in business combination is allocated, at acquisition, to the cash generating units (CGUs) that are expected to benefit from that business combination. The carrying amount of goodwill had been allocated as follows:

(₹ in lacs)			
Particulars	As at 31 March, 2017	Impairment during the year ended March 31, 2018	As at 31 March, 2018
Cost or deemed cost			
Goodwill on consolidation			
SRL Limited	92,154.73	-	92,154.73
Fortis Hospotel Limited (refer note 31)	23,376.07	-	23,376.07
Escorts Heart Institute and Research Center Limited [Refer note 28(b) & 42]	45,817.57	(17,004.09)	28,813.48
Hiranandani Healthcare Private Limited	4,984.38	-	4,984.38
Stellant Capital Advisory Services Private Limited	494.38	-	494.38
Religare Health Trust Trustee Manager [Refer note 28(f) & 42]	8,642.34	(3,761.76)	4,880.58
Birdie & Birdie Relators Private Limited [Refer note 28(c) & 42]	10,661.33	(6,941.59)	3,719.74
Fortis Healthcare International Limited	17.33	-	17.33
Fortis Malar Hospitals Limited (refer note 24)	(1,288.53)	-	(1,288.53)
Goodwill on consolidation - Total (A)	184,859.60	(27,707.44)	157,152.16
Goodwill acquired separately			
Hospital business			
Banergatta Road Hospital	17,057.66	-	17,057.66
Cunningham Road Hospital	2,704.57	-	2,704.57
Mulund Hospital	13,402.39	-	13,402.39
Kalyan Hospital	1,523.12	-	1,523.12
Fortis Heart and Kidney Institute	1,984.82	-	1,984.82
Anandpur Hospital	6,503.88	-	6,503.88
Jaipur Hospital	657.15	-	657.15
Faridabad Hospital	323.05	-	323.05
Noida Hospital	482.00	-	482.00
Amritsar Hospital	295.15	-	295.15
Shalimar Bagh Hospital	1,624.55	-	1,624.55
Hospital business - Total (B)	46,558.34	-	46,558.34
Diagnostic business			
SRL laboratories	1,169.35	-	1,169.35
Diagnostic business - Total (C)	1,169.35	-	1,169.35
Goodwill acquired separately - Total (D = B+C)	47,727.69	-	47,727.69
Grand Total (A+D)	232,587.29	(27,707.44)	204,879.85

The Group's goodwill on consolidation and 'goodwill acquired separately' are tested for impairment annually at the year-end or more frequently if there are indications that goodwill might be impaired.

The Group made an assessment of recoverable amount of the CGUs based on value-in-use calculations which uses cash flow projections based on financial budgets approved by management except in case of Birdie & Birdie Realtors Private Limited where the valuation has been determined based on the current circle rate of freehold property held by the subsidiary.

Cash flow projections have been developed covering a seven year period as at 31 March, 2018 (as at 31 March, 2017 covering a five year period) which reflects a more appropriate indication/trend of future track of business of the Group. Cash flows beyond the five/seven-year period were extrapolated using estimate rates stated below.

The key assumptions for the value-in-use calculations are those regarding the discount rates, growth rates and expected changes to selling prices and direct costs during the year. Management estimates discount rates using pre-tax rates that reflect current market assessments of the time value of money and the risks specific to the CGUs. The growth rates are based on industry growth forecasts. Changes in selling prices and direct costs are based on past practices and expectations of future changes in the market."

Key Assumptions used for value in use calculations are as follows:

Particulars	As at March 31, 2017	As at March 31, 2018
Compound average net sales growth rate for five / seven-year period	6% - 15%	6% - 25%
"Growth rate used for extrapolation of cash flow projections beyond five / seven-year period"	3.0%	4% - 4.5%
Discount rate	11% - 15%	13% - 17%

Management believes that any reasonable possible change in any of these assumptions would not cause the carrying amount to exceed its recoverable amount.

Discount rates - Management estimates discount rates using pre-tax rates that reflect current market assessments of the risks specific to the CGU, taking into consideration the time value of money and individual risks of the underlying assets that have not been incorporated in the cash flow estimates. The discount rate calculation is based on the specific circumstances of the Group and its operating segments and is derived from its weighted average cost of capital (WACC).

Growth rates - Considering various long term qualitative factors such as group's growth prospects coupled with quantitative factors such as growth in the hospital industry into which the group operates combined with expected inflation and/or real growth in the general economy the long term growth rate has been revised to 4% to 4.5%.

6(iii)(a) Other Intangible Assets

(₹ in Lacs)

Particulars	Technical know how fees	User license agreement (refer note 2)	License fee	Software	Total
Cost or deemed cost					
Gross Carrying value					
As at April 1, 2016	909.63	-	889.03	14,384.96	16,183.62
Additions	65.25	-	57.19	2,768.64	2,891.08

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in Lacs)

Particulars	Technical know how fees	User license agreement (refer note 2)	License fee	Software	Total
Additions on acquisition of subsidiary	-	-	-	173.49	173.49
Disposals	-	-	-	(1.53)	(1.53)
Other adjustments (refer note 1 below)	-	-	-	3.03	3.03
As at March 31,2017	974.88	-	946.22	17,328.59	19,249.69
Additions	-	420.00	44.50	1,243.08	1,707.58
Disposals	-	-	-	(24.97)	(24.97)
Other adjustments (refer note 1 below)	-	-	(0.23)	-	(0.23)
As at March 31,2018	974.88	420.00	990.49	18,546.70	20,932.07
Amortisation					
As at April 1, 2016	615.09	-	429.67	2,751.62	3,796.38
Charge for the year	196.87	-	89.44	3,248.91	3,535.22
Deletions	-	-	-	(0.29)	(0.29)
As at March 31,2017	811.96	-	519.11	6,000.24	7,331.31
Charge for the year	75.97	29.65	127.26	3,616.95	3,849.83
Impairment	-	334.50	-	-	334.50
Deletions	-	-	-	(10.00)	(10.00)
As at March 31,2018	887.93	364.15	646.37	9,607.19	11,505.64
Carrying value					
As at March 31,2017	162.92	-	427.11	11,328.35	11,918.38
As at March 31,2018	86.95	55.85	344.12	8,939.51	9,426.43

Notes:

- Other adjustments include necessary reclassifications, rectifications and inter head transfers and adjustments to depreciation thereof.
- During the current year, the group has purchased business rights from Escorts Heart Centre Limited for Rs 420.00 Lacs on July 18, 2017, which has been re-assessed for the impairment at the year ended on March 31, 2018. The Management has recorded an impairment of Rs 334.50 Lacs at the year ended March 31, 2018 based on the assessment of future cash flow.

6(iii)(b) Intangible assets under development

- Intangible assets under development as at March 31, 2018 is ₹ 3,206.49 lacs (as at March 31, 2017 ₹ 3,274.11 lacs)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(iv)	Investments in Associates/Joint venture		
	A. Quoted investments (all fully paid)		
	(a) Investments in equity instruments		
	<u>Investment in Associate companies</u>		
	<u>(accounted under equity method)</u>		
	(i) RHT Health Trust, Singapore (formerly known as Religare Health Trust) [(refer note 7(1))		
	241,276,944 (230,386,943 as at March 31, 2017) units of SGD 0.90 each, fully paid up	65,908.51	62,342.68
	Add: Acquired during the year [10,890,001 (Previous year March 31, 2017 8,490,000) units of SGD 0.90 each, fully paid up] (including capital reserve of ₹ 22.20 lacs (Previous year March 31, 2017 capital reserve of ₹ 22.20 lacs)	994.35	3,565.83
	Add: Share in post acquisition profits till previous year	9,557.78	(640.77)
	Add: Share in profits for the current year	1,587.89	46,229.05
	Less: Dividend received during the year	(4,075.64)	(36,030.50)
	Add: Other adjustments	(3,595.67)	(592.18)
	Add: Exchange translation adjustments	224.75	(131.27)
		70,601.97	74,742.84
	(ii) Lanka Hospitals Corporate PLC, Srilanka		
	64,120,915 (64,120,915 as at March 31, 2017) Equity Shares of Lankan ₹ (LKR) 62 each (including goodwill of ₹ 16,102.33 lacs)	19,762.82	19,762.82
	Add: Share in pre acquisition profits upto the date of acquisition	568.70	568.70
	Add: Share in post acquisition profits upto the beginning of the year	2,660.87	1,872.47
	Add: Share in profits for the current year	715.99	1,370.94
	Less: Dividend received during the year	(292.83)	(582.54)
	Less: Impairment during the year [refer note 28(e)]	(4,905.00)	-
	Add: Other adjustments (including translation adjustments)	(2,409.37)	(1,702.83)
		16,101.19	21,290.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(iii) Medical And Surgical Centre Limited, Mauritius		
164,670,801 (164,670,801 as at March 31, 2017) Ordinary Shares of MUR 10 each (including capital reserve of ₹ 4,224.26 lacs)	1,312.69	1,312.69
Add: Share in post acquisition profits till the previous year	1,665.85	1,386.09
Add: Share in (loss)/profits for the current year	(453.97)	497.06
Less: Dividend received during the year	-	(217.30)
Add: Other adjustments	610.35	46.73
Add: Exchange translation adjustments	233.40	225.73
	3,368.31	3,251.00
TOTAL AGGREGATE QUOTED INVESTMENTS (A)	90,071.47	99,283.84

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
B. Unquoted Investments (all fully paid)		
(a) Investments in equity instruments		
<u>Investment in Associate companies (at cost)</u>		
(i) Sunrise Medicare Private Limited	0.31	0.31
[3,126 (3,126 as at March 31, 2017) Equity Shares of ₹ 10 each, fully paid up]		
Less: Provision for impairment of investment	(0.31)	-
(ii) Fortis Medicare International Limited	-	-
[Nil (98,000 as at March 31, 2017) Ordinary Shares of US\$ 1 each, fully paid up][refer note 29]		
<u>Investment in Joint ventures</u>		
(i) DDRC SRL Diagnostics Private Limited	950.88	950.88
240,000 (240,000 as at March 31, 2017) Equity Shares of Nepalese ₹ 100 each fully paid-up		
Add: Share of Profit for the current year	1,019.61	568.75
Add: Share of reserve movement in the year	835.61	858.12
Less: Dividend received during the year	(100.00)	(150.00)
	2,706.10	2,227.75

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(ii) SRL Diagnostics (Nepal) Private Limited [250,000 (250,000 as at March 31, 2017) Equity Shares of ₹ 10 each, fully paid up]] Less: Dividend received during the year Add: Share of Profit Add: Share of reserve movement in the year	150.00 (15.00) 60.96 (4.61)	150.00 27.28 172.67
(iii) Fortis C-Doc Healthcare Limited [4,060,637 (4,060,637 as at March 31, 2017) Equity Shares of ₹ 10 each, fully paid up]]	-	-
(b) Investments in Preference shares (at cost)		
Investment in Joint venture		
(i) SRL Diagnostics (Nepal) Private Limited 2,250,000 (2,250,000 as at 31 March 2017) zero coupon preference shares of ₹ 10 each, fully paid up	-	225.00
(c) Investments in debentures		
Investment in Associate company - at amortised cost		
(i) International Hospitals Limited 4,671,704 (4,671,704 as at March 31, 2017) 9.3 % Non Convertible Debentures of face value of ₹ 1,000 each.	46,717.04	46,717.04
TOTAL AGGREGATE UNQUOTED INVESTMENTS (B)	49,614.49	49,342.77
Investments in Associates/Joint venture - Total (A+B)	139,685.96	148,626.61
6(vi) Other Investments		
Current		
A. Unquoted Investments (all fully paid)		
(a) Investment in mutual funds - measured at FVTPL		
(i) 500,000 (As at March 31, 2017 500,000) shares of USD 100 each in Global Dynamic Opportunity Fund (net of provision for loss on sale of investment) [see note 37(c)]	33,506.37	39,160.01
Other Investments - Total	33,506.37	39,160.01

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

NOTES:

A INVESTMENT IN ASSOCIATES

A.1 Break-up of investment in associates (carrying amount determined using the equity method of accounting)

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(i) Aggregate book value of quoted investments	90,071.47	99,283.84
(ii) Aggregate market value of quoted investments	122,560.05	126,634.87
(iii) Aggregate carrying value of unquoted investments	46,717.04	46,717.35
(iv) Aggregate amount of impairment in value of investments in associates	0.31	-

A.2 Summarised financial information of material associates

Summarised financial information in respect of each of the Group's material associates is set out below. The summarised financial information below represents amounts shown in the associate's financial statements prepared in accordance with Ind ASs adjusted by the Group for equity accounting purposes.

(i) RHT Health Trust (formerly known as Religare Health Trust) ('RHT')

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Non-current assets	352,869.04	357,539.33
(b) Current assets	35,905.74	9,915.79
(c) Non-current liabilities	111,975.55	91,880.05
(d) Current liabilities	73,419.29	58,297.81
Equity	203,379.92	217,277.27

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Revenue	43,019.23	55,080.49
(b) Profit from continuing operations	9,101.83	159,377.79
(c) Profit for the year	9,101.83	159,377.79
(d) Other comprehensive loss for the year	9.76	(25.90)
(e) Total comprehensive income for the year	9,111.59	159,351.90
(f) Dividends received from the associate during the year	4,075.64	36,030.50

Reconciliation of the above summarised financial information to the carrying amount of the interest in Religare Health Trust recognised in the consolidated financial statements:

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Net assets of the associate	203,379.92	217,277.27
(b) Proportion of the Group's ownership interest in RHT	29.83%	29.86%
(c) Goodwill	2,348.49	2,278.60
(d) Other adjustments (See note 1 below)	7,585.24	7,585.24
Carrying amount of the Group's interest in RHT	70,601.97	74,742.84

Note:

1. FHL as sponsor of RHT waived off its right to receive dividend from RHT from the date of listing till March 31, 2014. Accordingly, management had not accounted for profits of RHT till year ended March 31, 2014. The share of such profits waived as well as the reduction in net asset value of the Group's share consequent of dividend distributed to other unit holders is goodwill arising at the time of listing.
2. Share in profit of associate companies for the previous year ended 31 March, 2017 includes the Group's share of profit (in full) of around ₹ 42,117 lacs on gain recognized by its associate (RHT) arising from the disposal of FHTL business to FHL and consequent fair valuation of RHT's residual interest in FHTL under Ind AS 110. The same has been accounted for in full by the Group under Ind AS 28 considering it to be a disposal of a business by RHT, and a business acquisition for the Group accounted under Ind AS 103.

A.3 Financial information in respect of individually not material associates

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) The Group's share of profit from continuing operations	262.02	1,780.83
(b) The Group's share of other comprehensive income	-	-
(c) The Group's share of total comprehensive income	262.02	1,780.83

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Aggregate carrying amount of the Group's interests in these associates	19,469.50	22,820.70

B INVESTMENT IN JOINT VENTURES**B.1 Break-up of investment in joint ventures (carrying amount determined using the equity method of accounting)**

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(i) Aggregate book value of quoted investments	-	-
(ii) Aggregate market value of quoted investments	-	-
(iii) Aggregate carrying value of unquoted investments	2,897.45	2,652.42
(iv) Aggregate amount of impairment in value of investments in Joint Ventures	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

B.2 Summarised financial information of material joint ventures

Summarised financial information in respect of each of the Group's material Joint Ventures is set out below. The summarised financial information below represents amounts shown in the Joint Venture's financial statements prepared in accordance with Ind ASs adjusted by the Group for equity accounting purposes.

(i) DDRC SRL Diagnostics Private Limited

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Non-current assets	4,220.95	3,451.00
(b) Current assets	1,722.07	1,589.83
(c) Non-current liabilities	278.97	692.46
(d) Current liabilities	1,158.28	967.18
Equity	4,505.77	3,381.19

The above amounts of assets and liabilities include the following:

(a) Cash and cash equivalents	529.02	525.50
(b) Current financial liabilities (excluding trade payables and provisions)	57.17	71.07
(c) Non-current financial liabilities (excluding trade payables and provisions)	-	450.00

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Revenue	12,795.45	10,807.58
(b) Profit from continuing operations	1,367.43	1,082.54
(c) Profit for the year	1,367.43	1,082.54
(d) Other comprehensive income for the year	8.04	(10.39)
(e) Total comprehensive income for the year	1,375.47	1,072.15
(f) Dividends received from the Joint Venture during the year	100.00	150.00

The above profit for the year include the following:

(a) Depreciation and amortisation	529.40	490.22
(b) Interest income	13.38	13.71
(c) Interest expense	18.87	15.80
(d) Income tax expense (income)	726.47	602.68

Reconciliation of the above summarised financial information to the carrying amount of interest in the Joint Venture recognised in consolidated financial statements:

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Net assets of joint venture	4,505.77	3,381.19
(b) Adjustments for the purpose of consolidation and policy alignment	906.42	1,074.30
(c) Net assets as per consolidation	5,412.19	4,455.49
(d) Proportion of Group's ownership interest in joint venture	50.00%	50.00%
(e) Carrying amount of Group's interest in the joint venture	2,706.10	2,227.75

(ii) SRL Diagnostics (Nepal) Private Limited

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Non-current assets	90.96	71.79
(b) Current assets	545.21	467.64
(c) Non-current liabilities	-	1.84
(d) Current liabilities	253.47	192.25
Equity	382.70	345.34

The above amounts of assets and liabilities include the following:

(a) Cash and cash equivalents	358.62	311.64
(b) Current financial liabilities (excluding trade payables and provisions)	41.68	28.59
(c) Non-current financial liabilities (excluding trade payables and provisions)	-	1.84

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Revenue	549.15	570.65
(b) Profit from continuing operations	67.36	54.56
(c) Profit for the year	67.36	54.56
(d) Other comprehensive income for the year	-	-
(e) Total comprehensive income for the year	67.36	54.56
(f) Dividends received from the Joint Venture during the year	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The above profit for the year include the following:

(a) Depreciation and amortisation	26.54	25.33
(b) Interest income	19.96	5.72
(c) Interest expense	0.28	0.27
(d) Income tax expense (income)	22.68	11.44

Reconciliation of the above summarised financial information to the carrying amount of interest in the Joint Venture recognised in consolidated financial statements:

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(a) Net assets of joint venture	382.70	345.34
(b) Proportion of company's ownership interest in joint venture	50.00%	50.00%
(c) Carrying amount of company's interest in the joint venture	191.35	172.67

B.3 Unrecognised share of loss of joint venture

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
The unrecognised share of loss of Joint Venture (Fortis C-Doc Healthcare Limited) for the year	113.02	119.19
	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Cumulative share of unrecognised loss of Joint Venture	698.08	585.06

C INVESTMENT - OTHERS**C.1 Break-up of investment - others (valued at FVTPL)**

	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(i) Aggregate book value of quoted investments	-	-
(ii) Aggregate market value of quoted investments	-	-
(iii) Aggregate carrying value of unquoted investments	33,506.37	39,160.01
(iv) Aggregate amount of impairment in value of investments in associates	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(vii)	Trade receivables		
	Non-current*		
	(a) Unsecured, considered good	-	1,092.59
	(b) Unsecured, considered doubtful	-	86.25
	(c) Less: Allowance for doubtful debts (expected credit loss allowance)	-	(86.25)
		-	1,092.59
Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Current			
	(a) Secured, considered good	-	504.76
	(b) Unsecured, considered good	47,018.78	46,789.47
	(c) Doubtful	27,419.40	17,467.11
	(d) Less: Allowance for doubtful debts (expected credit loss allowance)	(27,419.40)	(17,467.11)
		47,018.78	47,294.23

Notes:

*The management reclassifies the balance in relation to trade receivable from Operation and management ('O&M'), on basis of their expectation of the ability of these O&M to generate cash surplus for repayment to the Group.

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

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. There are customers who represents more than 5% of the total balance of trade receivable. The management has carried out the assessment of the customer and doesn't foresee any default in the payment.

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

Ageing	Expected Credit Allowance %
0 - 1 year	0% - 50%
1 - 2 year	15% - 100%
2 - 3 year	40% - 100%
More than 3 years	70% - 100%

The Group is carrying an allowance of ₹ 27,419.40 lacs (Previous year ₹ 17,467.11 lacs) towards trade receivables. The Management believes that no further provision is required in addition to the allowance for doubtful debts already recorded.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(viii) Loans		
<u>Non-current - at amortised cost</u>		
Unsecured, considered good		
(a) Loan to associates	-	1,707.00
(b) Loan to body corporate and others	8.74	8.74
(c) Loan to employees	26.21	33.23
Total (A)	34.95	1,748.97
<u>Particulars</u>	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Unsecured, considered doubtful		
(a) Loan to body corporate and others	285.96	303.41
(b) Loan to associate	105.88	-
(c) Loan to joint venture [refer note 28(h)]	1,442.72	-
Total (B)	1,834.56	303.41
Less: Allowance for doubtful loans	(1,834.56)	(303.41)
Total (C)	(1,834.56)	(303.41)
Total (A+B+C)	34.95	1,748.97
<u>Current - at amortised cost</u>		
Unsecured, considered good		
(a) Loan to employees	8.22	9.50
(b) Loans to body corporates and others	1,640.61	8,683.13
Total (A)	1,648.83	8,692.63
Secured, considered doubtful		
(a) Inter-corporate deposits [refer note 28(a) and 36]	40,243.00	-
Total (B)	40,243.00	-
Unsecured, considered doubtful		
(a) Loan to body corporate [refer note 28(g) and 37(b)]	2,375.00	-
(b) Loan to body corporate and others	1,738.06	1,685.65
Total (C)	4,113.06	1,685.65
Less: Allowance for doubtful loans	(44,356.06)	(1,685.65)
Total (D)	(44,356.06)	(1,685.65)
Total (A+B+C+D)	1,648.83	8,692.63

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(ix)	Other financial assets (unsecured)		
	<u>Non-Current - at amortised cost</u>		
	Considered good		
	(a) Security deposits	1,910.30	2,327.11
	(b) Deposit accounts with banks (refer note 1 below)	1,656.41	2,246.31
	(c) Interest accrued on loans and bank deposits	204.55	1,499.43
	(d) Technology renewal fund advance to related party (refer note 2 below)	546.98	555.06
	(e) Commitment deposit (refer note 3 below)	1,781.00	1,696.21
	(f) Advances others - recoverable in cash	106.66	599.36
	Total (A)	6,205.90	8,923.49
	Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
	Considered doubtful		
	(a) Security deposits [refer note 28(d) and 37(a)]	378.00	50.00
	(b) Interest accrued on loan to Joint venture [refer note 28(h)]	180.61	-
	Total (B)	558.61	50.00
	Less: Provision for doubtful advances	(558.61)	(50.00)
	Total (C)	(558.61)	(50.00)
	Total (A+B+C)	6,205.90	8,923.49
	<u>Current - at amortised cost</u>		
	Considered good		
	(a) Security deposits	1,547.25	1,389.97
	(b) Interest accrued on loans and bank deposits	4,146.15	341.54
	(c) Technology renewal fund advance to related party (refer note 2 below)	170.93	242.36
	(d) Insurance claim receivable	0.58	1.93
	(e) Full and final settlement recoverable from employees	105.72	106.38
	(f) Earnest money deposit	14.51	39.04
	(g) Staff advance	125.71	154.46
	(h) Advances others	622.09	2,590.44
	(i) Accrued operating income	5,533.59	6,239.68
	Total (A)	12,266.53	11,105.80

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Considered doubtful		
(a) Security deposits [refer note 28(d) and 37(a)]	384.37	100.69
(b) Full & final settlement recoverable from employees	1,103.21	959.62
(c) Interest accrued on inter-corporate deposits [refer note 28(a) and 36]	4,259.62	-
(d) Interest accrued on loan to body corporate [refer note 28(g)]	174.02	-
(e) Advance others [refer note 28(d) and 37(a)]	2,034.87	154.30
(f) Amount recoverable for salary & reimbursement of expenses [refer note 28(j) and 43]	2,002.39	-
Total (B)	9,958.48	1,214.61
Less: Provision for doubtful assets	(9,958.48)	(1,214.61)
Total (C)	(9,958.48)	(1,214.61)
Total (A+B+C)	12,266.53	11,105.80

Notes:

- Fixed deposits is under lien with bank and is restricted from being exchanged for more than 12 months from the Balance Sheet date.
- Technology renewal fund / advance represents funds from the service fee payable to the Hospital Service Companies, for funding the replacement refurbishment and / or upgrade of radiology and other medical equipment owned / used by the Hospital Services Companies.
- Commitment deposit represents funds paid to Hospital Service Companies as commitment for entering into Hospital and Medical Services Agreement (HMSA) upon development of the for a new clinical establishment.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(x) Tax assets & liabilities		
(a) Non-current tax assets		
Advance income-tax (net of provision for taxation)	33,148.54	38,328.94
	33,148.54	38,328.94
(b) Current tax liabilities		
Provision for income-tax (net of advance tax)	276.20	1,581.47
	276.20	1,581.47
	32,872.34	36,747.47

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xi) Deferred tax		
(a) Deferred tax assets (net) (A)	29,512.21	23,313.60
(b) Deferred tax liabilities (net) (B)	14,311.60	12,886.97
Deferred tax (A-B)	15,200.61	10,426.63

Deferred tax liabilities and assets of the legal entities consolidated within the Group have not been set-off for the purpose of presentation in the financial statements.

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

Recognised in profit and loss account and other comprehensive income:

(₹ in lacs)

Deferred tax assets/(liabilities) in relation to:	As at April 1, 2017	Credit / (Charge) to Profit or loss	Credit / (Charge) Other Comprehensive Income	Utilisation of MAT credit	As at March 31, 2018
(a) Property, plant and equipment	(31,952.15)	174.39	-	-	(31,777.76)
(b) Intangible assets	(14,281.35)	(221.64)	-	-	(14,502.99)
(c) Provision for contingency	229.74	41.58	-	-	271.32
(d) Provision for doubtful advances	3,633.26	724.99	-	-	4,358.25
(e) Expected credit loss on receivables	5,989.31	2,370.25	-	-	8,359.56
(f) Employee benefits	3,276.30	628.08	(79.14)	-	3,825.24
(g) Unabsorbed losses	22,715.31	3,397.60	-	-	26,112.91
(h) MAT credit entitlement	4,135.89	10.39	-	(2,171.93)	1,974.35
(i) Other Provisions	1,012.51	406.79	-	-	1,419.30
(j) ESOP Compensation Reserve	91.63	99.49	-	-	191.12
(k) Debt Portion of CCD's	15,576.18	(606.87)	-	-	14,969.31
	10,426.63	7,025.05	(79.14)	(2,171.93)	15,200.61

(₹ in lacs)

Deferred tax assets/(liabilities) in relation to:	As at April 1, 2016	Credit / (Charge) to Profit or loss	Disposal/ Acquisition	Credit / (Charge) to Other Comprehensive Income	As at March 31, 2017
(a) Property, plant and equipment	(679.42)	1,966.19	(33,238.92)	-	(31,952.15)
(b) Intangible assets	(13,581.30)	(703.36)	-	3.32	(14,281.34)
(c) Fair Value of Investment	(3,204.80)	3,204.80	-	-	-
(d) Provision for Contingency	148.38	81.36	-	-	229.74

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Deferred tax assets/(liabilities) in relation to:	As at April 1, 2017	Credit / (Charge) to Profit or loss	Credit / (Charge) Other Comprehensive Income	Utilisation of MAT credit	As at March 31, 2018
(e) Provision for doubtful advances	1,804.79	1,828.47	-	-	3,633.26
(f) Provision for expected credit loss on receivables	4,229.63	1,744.09	15.59	-	5,989.30
(g) Employee benefits	2,505.51	342.80	14.88	413.11	3,276.30
(h) Unabsorbed Losses	19,127.78	3,263.63	323.90	-	22,715.31
(i) MAT Credit Entitlement	11,803.71	(10,400.74)	2,732.93	-	4,135.89
(j) Other Provisions	183.55	118.52	-	-	302.07
(k) ESOP Compensation Reserve	51.34	40.29	-	-	91.63
(l) Others Adjustments	110.87	599.57	-	-	710.44
(m) Debt Portion of CCD's	-	-	15,576.18	-	15,576.18
	22,500.04	2,085.62	(14,575.45)	416.43	10,426.63

Considering the long-term prospects of the industry and recent tax changes, the Group considers it reasonable that the Group will have future taxable profits, which will be sufficient to cover the deferred tax asset recorded as at the Balance sheet date.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xii) Other assets (unsecured)		
<u>Non-current</u>		
Considered good		
(a) Capital advances	632.53	1,306.96
(b) Prepaid expenses	1,107.24	1,693.63
(c) Balances with government authorities		
- Amount paid under protest to Income tax authorities	1,728.08	313.01
- Amount paid under protest to customs, excise and other authorities	150.00	150.00
Total (A)	3,617.85	3,463.60
Considered doubtful		
(a) Capital advances	311.29	2.40
Total (B)	311.29	2.40
Less: Allowance for doubtful advances	(311.29)	(2.40)
Total (C)	(311.29)	(2.40)
Total (A+B+C)	3,617.85	3,463.60

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Current		
Considered good		
(a) Balances with government authorities		
- CENVAT, VAT, Goods and service tax and service tax credit receivable	652.78	653.95
(b) Advance to vendors	1,427.47	1,838.60
(c) Prepaid expenses	1,972.67	2,479.29
(d) Accrued operating income (Service export from India scheme)	679.33	772.41
Total (A)	4,732.25	5,744.26
Considered doubtful		
(a) Balances with customs excise and other authorities	39.14	33.38
(b) Deposits with income tax authorities	12.10	12.10
(c) Advance to vendors	6.44	-
Total (B)	57.68	45.48
Less: Allowance for doubtful other assets	(57.68)	(45.48)
Total (C)	(57.68)	(45.48)
Total (A+B+C)	4,732.25	5,744.26
Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xiii) Inventories		
<u>(Valued at lower of cost and net realisable value)</u>		
(a) Medical consumables and drugs (including reagents and chemicals)*	6,587.42	6,147.35
Add: Goods-in-transit	50.08	-
	6,637.50	6,147.35
(b) Stores and spares	25.26	9.32
	6,662.76	6,156.67

***Note:**

The Group's business does not involve any conversion process for materials. Reagents and chemicals are used to conduct various pathology and radiology procedures and are consumed in the process. Other consumable stores represent various items of stores and spares used in normal course of business.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xiv)	Cash and cash equivalents		
For the purposes of the consolidated statement of cash flows, cash and cash equivalents include cash on hand and in banks, net of outstanding bank overdrafts. Cash and cash equivalents at the end of the reporting period as shown in the consolidated statement of cash flows can be reconciled to the related items in the consolidated balance sheet as follows:			
(a)	Balances with Banks		
	- on current accounts	11,597.47	52,505.34
	- on cash collection accounts	126.16	179.47
	- on EEFC account	0.61	-
	- deposits with original maturity of less than three months	615.65	1,079.82
(b)	Cheques, drafts on hand	103.98	222.02
(c)	Cash on hand	433.53	443.63
(d)	Cash in transit	84.22	-
	Cash and cash equivalents as per balance sheet	12,961.62	54,430.26
	Bank overdrafts and cash credit facility [refer note 6(xxiii)]	(29,467.38)	(19,448.90)
	Book overdrafts [refer note 6(xx)]	-	(227.61)
	Cash and cash equivalents as per statement of cash flows	(16,505.76)	34,753.75
Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xv)	Other bank balances		
(a)	Unpaid dividend account	15.89	15.73
(b)	Deposits with original maturity of more than 3 months but less than 12 months	1,466.61	27.00
(c)	Balances with banks - on current accounts under negative lien (refer note 1 below)	7,235.29	-
(d)	Deposits with maturity of more than 12 months	287.73	176.60
		9,005.52	219.34
Notes			
1. Balance of ₹ 7,235.29 lacs (previous year Nil) in current account is under negative lien against loan amount outstanding of ₹ 9,998.46 lacs [refer note 6(xxiii)] due to default in complying with the terms and conditions of the bank loan.			
Particulars		As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xvi)	Assets/Liabilities classified as held for sale		
	Assets held for sale		
(a)	Freehold land held for sale (refer note 1 below)	-	4,249.02
(b)	Assets related to Lalitha Healthcare Private Limited (refer note 2 below)	348.66	430.44
		348.66	4,679.46

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Liabilities associated with assets held for sale		
(a) Advance received for freehold land held for sale (refer note 1 below)	-	4,251.00
(b) Liabilities related to Lalitha Healthcare Private Limited (refer note 2 below)	124.32	324.52
	124.32	4,575.52

Notes:

- During the previous year ended March 31, 2017, the Group entered into an agreement to sell freehold land owned by the Group and accordingly classified the same as assets held for sale. The Group received an amount of ₹ 4,251.00 lacs from the buyer, as per terms of the agreement for sale. During the current year, the title has been transferred to the buyer vide Sale deed dated 1 August, 2017.
- As at March 31, 2018, the Group intended to dispose its stake held in one of the subsidiary company 'Lalitha Healthcare Private Limited' and had entered into memorandum of understanding with the potential buyers. Accordingly, the net assets and net liabilities of the subsidiary company (net of impairment) had been classified as held for sale as at March 31, 2018. Subsequent to the year-end, the group has entered into definitive agreements with the buyers and the control and management of the subsidiary has been transferred.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xvii) Share capital		
Authorised Share Capital:		
600,000,000 (600,000,000 as at March 31, 2017) Equity shares of ₹ 10 each	60,000.00	60,000.00
200 Class 'A' (200 as at March 31, 2017)	200.00	200.00
Non- Cumulative Redeemable Preference Shares of ₹ 100,000 each		
11,498,846 Class 'B' (11,498,846 as at March 31, 2017)	1,149.88	1,149.88
Non- Cumulative Redeemable Preference Shares of ₹ 10 each		
64,501,154 Class 'C' (64,501,154 as at March 31, 2017) Cumulative Redeemable Preference Shares of ₹ 10 each	6,450.12	6,450.12
Total authorised share capital	67,800.00	67,800.00
Issued, subscribed and fully paid up shares		
518,657,231 (517,727,631 as at March 31, 2017)	51,865.72	51,772.76
Equity shares of ₹ 10 each		
Total issued, subscribed and fully paid up share capital	51,865.72	51,772.76

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Notes :

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

Equity Shares

Particulars	March 31, 2018		March 31, 2017	
	Number of shares	₹ in Lacs	Number of shares	₹ in Lacs
At the beginning of the year	517,727,631	51,772.76	463,129,994	46,312.99
Issued during the Previous year:	-	-	53,761,537	5,376.16
Conversion of Foreign Currency Convertible Bonds (Refer note 22 and 23)				
Issued during the year: Employee Stock Option Plan (ESOP) [refer note 17(i)]	929,600	92.96	836,100	83.61
Outstanding at the end of the year	518,657,231	51,865.72	517,727,631	51,772.76

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. Where dividend is proposed by the Board of Directors, it is subject to the approval of the shareholders in the ensuing Annual General Meeting. In the current and previous year, there has been no dividend proposed by the Board of Directors. In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the company after distribution of all preferential amount. The distribution will be in proportion to the number of equity shares held by the shareholders.

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

Equity Shares

Particulars	As at March 31, 2018		As at March 31, 2017	
	Number of shares held	% of Holding	Number of shares	% of Holding
Fortis Healthcare Holdings Private Limited, the Holding Company	3,420,451	0.66%	270,241,529	52.20%
International Finance Corporation	-	-	34,990,887	6.76%
Yes Bank Limited	78,542,871	15.14%	-	-

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

(d) Shares reserved for issue under options

For details of shares reserved for issue under the employee stock option plan (ESOP) of the Company, refer note 17.

(e) Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Company w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr. Malvinder Mohan

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore, by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent company of the Company till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the Company till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xviii) Other Equity (excluding non controlling interest)		
(I) Reserve and Surplus		
(A) Securities premium account		
Opening balance	343,338.46	294,731.03
Add : Premium on shares issued during the year	831.80	48,582.60
Transfer from Share Options Outstanding Account	-	24.84
Closing balance	344,170.26	343,338.46
(B) Amalgamation reserve (refer note below)		
Opening balance	156.00	156.00
Closing balance	156.00	156.00
(C) General reserves (refer note below)		
Opening balance	41,964.89	41,964.89
Closing balance	41,964.89	41,964.89
(D) Share options outstanding Account (refer note 17)		
Opening balance	1,739.11	821.11
Add: Reserve arising of share-based payments	1,070.92	942.84
Less: Transfer from share options outstanding account due to exercise of vested options	-	24.84
Closing balance	2,810.03	1,739.11
(E) Capital redemption reserve		
Opening balance	337.50	337.50
Closing balance	337.50	337.50
(F) Equity component of compound financial instrument (refer note 22 and 23)		
Opening balance	-	1,663.84
Transfer to surplus in Statement of Profit and Loss	-	(1,663.84)
Closing balance	-	-
(G) Other reserves		

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
Opening balance	(1,432.06)	(1,432.06)
Closing balance	(1,432.06)	(1,432.06)
(H) Surplus in the statement of profit and loss		
Opening balance	83,492.18	36,630.81
Profit/(loss) for the year	(100,921.69)	42,166.47
Non controlling interest, Non current investment and goodwill adjustment	(2,537.27)	(1,099.56)
Dividend distribution tax on dividend	-	(49.50)
Transferred from equity component of compound financial instrument	-	1,663.84
Purchase of stake from Non-controlling interest	(7,118.95)	-
Other comprehensive income arising from remeasurement of defined benefit obligation (net of income-tax)	187.71	(759.48)
ESOP issue by subsidiary	25.65	-
FCCB Reserve transferred on conversion	-	4,939.60
Net (deficit)/surplus in the statement of profit and loss	(26,872.37)	83,492.18
Total (A+B+C+D+E+F+G+H)	361,134.25	469,596.08
(II) Other comprehensive Income		
(A) Foreign currency translation reserve		
Opening balance	(7,020.38)	(5,070.19)
Effect of foreign exchange rates variation during the year	192.78	(1,950.19)
Closing balance	(6,827.60)	(7,020.38)
Total (A)	(6,827.60)	(7,020.38)
Other Equity (excluding non controlling interest) - Total (I+II)	354,306.65	462,575.70

Notes:

1. **Amalgamation Reserve** - Amalgamation reserve was created on amalgamation of Escorts Heart Institute Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society) and later on, registration of the amalgamated Society as Company
2. **General Reserve** - General reserve is created from time to time by way of transfer profits from retained earnings for appropriation purposes. General reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xix) Non-Current Borrowings		
Secured - at amortised cost [refer note 11(I)]		
(a) Term loan from banks	31,150.48	78,479.84

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(b) Term loan from a Non-Banking finance corporation	15,339.89	-
(c) Finance lease obligations	-	15.59
(d) Deferred payment liabilities	332.80	78.35
(e) Vehicle loans	30.13	-
(f) Term loan from body corporates	801.28	923.98
	47,654.58	79,497.77
Unsecured - at amortised cost [refer note 11(I)]		
(a) Term loan from a body corporate	99.84	165.00
(b) Finance lease obligations	3,804.94	3,621.13
(c) Debt component of compulsory convertible debentures	43,253.38	44,486.91
(d) Loan from an associate	-	99.31
	47,158.16	48,372.34
Non-current borrowings - Total	94,812.74	127,870.11

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xx) Other financial liabilities		
Non-current (unsecured) - at amortised cost		
(a) Security deposits	15.01	15.73
(b) Payables on purchase of fixed assets	1,228.97	1,401.85
(c) Other long term liabilities	-	29.18
	1,243.98	1,446.76
Current - at amortised cost		
Secured		
(a) Current maturities of long-term debt [refer note 11(I)]	55,869.88	25,667.02
	55,869.88	25,667.02
Unsecured		
(a) Current maturities of long-term debt [refer note 11(I)]	307.78	162.59
(b) Book overdrafts	-	227.61
(c) Security deposits	198.56	174.60
(d) Deposit from customer	1,869.16	1,715.35
(e) Interest accrued but not due on borrowings	6,946.93	6,757.48
(f) Unpaid equity dividend	15.89	15.73
(g) Payables on purchase of fixed assets	4,638.32	3,328.46
(h) Technology renewal fund payable to related party (refer note 1 below)	160.41	116.41
(i) Payable against losses of associates (refer note 29)	-	1,720.30
(j) Payable to joint venture	-	14.94

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(k) Other liabilities	676.55	640.54
(l) Liability against indemnification (refer note 2 below)	133.10	133.10
	14,946.70	15,007.10
	70,816.58	40,674.13

Notes:

- Technology renewal fund represents fund maintained from the base service fee payable to the Hospital Service Companies, for funding the replacement, refurbishment and/or upgrade of radiology and other medical equipment owned/used by Hospital Service Companies.
- At the time of acquisition of Piramal labs (SRLD) by SRL Limited (Subsidiary), it was agreed that any charge relating to tax litigations before the date of acquisition shall be indemnified to SRL Limited. Accordingly, the amount paid by Piramal to SRL Limited, has been shown under liability against indemnification.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xxi) Provisions		
Non-current		
<u>Provision for employees' benefits</u>		
(a) Provision for gratuity (refer note 18)	6,369.91	5,510.62
	6,369.91	5,510.62
Current		
<u>Provision for employees' benefits</u>		
(a) Provision for gratuity (refer note 16)	756.86	1,178.16
(b) Provision for compensated absences	3,915.21	3,465.88
<u>Others</u>		
(a) Provision for litigation [refer note (i) below]	678.02	678.02
(b) Provision for contingencies [refer note (ii) below]	822.78	669.24
(c) Provision for ESIC (refer note 16)	126.53	109.03
(d) Provision against claim [refer note (iii) below]	359.57	359.57
	6,658.97	6,459.91

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
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Notes

- (i) During the previous year ended March 31, 2017, provision of ₹ 347.63 lacs is made on account of penalty levied by the department towards classification of imported surgical machine under custom regulations by a subsidiary company.

Further, provision of ₹ 330.39 lacs recorded in earlier years towards customs duty liability on import of medical equipments, spares and consumables levied on the subsidiary Company considering it to be as a commercial establishment under Customs Duty Act, 1962.

The subsidiary Company has challenged the aforesaid matters and the provision will be settled in closure of the matter.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
(ii) Provision for contingencies		
(a) Provision for Indemnification [refer note 26(b)]	205.03	205.03
(b) Others*		
Opening balance	464.21	232.84
Add: provision made during the year	189.98	238.58
Less: utilised during the year	(36.44)	(7.21)
Closing balance	617.75	464.21
Total - Provision for contingencies	822.78	669.24

*Provision made against clinical research studies and amount of refund due to patients, which is expected to be settled in due course and therefore considered as current in nature.

- (iii) Provision made against the claim made by a body corporate 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.

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xxii) Other non-current liabilities		
(a) Provision for lease equalisation	254.66	260.67
	254.66	260.67

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xxiii) Current Borrowings		
Secured - at amortised cost [refer note 11(II)]		
(a) Bank overdrafts	27,479.88	19,217.92
(b) Cash credit facility from banks	1,987.50	230.98
(c) Working capital demand loan	11,200.00	12,500.00
(d) Loan from body corporate	-	107.96

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(e) Loan from bank	2,743.06	2,375.71
(f) Bill discounting	1,715.58	2,000.00
	45,126.02	36,432.57
Unsecured - at amortised cost [refer note 11(II)]		
(a) Loan from body corporate	103.21	2,500.00
(b) Loan from ultimate holding company	-	794.50
(c) Loans from an associate	-	102.76
(d) Commercial papers	-	28,204.51
	103.21	31,601.78
	45,229.23	68,034.35

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xxiv) Trade Payable (unsecured)		
Current - at amortised cost		
(a) Total outstanding dues of creditors to micro enterprises and small enterprises	-	-
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises	78,296.11	58,866.06
	78,296.11	58,866.06

Particulars	As at March 31, 2018 (₹ in Lacs)	As at March 31, 2017 (₹ in Lacs)
6(xxv) Other current liabilities (Unsecured)		
(a) Advance from patients / customers	5,444.25	6,959.22
(b) Deferred revenue	29.23	73.15
(c) Provision for lease equalisation	16.55	41.05
(d) Statutory payable	6,589.19	5,380.53
	12,079.22	12,453.95

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxvi) Revenue from operations		
(a) Sale of services		
(i) Operating income - in patient department	308,159.62	312,176.74
(ii) Operating income - out patient department	57,719.12	55,361.81

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
(iii) Laboratory/ clinical services	82,007.80	76,180.19
(iv) Income from medical services	583.31	1,234.54
(v) Management fees from hospitals	2,361.76	2,293.24
(vi) Income from satellite centers	356.20	165.97
(vii) Income from clinical research	177.30	150.33
	451,365.11	447,562.83
Less: Trade discounts	8,782.80	8,338.20
	442,582.31	439,224.63
(b) Sale of products - Trading		
(i) Out patient pharmacy	514.31	2,560.49
	514.31	2,560.49
(c) Revenue from International operations		
(i) Laboratory/ clinical services	2,985.03	3,263.20
(ii) Trustee management fees	2,638.70	5,058.49
(iii) Management fees from hospitals	1,304.59	1,044.66
	6,928.32	9,366.35
(d) Other operating revenues		
(i) Income from academic services	235.23	210.14
(ii) Income from rent [Refer note 10(d)]	1,255.68	829.75
(iii) Equipment lease rental [Refer note 10(d)]	929.12	953.37
(iv) Export benefits	753.17	619.84
(v) Sponsorship income	280.15	257.54
(vi) Scrap sale	84.26	83.22
(vii) Sale of plasma	66.40	42.03
(viii) Excess liabilities no longer required written back	1,174.79	1,180.49
(ix) Miscellaneous income	1,277.22	2,043.62
	6,056.02	6,220.00
Total Revenue from operations (a+b+c+d)	456,080.96	457,371.47

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxvii) Other Income		
(a) Interest income		
i) Interest income		
- on bank deposits	262.68	331.36

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

	- on Non convertible debentures issued to associate	3,417.85	1,551.11
	- on inter-corporate deposits (refer note 36)	6,477.44	6,171.10
	- on income tax refund	2,362.78	869.47
	- on loan to body corporates and others	992.23	1,836.67
	ii) Interest on financial assets carried at amortised cost	187.28	209.39
	(b) Other non-operating Income		
	i) Profit on redemption of mutual funds at FVTPL	4.02	70.59
	ii) Net gain & losses arising on mutual funds designated at FVTPL	-	5,137.36
	(c) Others Gains and losses		
	i) Miscellaneous income	268.31	423.26
	Total other income (a+b+c)	13,972.59	16,600.31
	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxviii)	Changes in inventories of medical consumable and drugs		
	(a) Inventory at the beginning of the year	6,156.67	5,926.37
	(b) Inventory at the end of the year	6,662.76	6,156.67
	Changes in inventories [(a)-(b)]	(506.09)	(230.30)
	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxix)	Employee benefits expense		
	(a) Salaries, wages and bonus	80,920.71	81,234.22
	(b) Gratuity expense (Refer note 18)	1,184.02	1,371.61
	(c) Compensated absences	646.31	950.64
	(d) Contribution to provident and other funds	4,584.49	4,212.92
	(e) Staff welfare expenses	2,350.26	2,328.68
	(f) Share based payment to employees	1,193.16	942.85
		90,878.95	91,040.92
	Less: Expenses capitalized (Refer note 25)	314.09	500.10
		90,564.86	90,540.82
	Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxx)	Finance costs		
	(a) Interest expense		
	- on term loans	11,893.04	10,472.38
	- on cash credit	2,697.81	607.29

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

- on others	8,186.24	9,947.15
- on delayed payment of HMSA fees	405.36	-
- on defined benefit plan	603.27	463.49
(b) Other borrowing cost (including bank charges)	1,992.98	1,453.33
	25,778.70	22,943.64

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxxi) Depreciation and amortisation expense		
(a) Depreciation of Property, Plant and Equipment	19,711.19	18,682.65
(b) Amortisation of intangible assets	4,184.33	3,535.22
	23,895.52	22,217.86

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxxii) Other expenses		
(a) Contractual manpower	7,361.60	7,605.40
(b) Power, fuel and water	9,536.16	10,073.74
(c) Housekeeping expenses including consumables	4,486.80	3,236.64
(d) Patient food and beverages	5,037.92	4,963.12
(e) Pathology laboratory expenses	410.18	1,386.42
(f) Radiology expenses	2,397.84	1,669.41
(g) Consultation fees to doctors / agencies	32,567.84	32,060.22
(h) Professional charges to doctors	57,055.76	53,471.95
(i) Hospital service fee expense [refer note 10(c) and 31(e)]	37,861.80	50,507.61
(j) Repairs and maintenance -		
- Building	538.60	488.90
- Plant and machinery (including medical equipments)	8,776.89	8,059.44
- Others	1,604.78	1,629.07
(k) Rent [refer note 10(b)]		
- Hospital buildings, offices and labs	6,554.41	6,261.22
- Equipments	1,089.58	1,195.75
- Others	1,497.23	1,581.13
(l) Donations	50.56	180.65
(m) Legal and professional fee	9,567.40	7,176.52
(n) Travel and conveyance	4,451.76	4,962.38
(o) Rates and taxes	968.42	827.01
(p) Printing and stationary	2,358.63	2,481.22

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
(q) Recruitment and trainings	219.34	350.37
(r) Communication expenses	3,769.12	3,704.22
(s) Directors' sitting fees	379.38	389.24
(t) Insurance	1,974.27	1,713.47
(u) Ground rent	7.98	5.71
(w) Marketing and business promotion	18,409.29	17,759.88
(x) Loss on sale of assets (net)	94.78	116.39
(y) Auditors' remuneration (refer note 1 below)	170.83	184.10
(z) Net loss on foreign currency transactions and translation	3,483.42	111.80
(aa) Bad debts written off	32.71	30.14
(ab) Provision for doubtful receivables	7,607.09	5,244.17
(ac) Provision for doubtful advances	331.51	830.98
(ad) Advances written off	1,156.63	-
(ae) Provision for contingencies [refer note 6(xxi)]	189.98	238.58
(af) Provision for litigations [refer note 6(xxi)]	-	347.64
(ag) Expenditure on corporate social responsibility (refer note 30)	114.92	290.93
(ah) Provision for foreseeable loss on sale of investment in overseas fund [refer note 37(c)]	5,510.14	-
(ai) Miscellaneous expenses	882.59	968.26
	238,508.14	232,103.69
Less: Expenses capitalized (refer note 25)	205.93	317.62
	238,302.21	231,786.07

Note 1 : Auditor's remuneration (excluding indirect taxes) incurred by the parent company comprises:

(i) For audit (including fees for consolidated financial statements)	94.00	92.89
(ii) For limited reviews (including fees for limited review of an associate)	53.50	53.63
(iii) For tax audit	2.95	2.51
(iv) For certification and other services	6.96	16.57
(v) For reimbursement of expenses	13.42	18.50
	170.83	184.10

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxxiii) Exceptional items		
Expenses/(Income):		
(a) Allowance for Inter-corporate deposits and interest thereon [refer note 28(a) and 36]	44,502.62	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
(b) Impairment of goodwill and assets of Escorts Heart Institute Research Centre Limited [refer note 28(b)]	17,061.83	-
(c) Impairment of goodwill of Birdie & Birdie Realtors Private Limited [refer note 28(c)]	6,941.59	-
(d) Allowance for advance and security deposit given to body corporate along with impairment of Capital work-in-progress[refer note 28(d) and 37(a)]	5,332.52	-
(e) Impairment of investment in Lanka Hospitals Corporate PLC, Srilanka [refer note 28(e)]	4,905.00	-
(f) Impairment of goodwill of Religare Health Trust Trustee Manager [refer note 28(f)]	3,761.76	-
(g) Allowance for loan given to body corporate and interest thereon [refer note 28(g) and 37(b)]	2,549.02	-
(h) Allowance for loan given to C-Doc Healthcare Limited and interest thereon [refer note 28(h)]	1,623.34	-
(i) Expenses on composite scheme of arrangement and amalgamation [refer note 28(i) and 33]	158.53	373.28
(j) Exceptional gain on recovery of salary & other reimbursements paid in previous year [refer note 28(j) and 43]	(735.33)	-
(k) Allowance for amount recoverable for salary & other reimbursement of expenses [refer note 28(j) and 43]	2,002.39	-
(l) Reversal of impairment of goodwill and assets held in SRL Diagnostics FZ-LLC	-	(196.00)
(m) Statutory Bonus	-	(13.00)
	(88,103.27)	(164.28)

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxxiv) Tax expense		
Current tax		
(a) In respect of the current year	9,290.15	9,325.66
	9,290.15	9,325.66
Deferred tax		
(a) In respect of the current year	(7,025.05)	(2,085.62)
	(7,025.05)	(2,085.62)
The income-tax expense for the year can be reconciled to the accounting profit as follows:		
(a) Profit before tax from continuing operations	(91,177.10)	55,168.93
(b) Enacted income-tax rate in India (%)	34.608	34.608

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
(c) Income tax rate calculated	(31,554.57)	19,092.86
(d) Effect of profit of associates not considered in determining taxable profit	(1,839.74)	(16,821.54)
(e) Effect of different tax rates in the foreign components & subsidiaries	(164.20)	(11,098.28)
(f) MAT written off during the year	(10.39)	10,400.74
(g) Effect of income/expenses not considered for tax purpose	35,236.24	5,666.26
(h) Effect of prior period tax expense	1,081.65	-
(i) Adjustment of carry forward losses	(305.24)	-
(j) Effect of change in future enacted tax rate from 34.608% to 34.944%	(138.85)	-
(k) Others	(39.80)	-
Income-tax expense reported in the Consolidated Statement of profit and loss	2,265.10	7,240.04

The tax rate used for the 2017-18 and 2016-17 reconciliations above is the corporate tax rate of 34.608% payable by corporate entities in India on taxable profits under the Indian tax law.

	Year ended March 31, 2018 (₹ in Lacs)	Year ended March 31, 2017 (₹ in Lacs)
6(xxxv) Earnings per share		
Continuing operations		
(a) Profit after tax as per Statement of Profit and Loss (₹ in lacs)	(100,921.69)	42,166.47
(b) Weighted average number of equity shares outstanding	518,657,231	475,528,194
(c) Basic earnings per share in ₹ (face value – ₹ 10 per share)	(19.46)	8.87
(d) Diluted earnings per share in ₹ (face value – ₹ 10 per share)	(19.46)	8.87

7. Composition of the Group

The list of Subsidiaries, Associates and Joint Ventures considered in the preparation of the consolidated financial statements are as follows:

Name of the Group Company	Place of incorporation and principal place of business	Principal activity	Proportion of effective ownership interest/ voting power held by Group	
			March 31, 2018	March 31, 2017
a) Subsidiaries				
Hiranandani Healthcare Private Limited (HHPL) (Refer Note 5 below)	India	Operates a multi-specialty hospital	100.00%	85.00%
Fortis Hospotel Limited (FHTL) (Refer note 1 below)	India	Operates Clinical establishment	51.00%	51.00%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Name of the Group Company	Place of incorporation and principal place of business	Principal activity	Proportion of effective ownership interest/ voting power held by Group	
			March 31, 2018	March 31, 2017
Fortis Lafemme Limited (FLFL)	India	Investment Company	100.00%	100.00%
Fortis Health Management (East) Limited (FHM(E)L) (Refer note 3 below)	India	Operates a hospital	100.00%	100.00%
Fortis Cancer Care Limited (FCCL)	India	Investment Company	100.00%	100.00%
Fortis Healthcare International Limited (FHIL)	Mauritius	Investment Company	100.00%	100.00%
Escorts Heart Institute and Research Centre Limited (EHIRCL)	India	Operates a multi-specialty hospital	100.00%	100.00%
Lalitha Healthcare Private Limited (LHPL) (Refer note 9 below)	India	Operates a hospital	79.43%	79.43%
Fortis Malar Hospitals Limited (FMHL)	India	Operates a multi-specialty hospital	62.90%	62.97%
Fortis Hospitals Limited (FHsL)	India	Operates a network of multi-specialty hospitals	100.00%	100.00%
Fortis Global Healthcare (Mauritius) Limited (FGHL)	Mauritius	Investment Company	100.00%	100.00%
Malar Stars Medicare Limited (MSML)	India	Investment Company	62.90%	62.97%
Fortis Asia Healthcare Pte. Limited (FAHPL)	Singapore	Investment Company	100.00%	100.00%
Birdie & Birdie Realtors Private Limited	India	Renting of immovable property	100.00%	100.00%
Fortis Emergency Services Limited (FESL) (Refer note 4(e) above and note 7 below)	India	Operates ambulance services	100.00%	49.00%
Stellant Capital Advisory Services Private Limited	India	Merchant banker	100.00%	100.00%
RHT Health Trust Manager Pte Limited	Singapore	Managing RHT Health Trust	100.00%	100.00%
Fortis Health Staff Limited (Refer note 4(f) above and note 8 below)	India	Operates a network of Heart Command centres	100.00%	29.39%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Name of the Group Company	Place of incorporation and principal place of business	Principal activity	Proportion of effective ownership interest/ voting power held by Group	
			March 31, 2018	March 31, 2017
SRL Limited	India	Operates a network of diagnostics centres	56.54%	56.54%
SRL Diagnostics Private Limited	India	Operates a network of diagnostics centres	56.54%	56.54%
SRL Reach Limited	India	Operates a network of diagnostics centres	56.54%	56.54%
SRL Diagnostics FZ-LLC (formerly known as Super Religare Laboratories International FZ LLC) (Refer note 4 below)	United Arab Emirates	Operates a network of diagnostics centres	56.54%	56.54%
Fortis Healthcare International Pte Limited (FHIPL)	Singapore	Investment Company	100.00%	100.00%
Mena Healthcare Investment Company Limited	British Virgin Islands	Investment Company	82.54%	82.54%
Medical Management Company Limited	British Virgin Islands	Operates a clinic	82.54%	82.54%
SRL Middle East LLC (Formerly known as Fortis Healthcare Middle East LLC) (Refer note 4(d) above)	United Arab Emirates	Investment Company	27.70%	27.70%
b) Associates				
Sunrise Medicare Private Limited	India	Provides healthcare consultancy services	31.26%	31.26%
Medical and Surgical Centre Limited	Mauritius	Operates a multi-specialty hospital	28.89%	28.89%
Fortis Medicare International Limited (Refer note 6)	Mauritius	Investment company	-	49.00%
Lanka Hospitals Corporation Plc (Refer note 10(c) below)	Sri Lanka	Operates a multi-specialty hospital	28.60%	28.60%
International Hospital Limited (IHL)	India	Operates Clinical establishment	29.83%	29.86%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Name of the Group Company	Place of incorporation and principal place of business	Principal activity	Proportion of effective ownership interest/ voting power held by Group	
			March 31, 2018	March 31, 2017
Escorts Heart and Super Speciality Hospital Limited (EHSSHL)	India	Operates Clinical establishment	29.83%	29.86%
Fortis Global Healthcare Infrastructure Pte. Limited (FGHIPL)	Singapore	Investment holding company	29.83%	29.86%
Hospitalia Eastern Private Limited (HEPL)	India	Operates Clinical establishment	29.83%	29.86%
RHT Health Trust (formerly known as Religare Health Trust) (RHT)	Singapore	Investment holding company	29.83%	29.86%
Fortis Health Management Limited (FHML)	India	Operates Clinical establishment	29.83%	29.86%
c) Joint Ventures				
Fortis Cauvery (Partnership firm)	India	Operates a hospital	51.00%	51.00%
Fortis C-Doc Healthcare Limited (C-Doc) (Refer 4(c) note above)	India	Operates a hospital	60.00%	60.00%
DDRC SRL Diagnostics Services Private Limited (DDRC)	India	Operates a network of diagnostics centers	50.00%	50.00%
Super Religare Reference Laboratories (Nepal) Private Limited (SRRLPL)	Nepal	Operates a network of diagnostics centers	50.00%	50.00%

Notes:-

- During the year ended 31 March, 2012, the Company entered into Share Purchase Agreement with Fortis Health Management Limited (FHML), subsidiary of RHT Health Trust on January, 9 2012, pursuant to which FHML acquired 49% interest held by the Company in Fortis Hospotel Limited (FHTL) at an aggregate consideration of ₹ 37,728.39 lacs. FHTL is the owner of Clinical Establishment at Shalimar Bagh and Gurgaon.

Escorts Heart Institute and Research Centre Limited ('EHIRCL') also issued 401,769 Compulsorily Convertible Preference Shares ('CCPS') of face value of ₹ 10 each at a premium of ₹ 7,456.98 per CCPS to Kanishka Healthcare Limited ('KHL') with a maturity period of 15 years (due on September 16, 2027) aggregating to ₹ 30,000 lacs (CCPS subscription amount). The holder of the CCPS is entitled to receive, only out of legal funds available for the repayment of dividends, dividends in respect of the par value of the invested CCPS at a per annum rate of 0.01%. Subsequently, KHL merged with International Hospitals Limited ('IHL'), subsidiary of RHT Health Trust.

Further, FHML on September 17, 2012 entered into Shareholders' Agreement with the Company, pursuant to which FHML had a call option over the Company's 51% interest in FHTL ("FHTL Call Option") at a

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

determined call option price of ₹ 30,000 lacs, subject to applicable laws including fulfilment of certain conditions and receipt of necessary approvals from all third parties. Per Shareholders' Agreement, FHML also had the right to appoint 50% of the directors of FHTL, including the Chairman of the Board of Directors who had the casting vote in case of deadlock on any matter, on all financial and operating policies of the FHTL, brought to the Board of Directors for its approval. Additionally, the Company had assigned its right to receive dividends from FHTL in favour of FHML. The Management thereafter concluded that it does not exercises any control to direct relevant activities of FHTL and does not have any economic interest therefore, deconsolidated FHTL from the Group.

FHML also had a put option on its 49% interest in FHTL ("FHTL Put Option"), exercisable if FHML was unable to acquire 100% of the issued and paid-up share capital of FHTL within 5 years from the date of transfer of the 49% shareholding of FHTL by the Company to FHML, for any reason outside the control of FHML. The put option could have been exercised at a price that is equal to the fair market value of Put Securities on the date of exercise of put option, determined on a discounted cash flow basis.

Key terms of CCPS agreement are:

- a) CCPS Put Option – IHL is entitled to exercise an unconditional and irrevocable right to require the Company or its nominee to buy all of CCPS held by IHL in EHIRCL upon occurrence of IHL having exercised FHTL Put Option or FHTL Call Option under shareholders agreement entered between the Company, FHTL and FHML. The considerations payable by the Company to IHL is as follows :-
 - In case of FHTL call option - the Company is required to pay call option price determined at ₹ 30,000 Lacs, subject to compliance with the applicable law.
 - In case of FHTL put option - the Company is required to purchase, subject to due compliance with law, all CCPS at consideration equal to IHL's contribution along with coupon rate agreed.
- b) CCPS Call Option - If IHL becomes entitled to exercise the CCPS Put Option, but does not exercise the CCPS Put Option within 90 business days thereof, then the Company shall at any time after the expiry of such 90 business days, be entitled to require IHL to sell all of the CCPS to the Company for a consideration equal to the CCPS Subscription amount along with the coupon of 0.01% accrued thereon as of such date.

During the previous year ended 31 March, 2017, the Company completed the acquisition of 51% economic interest in FHTL by way of acquiring 51% of the compulsorily convertible debentures (CCDs) from Fortis Global Healthcare Infrastructure Pte Ltd (FGHIPL)-a subsidiary of RHT Health Trust (RHT) for an aggregate consideration of ₹ 110,093 lacs on 13 October, 2016. As per the Amended and Restated Shareholders Agreement ('SHA') signed between FHML, effective on completion of acquisition of CCDs, the Company has the right to appoint majority of the non-independent directors of FHTL, including the Chairman of the Board of Directors of FHTL who has casting vote in case of deadlock in relation to any matter at a meeting of the Board of Directors. The Management has concluded that it has obtained control over FHTL, as it now has control to direct relevant activities and therefore consolidated FHTL in the Group w.e.f. 13 October, 2016.

Fortis Hospitals Limited, subsidiary of FHL, acquired EHIRCL CCPS from IHL for an aggregate consideration of ₹ 35,669 lacs on October 13, 2016.

The carrying value of the receivable on transfer of legal right, along with the consideration paid for acquiring CCD's has been considered as cost of investment in the FHTL, now a subsidiary of the Group.

2. During the year ended March 31, 2015, the Company incorporated 'Fortis CSR Foundation', a non-profit Company under section 8 of the Companies Act, 2013 for carrying out Corporate Social Responsibilities ('CSR') of the Group. Since the objective of control over the entity by the Group is not to obtain economic benefits from its activities, it is not considered for preparation of consolidated financial statement of the Group.

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3. During the previous year ended March 31, 2017, Fortis Hospitals Limited, a wholly owned subsidiary of the Company has acquired additional 12% stake in Fortis Health Management (East) Limited and it has become wholly owned step-down subsidiary of the Company.
4. During the previous year ended March 31, 2017, Fortis Healthcare International Pte Limited, a wholly owned step-down subsidiary of the Company has sold its investment in SRL Diagnostics FZ-LLC to SRL Limited, a subsidiary of the Company. After this transaction, SRL Diagnostics FZ-LLC became a wholly owned subsidiary of SRL Limited.
5. During the current year ended March 31, 2018, Fortis Healthcare Limited has acquired additional 15% stake in Hiranandani Healthcare Private Limited on July 28, 2017 and it has become wholly owned subsidiary of the Company.
6. During the current year ended March 31, 2018, Fortis Healthcare Limited has divested 49% stake in Fortis Medicare International Limited on August 30, 2017.
7. During the current year ended March 31, 2018, Fortis Hospitals Limited, a wholly owned subsidiary of the Company has acquired additional 51% stake in Fortis Emergency Services Limited on July 28, 2017 and it has become wholly owned subsidiary of the Company.
8. During the current year ended March 31, 2018, Escorts Hearts institute and Research Centre Limited, a wholly owned subsidiary of the Company has acquired additional 70.61% stake in Fortis Healthstaff Limited on July 28, 2017 and it has become wholly owned subsidiary of the Company.
9. During the previous year, Lalitha healthcare private limited subsidiary of the Group was considered as held for sale and non-current assets were measured at carrying amount or fair value less cost to sale whichever is lower. During the current year the group entered binding Memorandum of understanding with prospective buyer on August 18, 2017. Subsequent to the year-end, the group has entered into definitive agreements with the buyers and the control and management of the subsidiary has been transferred.

8. Segment Reporting

Business Segments:

The Group is primarily engaged in the business of healthcare services, which in the opinion of management is considered to be the only reportable business segment as per Ind AS 108 on 'Operating Segments'.

Geographical segments:

The Group operates in the business segment explained above in two principal geographical areas, geographical segments being classified as secondary segment. In India, its home country, the group focuses largely on healthcare services. Additionally, the Group's operations 'Outside India' are now mostly focusing on South East Asia and Middle East. The Group primarily operates in Singapore and Mauritius.

Sales by market- Revenue from external customers by location of customers

The following table shows the distribution of the Group's consolidated revenues by geographical market.

(₹ in lacs)

Region	Year Ended	
	March 31, 2018	March 31, 2017
India	449,027.04	447,788.03
Outside India	7,053.92	9,583.44
Total	456,080.96	457,371.47

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Carrying value of Assets and additions to tangible and intangible PPE- by location of assets

The following table shows the carrying amount of segment assets and additions to tangible and intangible PPE by geographical area in which the assets are located:

(₹ in lacs)

Region	Carrying amount of Segment assets		Additions to Tangible & Intangible assets	
	March 31, 2018	March 31, 2017	March 31, 2018	March 31, 2017
India	731,336.07	818,870.47	21,213.01	27,534.10
Outside India	130,833.00	152,826.51	93.81	161.62
Total	862,169.07	971,696.98	21,306.82	27,695.72

9. Related party disclosures

Names of Related parties and names of related party relationship (Refer Note 4 below):

Nature	Company
Ultimate Holding Company	RHC Holding Private Limited (Holding Company of Fortis Healthcare Holdings Private Limited) (up to 16-February-2018) (refer note 2 and 3 below)
Holding Company	Fortis Healthcare Holdings Private Limited (FHHPL) (Holding Company up to 16-February-2018) (refer note 2 and 3 below)
Subsidiary	Fortis CSR Foundation [refer note 7(2) above]
Fellow Subsidiaries (parties with whom transactions have taken place)	RWL Healthworld Limited (up to 16-February-2018) (refer note 3 below)
	Medsorce Healthcare Private Limited (up to 16-February-2018) (refer note 3 below)
	Escorts Heart Centre Limited (up to 16-February-2018) (refer note 3 below)
	Ligare Aviation Limited (up to 16-February-2018) (refer note 3 below)
	Finserve Shared Services Limited (up to 16-February-2018) (refer note 3 below)
	Spectrum Voyages Private Limited (formerly known as Ligare Travels Limited) (up to 16-February-2018) (refer note 3 below)
	Fortis Global Healthcare Limited (up to 16-February-2018) (refer note 3 below)
Associates and subsidiaries of associates	Medical and Surgical Centre Limited
	Fortis Medicare International Limited (up to 7-September-2017)
	RHT Health Trust (formerly known as Religare Health Trust) (RHT)
Associates and subsidiaries of associates	Fortis Hospotel Limited (FHTL) [refer note 7(1) above] (up to 12-October-2016) (Subsidiary w.e.f. 13-October-2016)(Subsidiary of RHT up to 12-October-2016)
	International Hospital Limited

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Nature	Company
	Fortis Health Management Limited
	Escorts Heart and Super Speciality Hospital Limited
	Fortis Global Healthcare Infrastructure Pte. Limited
	Hospitalia Eastern Private Limited
	Lanka Hospitals Corporation Plc
	Sunrise Medicare Private Limited
Joint Ventures	DDRC SRL Diagnostics Services Private Limited
	SRL Diagnostics (Nepal) Private Limited (formerly known as Super Religare Reference Laboratories (Nepal) Private Limited)
	Fortis C-Doc Healthcare Limited (C-Doc)
	Fortis Cauvery, Partnership Firm (Joint Venture of FCCL)
Key Management Personnel ('KMP')/ Directors and their Relatives (with whom transactions have been taken place during the year)	Mr. Malvinder Mohan Singh – Executive Chairman & Lead-Strategic Initiatives (Resigned as Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on 13-February-2018 w.e.f. 8-February-2018) (refer note 2 and 43)
	Mr. Malvinder Mohan Singh – Chairman at SRL (Resigned as Chairman & Director on 26-May-2018)
	Mr. Shivinder Mohan Singh - Non-Executive Vice Chairman (Resigned as Non-Executive Chairman & Director on 8-February-2018 and accepted by board in its meeting held on 13-February-2018 w.e.f. 8-February-2018)
	Dr. Anoop Misra- Chairman at Fortis C-Doc Healthcare Limited
	Dr. Angeli Misra- relative of Dr. Anoop Misra
	Dr. Lakshminarayana Raju – Whole time Director at LHPL
	Dr. Sanjeev K. Chaudhry- Managing Director at SRL (up to 15-May-2016)
	Dr. Chandrasekhar G .R.- Partner in Fortis Cauvery
	Dr. Sarla Chandrasekhar- Partner in Fortis Cauvery
	Mr. Bhavdeep Singh –Chief Executive Officer
	Mr. Gagandeep Singh Bedi - Chief Financial Officer
	Mr. Rahul Ranjan - Company Secretary
	Dr. Brian William Tempest - Non-Executive Independent Director
	Mr. Harpal Singh - Non-Executive Director
	Ms. Sabina Vaiosha - Non-Executive Director (From 27-March-2018 till 20-May-2018)
	Lt. Gen. Tejinder Singh Shergill - Non-Executive Director (From 12-February-2018 till 20-May-2018)
	Ms. Joji Sekhon Gill - Non-Executive Independent Director (up to 07-March-2018)

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Nature	Company
	Mr. Pradeep Ratilal Raniga - Non-Executive Independent Director (up to 22-March-2018)
	Dr. Preetinder Singh Joshi - Non-Executive Independent Director (up to 19-March-2018)
	Ms. Shradha Suri Marwah - Non-Executive Independent Director (up to 14-November-2017)
	Mr. Sunil Godhwani - Non-Executive Director (up to 04-August-2017)
	Mr. Ravi Umesh Mehrotra - Non-Executive Director (up to 12-April-2017)
	Col Harinder Chehal- Non-Executive Director at FHsL (w.e.f. 02-November-2017)
	Ms. Jasrita Dhir- Non-Executive Director at FHsL (w.e.f. 01-December-2017)
	Lt. Gen. Tejinder Singh Shergill- Non-Executive Director at FHsL (w.e.f. 27-March-2018 to 28-May-2018)
	Mr. Daljit Singh- Non-Executive Director at FHsL (Up to 27-October-2016)
	Dr. Preetinder Singh Joshi- Non-Executive Director at FHsL (Up to 19-March-2018)
	Mr. Ajay Vij- Non-Executive Director at FHsL (w.e.f. 02-November-2017 to 12-December-2017)
	Ms. Ritu Garg- Non-Executive Director at FHsL (Up to 23-November-2017)
	Ms. Sabina Vaisoha- Non-Executive Director at FHsL
	Mr. Ashish Bhatia- Non-Executive Director at FHsL (Up to 19-January-2018)
	Mr. Rakesh Laddha- Chief Financial Officer at FHsL (up to 08-March-2018)
	Ms. Meetu Gulati- Company Secretary at FHsL
	Mr. Arindam Haldar- Chief Executive Officer at SRL (w.e.f. 06-March-2017)
	Mr. Saurabh Chadha - Chief Financial Officer at SRL
	Mr. Sumit Goel- Company Secretary at SRL (w.e.f. 30-May-2017)
	Mr. Sanjeev Vashishta- Chief Executive Officer of SRL (up to 18-January-2017)
	Mr. Ravi Batra- Company Secretary at SRL (up to 07-May-2017)
	Ms. Praneet Singh - Non-Executive Director at SRL
	Ms. Srinivas Chidambaram- Non-Executive Director at SRL
	Mr. Akshaya Kumar Singh- Chief Financial Officer at FMHL (Up to 27-February-2017)

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Nature	Company
	Mr. Vijayasarathy D- Chief Financial Officer at FMHL (w.e.f. 23-May-2017)
	Mr. Sumit Goel- Company Secretary at FMHL (Up to 01-May-2017)
	Ms Trapti Kushwaha- Company Secretary (w.e.f. 23-May-2017 to 07-September-2017)
	Mr. Shashank Porwal- Company Secretary FMHL (w.e.f. 23-January-2018)
	Mr. Raghunath P - Whole time Director at FMHL (up to 30-September-2016)
	Mr. Meghraj Gore - Whole time Director at FMHL (w.e.f. 1-October-2016)
	Dr. Kousar Ali Shah – Whole time Director at EHIRCL (w.e.f. 28-June-2017)
	Dr. Somesh Kumar Mittal – Whole time Director at EHIRCL (up to 15-July-2017)
	Ms. Shalini Tyagi- Whole time director at FHTL
	Mr. Vishesh Verma- Chief Financial Officer at FHTL
	Ms. Anita Rastogi- Company Secretary at FHTL
	Mr. Avinash Khaitan- Chief Financial Officer at Stellant
	Mr. Rajeev Kumar Dua - Non-Executive Director at Stellant
	Mr. Brij Kishore Kiradoo- Company Secretary at Stellant
	Baljinder Sharma- Director at FHIL & FGHML
	Anika Prashar - Non-Executive Director at FLFL
Enterprises significantly influenced by KMP and their relatives (with whom transactions have been taken place during the year)	Best Healthcare Private Limited (From 15-December-2017 till 16-February-2018) (refer note 36)(refer note 3 and 4 below)
	Fern Healthcare Private Limited (From 15-December-2017 till 16-February-2018) (refer note 36)(refer note 3 and 4 below)
	Modland Wears Private Limited (From 15-December-2017 till 16-February-2018) (refer note 36) (refer note 3 and 4 below)
	Healthfore Technologies Limited (up to 16-February-2018) (refer note 3 below)
	Dion Global Solutions Limited (up to 16-February-2018) (refer note 3 below)
	Religare Health Insurance Company Limited (up to 16-February-2018)(refer note 3 below)
	Religare Technologies Limited (up to 16-February-2018) (refer note 3 below)
	Fortis Hospital Management Limited (up to 16-February-2018) (refer note 3 below)
	Trivitron Health Care Private Limited

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Nature	Company
	Jacob Ballas Capital India Private Limited
	Bar Chem
	Mauritius International Trust Company Limited
	Hale & Tempest Company Limited
Enterprises controlled by KMP or their Relatives (with whom transactions have been taken place during the year)	Fortis Nursing and Education Society (up to 13-February-2018) (refer note 3 below)
	Fortis Charitable Foundation (up to 13-February-2018) (refer note 3 below)

Transactions during the year are as follows:

(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Operating income (including Income from medical services, Management fees from hospitals, Rental and Pharmacy income)		
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	355.18	171.81
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018)	1,004.44	29.64
Fortis Health Management Limited (Associate)	152.02	147.12
International Hospital Limited (Associate)	3,355.01	118.52
Medical and Surgical Centre Limited (Associate)	1,304.59	1,045.33
Religare Health Insurance Company Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	269.99	138.04
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	-	1.19
RWL Healthworld Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	879.98	765.08
SRL Diagnostic (Nepal) Private limited (Joint Venture)	170.55	94.85
Bar Chem (Enterprise significantly influenced by KMP or their relatives)	1.85	0.76
Fortis C-Doc Healthcare Limited (Joint Venture)	113.04	114.19
Jacob ballas Capital India Private Limited (Enterprise significantly influenced by KMP or their relatives)	0.45	0.27
RHT Health Trust (Associate)	2,638.70	5,058.49
Dividend Income		
Medical and Surgical Centre Limited (Associate)	-	217.30
RHT Health Trust (Associate)	4,075.64	36,030.50

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(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Lanka Hospitals Corporation Plc (Associate)	292.83	582.54
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	100.00	150.00
SRL Diagnostic (Nepal) Private limited (Joint Venture)	15.00	-
Hospital Service Fees Expenses		
Fortis Hospotel Limited (Associate up to 12-October-2016 and Subsidiary w.e.f. 13-October-2016) (Subsidiary of RHT up-to 12-October-2016)	-	12,914.77
International Hospital Limited (Associate)	26,049.69	25,825.38
Fortis Health Management Limited (Associate)	2,120.13	2,003.17
Escorts Heart and Super Speciality Hospital Limited (Associate)	9,707.27	9,764.21
Consultation fees to doctors		
Fortis C-Doc Healthcare Limited (Joint Venture)	104.31	104.92
Purchase of goods/ services		
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	27.68	10.43
Fortis Health Management Limited (Associate)	1.79	1.27
Medsorce Healthcare Private Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	1,817.59	2,395.55
RWL Healthworld Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	306.23	132.60
Trivitron Health Care Private Limited (Enterprise significantly influenced by KMP or their relatives)	157.51	128.62
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	30.33	-
Legal and Professional Fees		
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	-	462.70
Dr. Mohan Keshavamurthy (KMP/Director)	-	22.00
Fortis RM Pharma (Enterprise significantly influenced by KMP or their relatives) (up to 13-February-2018) (refer note 3)	-	12.95
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	2.61	-

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(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Hale or Tempest Company Limited (Enterprise significantly influenced by KMP or their relatives)	23.26	-
Finserve Shared Services Private Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	191.75	-
License user agreement fees for “Fortis”		
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	59.00	54.46
License user agreement fees for “SRL”		
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	223.13	279.00
Communication Expense		
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	2.23	2.58
Rent Expenses		
Bar Chem (Enterprise significantly influenced by KMP or their relatives)	393.89	407.90
Escorts Heart Centre Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	76.72
Malvinder Mohan Singh (KMP/Director) (Up to 13-February-2018)	168.05	169.16
Travel and conveyance		
Spectrum Voyages Private Limited (Formerly known as Ligare Travels Private Limited) (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	93.84
Ligare Aviation Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	176.00
Managerial Remuneration		
Mr. Malvinder Mohan Singh (KMP/Director) (as Executive Chairman at FHL) (refer note 43)	266.77	212.86
Mr. Malvinder Mohan Singh (KMP/Director) (as Chairman at SRL)	602.65	395.19

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(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Mr. Sanjeev Vashishta (KMP/Director) (up to 18-January-2017)	-	49.81
Dr. Sanjeev K. Chaudhry (KMP/Director) (up to 15-May-2016)	-	12.40
Gagandeep singh Bedi (KMP/Director) (refer note 5 below)	303.88	240.04
Rahul Ranjan (KMP/Director) (refer note 5 below) [inclusive of perquisite value of ESOP exercise for ₹ 26.37 lacs (previous year Nil)]	97.95	49.87
Bhavdeep Singh (KMP/Director) (refer note 5 & 6 below)	1,183.70	957.36
Mr. Raghunath P (KMP/Director) (up to September 30, 2016)	-	22.66
Mr. Akshaya Kumar Singh (KMP/Director) (Up to 27-February-2017)	-	15.62
Mr. Saurabh Chadha (KMP/Director)	82.80	265.29
Mr. Ravi Batra (KMP/Director) (up to 07-May-2017)	10.30	58.21
Mr. Lalit Yadav (KMP/Director)	-	7.05
Mr. Viajayasarathy D (KMP/Director) (w.e.f. 23-May-2017)	20.62	-
Mr. Meghraj Gore (KMP/Director) (w.e.f. October 1, 2016)	108.83	42.24
Mr. Rajeev Kumar Dua (KMP/Director) (refer note 5 below)	82.94	75.20
Mr. Avinash Khaitan (KMP/Director) (refer note 5 below)	56.50	50.05
Mr. Brij Kishore Kiradoo (KMP/Director) (refer note 5 below)	0.99	3.11
Dr. Somesh Kumar Mittal (KMP/Director) (refer note 5 below)	68.59	81.07
Dr. Koushar Ali Shah (KMP/Director)	36.91	-
Mr. Arindam Halder (KMP/Director)	191.74	-
Mr. Sumit Goel, Company Secretary (KMP/Director)	25.65	-
Recovery of Salary & other reimbursement of expenses paid (refer note 43)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,002.39	-
Provision for recovery of salary & other reimbursement (refer note 43)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,002.39	-
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	46.02	-
Reversal of amount paid in earlier years (refer note 43)		
Mr. Malvinder Mohan Singh (KMP/Director)	735.33	-

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(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Purchase of PPE		
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	332.22	24.20
Escort Heart Centre Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	420.00	-
Assignment of loan and interest accrued to		
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018)	18,400.00	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018))	15,507.00	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018)	13,336.00	-
Interest accrued on loan to Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Interest accrued for the period 01-August-2017 to 04-January-2018)	1,108.03	-
Interest accrued on loan to Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Interest accrued for the period 01-August-2017 to 04-January-2018)	933.82	-
Interest accrued on loan to Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Interest accrued for the period 01-August-2017 to 04-January-2018)	803.08	-
Loan Taken		
Gagandeep Singh Bedi (KMP/Director)	100.00	-
Ashish Bhatia (KMP/Director) (Upto 19-Jan-2018)	10.00	-
Rakesh Laddha (KMP/Director)	7.50	-
Anika Parashar (KMP/Director)	298.50	-
Daljit Singh (KMP/Director)	30.00	-
Bhavdeep Singh (KMP/Director)	75.00	-

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(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Loans repaid		
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	1,002.50	-
Rakesh Laddha (KMP/Director)	7.50	-
Anika Parashar (KMP/Director)	298.50	-
Daljit Singh (KMP/Director)	30.00	-
Bhavdeep Singh (KMP/Director)	75.00	-
Gagandeep singh Bedi (KMP/Director)	100.00	-
Ashish Bhatia (KMP/Director) (Upto 19-Jan-2018)	10.00	-
Interest expense		
Fortis Global Healthcare Infrastructure Pte. Ltd. (Associate) (Up to 16-February-2018)	6,710.24	2,955.69
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	7.73	23.93
Gagandeep Singh Bedi (KMP/Director)	0.85	-
Ashish Bhatia (KMP/Director) (Upto 19-Jan-2018)	0.01	-
Rakesh Laddha (KMP/Director)	0.00	-
Anika Parashar (KMP/Director)	2.29	-
Daljit Singh (KMP/Director)	0.25	-
Bhavdeep Singh (KMP/Director)	0.62	-
Interest expense on delayed payment of hospital service fees		
International Hospital Limited (Associate)	303.58	-
Escorts Heart and Super Speciality Hospital Limited (Associate)	95.86	-
Loans/advances given		
Sunrise Medicare Private Limited (Associate)	-	3.92
Fortis C-Doc Healthcare Limited (Joint Venture)	135.00	360.43
International Hospital Limited (Associate)	1,315.92	858.98
Fortis Health Management Limited (Associate)	515.43	-
Escorts Heart and Super Speciality Hospital Limited (Associate)	909.13	-
Loans/ advances received back		
Bhavdeep Singh (KMP/Director)	-	430.18
Escorts Heart and Super Speciality Hospital Limited (Associate)	921.00	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
International Hospital Limited (Associate)	1,663.71	-
Fortis Health Management Limited (Associate)	420.00	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018)	7,000.00	-
Fortis C-Doc Healthcare Limited (Joint Venture)	36.00	-
Interest Converted Into Loan		
Fortis C-Doc Healthcare Limited (Joint Venture)	132.15	-
Interest income		
Bhavdeep Singh (KMP/Director)	-	8.46
International Hospital Limited (Associate)	-	1,540.52
Fortis C-Doc Healthcare Limited (Joint Venture)	182.44	134.84
Fortis Nursing and Education Society (Enterprise owned or significantly influenced by KMP or their relatives) (Up to 13-February-2018)	-	1.47
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018)	511.52	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018))	464.65	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (w.e.f. January 5, 2018 to February 16, 2018)	439.91	-
Provision made for interest income on loans to		
Fortis C-Doc Healthcare Limited (Joint venture)	182.44	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018) (Provision for interest accrued for the period 01-August-2017 to 31-March-2018)	1,556.95	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Provision for interest accrued for the period 01-August-2017 to 31-March-2018)	1,430.88	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Provision for interest accrued for the period 01-August-2017 to 31-March-2018)	1,229.17	-
Provision for Doubtful Receivable/ Advances		
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	458.09	-
Sunrise Medicare Private Limited (Associate)	10.00	-
Fern Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018) (Provision for interest accrued for the period 01-August-2017 to 31-March-2018)	11,400.00	-
Best Healthcare Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Provision for interest accrued for the period 01-August-2017 to 31-March-2018)	15,507.00	-
Modland Wears Private Limited (Enterprise significantly influenced by KMP or their relatives) (related party w.e.f. January 5, 2018 to February 16, 2018)(Provision for interest accrued for the period 01-August-2017 to 31-March-2018)	13,336.00	-
Deposits given to Related parties		
Bar Chem (Enterprise significantly influenced by KMP or their relatives)	74.10	-
Deposits taken from Related parties		
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	3.49	-
Expenses incurred by the company on behalf		
SRL Diagnostic (Nepal) Private limited (Joint Venture)	13.18	8.75
Escorts Heart Centre Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	3.45	3.62
Fortis Health Management Limited (Associate)	3.28	3.01
International Hospital Limited (Associate)	1,057.64	420.91
Medsourse Healthcare Private Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	0.17	2.97

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Fortis Health Management Limited (Associate)	0.92	7.18
Fortis Nursing and Education Society (Enterprise significantly influenced by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	4.62	14.13
Fortis C-Doc Healthcare Limited (Joint Venture)	12.35	2.37
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	-	35.90
Medical and Surgical Centre Limited (Associate)	27.58	7.34
RWL Healthworld Limited (Fellow Subsidiary) (Up to February-16-2018) (refer note 3)	1.03	-
Expense incurred on behalf of company by		
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	126.29	54.64
Escorts Heart and Super Speciality Hospital Limited (Associate)	1,078.31	1,071.56
Fortis Health Management Limited (Associate)	268.92	266.01
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	106.02	133.69
Hale or Tempest Company Limited (Enterprise significantly influenced by KMP or their relatives)	21.37	18.44
International Hospital Limited (Associate)	1,408.42	1,749.63
SRL Diagnostic (Nepal) Private limited (Joint Venture)	8.74	5.34
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	279.34	34.74
Fortis C-Doc Healthcare Limited (Joint Venture)	-	3.73
Ligare Aviation Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	5.70	-
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	76.02	-
RWL Healthworld Limited (Fellow Subsidiary)(Up to February-16-2018) (refer note 3)	2.91	-
Mauritius International Trust Company Limited (Enterprise significantly influenced by KMP or their relative) (Administrator)	4.98	-
Collection by the company on behalf of		
Fortis Health Management Limited (Associate)	32.45	3.06
International Hospital Limited (Associate)	1.92	0.23

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	15.92	10.66
C-DOC Healthcare Private Limited (Joint Venture)	0.46	6.34
Escorts Heart Centre Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	8.10	-
Collection on behalf of company by		
International Hospital Limited (Associate)	21.70	328.34
Fortis C-Doc Healthcare Limited (Joint Venture)	5.70	-
Director Sitting Fees		
Brian William Tempest (KMP/Director)	24.66	24.28
Harpal Singh (KMP/Director)	23.48	20.68
Joji Sekhon Gill (KMP/Director) (up to 07-March-2018)	4.69	9.19
Pradeep Ratilal Raniga (KMP/Director) (up to 22-March-2018)	10.56	11.49
Preetinder Singh Joshi (KMP/Director) (up to 19-March-2018)	7.49	14.94
Sunil Godhwani (KMP/Director) (up to 04-August-2017)	-	2.29
Lynette Joy Hepburn Brown (KMP/Director)	-	12.64
Ravi Umesh Mehrotra (KMP/Director) (up to 12-April-2017)	-	6.90
Shradha Suri Marwah (KMP/Director) (up to 14-November-2017)	1.15	10.34
Shivinder Mohan Singh (KMP/Director) (up to 08-February-2018)	4.69	8.05
Sabina Vaisoha (KMP/Director) (up to 21-May-2018)	1.40	-
Lt. Gen Tejinder Singh Shergill (KMP/Director)	13.22	-
Baljinder Sharma (KMP/Director)	4.22	-
Corporate guarantee withdrawn for loan taken by		
Fortis C-Doc Healthcare Limited (Joint Venture)	1,031.00	-
Purchase of Compulsory Convertible Preference Shares of EHIRCL		
International Hospital Limited (Associate)	-	35,669.00
Purchase of Compulsory Convertible Debenture of Fortis Hospotel Limited Fortis Global Healthcare Infrastructure Pte. Ltd. (Associate)	-	109,998.41

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	Year ended 31 March, 2018	Year ended 31 March, 2017
Sale of Investment in Fortis Medicare International Limited to		
Fortis Global Healthcare Limited (fellow subsidiary) (Up to 16-February-2018) (refer note 3)	4.75	-
Investment received against services rendered		
RHT Health Trust (Associate)	994.35	3,565.83
Investment in Hiranandani Healthcare Private Limited purchased from		
Fortis Healthcare Holdings Private limited (Holding Company) (Up to February-16-2018) (refer note 3)	6,100.00	-
Investment in Fortis Healthstaff Private Limited purchased from		
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	2.30	-
Fortis Healthcare Holdings Private limited (Holding Company) (Up to February-16-2018) (refer note 3)	1.16	-
Investment of equity shares of FESL purchase from		
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	2.55	-

Balance Outstanding at the year-end:		(₹ in lacs)
Particulars	Year ended 31-March-2018	Year ended 31-March-2017
Loans/Advance Recoverable		
Dion Global Solutions Limited (Enterprise significantly influenced by KMP or their relatives) (Up to February-16-2018) (refer note 3)	-	0.93
Escorts Heart and Super Speciality Hospital Limited (Associate)	1.00	34.64
Fortis Nursing and Education Society (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	-	6.76
Fortis Health Management Limited (Associate)	88.41	54.57
Fortis Hospital Management Limited (Enterprises significantly influenced by key management personnel or their relatives) (Up to February-16-2018) (refer note 3)	-	142.42
Hospitalia Eastern Private Limited (Associate)	1,781.00	1,696.21

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Balance Outstanding at the year-end:		(₹ in lacs)
Particulars	Year ended 31-March-2018	Year ended 31-March-2017
Fortis Medicare International Limited (Associate) (Up to 07-September-2017)	-	99.89
International Hospital Limited (Associate)	6.85	471.67
RWL Healthworld Limited (Fellow Subsidiary) (Up to February-16-2018) (refer note 3)	-	301.43
Bar Chem (Enterprise significantly influenced by KMP or their relatives)	-	70.14
Fortis C-Doc Healthcare Limited (Joint Venture)	1,443.75	1,283.03
SRL Diagnostic (Nepal) Private limited (Joint Venture)	20.03	-
The Medical and Surgical Centre Limited	4.81	-
Unsecured Loans		
Fortis Medicare International Limited (Associate) (Up to 07-September-2017)	-	144.33
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	-	959.50
RHT Health Trust (Associate)	496.82	-
Compulsory Convertible Debentures of FHTL		
Fortis Global Healthcare Infrastructure Pte. Ltd. (Associate)	33,365.95	44,486.91
Salary & other reimbursement of expenses recoverable (refer note 43)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,002.39	-
Provision amount recoverable for salary & other reimbursement (refer note 43)		
Mr. Malvinder Mohan Singh (KMP/Director)	2,002.39	-
Investments		
Sunrise Medicare Private Limited (Associate)	0.31	0.31
Fortis CSR Foundation (Subsidiary)	5.00	5.00
Lanka Hospitals Corporation Plc (Associate)	19,762.82	19,762.82
Medical and Surgical Centre Limited (Associate)	1,312.69	1,312.69
RHT Health Trust (Associate)	66,902.86	65,908.51
International Hospital Limited (Associate)	46,716.77	46,717.04
Fortis Medicare International Limited (Associate) (Up to 07-September-2017)	-	4.75

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Balance Outstanding at the year-end:		(₹ in lacs)
Particulars	Year ended 31-March-2018	Year ended 31-March-2017
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	950.88	950.88
SRL Diagnostic (Nepal) Private limited (Joint Venture)	150.00	150.00
Provision for Investment		
Sunrise Medicare Private Limited (Associate)	0.31	-
Fortis CSR Foundation (Subsidiary)	5.00	5.00
Other balance recoverable		
Fortis C-Doc Healthcare Limited (Joint Venture)	59.93	-
Trade Receivables		
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	11.49	8.16
Fortis Health Management Limited (Associate)	63.45	57.67
International Hospital Limited (Associate)	761.11	25.47
Medical and Surgical Centre Limited (Associate)	628.99	321.35
Religare Health Insurance Company Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	-	51.13
RWL Healthworld Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	204.12
SRL Diagnostic (Nepal) Private limited (Joint Venture)	97.77	58.48
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	-	18.81
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	-	0.84
Fortis C-Doc Healthcare Limited (Joint Venture)	126.01	115.73
RHT Health Trust (Associate)	454.74	505.54
Sunrise Medicare Private Limited (Associate)	10.00	-
Provision for Doubtful receivable		
Sunrise Medicare Private Limited (Associate)	10.00	
Provision on Loan		
Fortis C-Doc Healthcare Limited (Joint Venture)	1,442.72	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Balance Outstanding at the year-end:		(₹ in lacs)
Particulars	Year ended 31-March-2018	Year ended 31-March-2017
Interest accrued on delayed payment of hospital service fees		
Escort Heart and Speciality Hospital Limited (Associate)	18.95	
Trade Payables and Other Liabilities		
Bar Chem (Enterprise significantly influenced by KMP or their relatives)	21.40	21.58
Fortis Charitable Foundation (Enterprise controlled by KMP or their relatives) (Up to 13-February-2018) (refer note 3)	-	0.60
Escorts Heart and Super Speciality Hospital Limited (Associate)	2,215.65	1,348.02
Healthfore Technologies Limited (Enterprise significantly influenced by KMP or their relatives) (Up to 16-February-2018) (refer note 3)	-	62.77
Fortis Health Management Limited (Associate)	597.61	49.18
Fortis RM Pharma (Enterprise significantly influenced by KMP or their relatives)	-	0.88
International Hospital Limited (Associate)	5,842.07	2,562.70
Fortis Global Healthcare Infrastructure Pte. Ltd. (Associate)	7,463.68	24.61
Ligare Aviation Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	9.73
Medsources Healthcare Private Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	224.16
RWL Healthworld Limited (Fellow Subsidiary) (Up to February-16-2018) (refer note 3)	-	16.64
RHC Holding Private Limited (Ultimate holding) (Up to 16-February-2018) (refer note 3)	-	43.12
Escorts Heart Centre Limited (Fellow Subsidiary) (Up to 16-February-2018) (refer note 3)	-	6.52
DDRC SRL Diagnostics Services Private Limited (Joint Venture)	9.08	-
Jacob ballas Capital India Private Limited (Enterprise significantly influenced by KMP or their relatives)	0.28	0.19
Trivitron Health Care Private Limited (Enterprise significantly influenced by KMP or their relatives)	8.54	7.13

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Balance Outstanding at the year-end:		(₹ in lacs)
Particulars	Year ended 31-March-2018	Year ended 31-March-2017
Corporate guarantee given for loans availed by		
Fortis C-Doc Healthcare Limited (Joint Venture)	-	1,031.00
Interest Accrued but not due on loan or advances		
International Hospital Limited (Associate)	4,235.88	1,352.39
Fortis C-Doc Healthcare Limited (Joint Venture)	-	132.15
Escorts Heart and Super Speciality Hospital Limited (Associate)	8.22	-

Notes:

- As the future liability for gratuity and leave encashment is provided on actuarial basis for the Company as a whole, the amount pertaining to the directors is not ascertainable and, therefore, not included above. The figures do not include accrual recorded for Employee Share Based Payments.
- Fortis Healthcare Holdings Private Limited ('FHHPL') ceased to be the parent company of the Company w.e.f. May 10, 2017 since its shareholding was reduced to 34.33%. However, Mr. Malvinder Mohan Singh, Executive Chairman of the Company till his resignation on February 8, 2018 (accepted by the Board in its meeting held on February 13, 2018 w.e.f. February 8, 2018) directly/indirectly controlled one half of the shareholding of FHHPL. Therefore, by virtue of Ind AS-110 – Consolidated Financial Statements, FHHPL continued to be the parent company of the Company till the resignation of Mr. Malvinder Mohan Singh. Subsequent to the resignation of Mr. Malvinder Mohan Singh, by virtue of its shareholding being more than 20%, FHHPL still continued to exercise significant influence over the Company till 16th February 2018 when consequent to the order of Hon'ble Supreme Court of India, the shares pledged by FHHPL were revoked by its lenders and the shareholding of FHHPL reduced to 0.66%.
- Transactions with these parties have been shown for the full year due to practical difficulties in ascertaining the transactions for part of the year. The closing balances have not been reported as the relationship ceased to exist as at the balance sheet date.
- Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 38 (d) (iv), (ix) and (x) below) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.
- Amount shown is inclusive of perquisites (including ESOP exercise, if any), employer's contribution to provident fund and excluding reimbursement of expenses.
- Amount shown for the year ended 31 March, 2016 excludes one-time joining bonus of ₹ 723.41 lacs which was paid during the year ended 31 March, 2016. The aforementioned joining bonus was accrued and disclosed during the year ended 31 March, 2015.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

10. Leases

(a) Assets taken on Finance Lease

The Group has finance leases and hire purchase contracts for various items of plant and machinery, medical equipments and building. These leases have terms of renewal as agreed between the parties at the option of the Group. There is no escalation clause in the agreement. The total finance charges paid in respect of such leases recognised in the Consolidated Statement of Profit and Loss during the year is ₹ 437.63 lacs (Previous year ₹ 382.46 lacs). Future minimum lease payments (MLP) under finance leases together with the present value of the net MLP are as follows:

(₹ in lacs)

Particulars	March 31, 2018		March 31, 2017	
	Minimum payments	Present value of MLP	Minimum payments	Present value of MLP
Not later than one year	385.16	263.18	380.78	214.88
Later than one year but not later than five years	1,485.41	535.55	1,761.12	1,157.44
Later than five years	10,532.60	3,749.62	10,600.70	3,110.36
Total minimum lease payments*	12,440.12	4,433.87	12,579.84	4,368.20
Less: amount representing finance charges	7,806.55	-	8,211.64	-
Present value of minimum lease payments	4,433.87	4,433.87	4,368.20	4,368.20
Current		263.18		214.88
Non-Current		4,170.69		4,153.32

* In case one subsidiary 'FHTL', the Company is required to pay annual rental of ₹ 32.55 lacs 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 lacs and will remain same till perpetuity. The finance charge will be ₹ 32.55 lacs on annual basis till perpetuity.

(b) Assets taken on operating lease

In respect of the Group, hospital/ office premises and certain medical equipments are obtained on operating lease. The leases are both cancellable and non- cancellable in nature and the total lease payments in respect of such leases (gross of capitalisation) recognised in the Consolidated Statement of Profit and Loss for the year ended 31 March, 2018 are ₹ 9,141.22 lacs (Year ended 31 March, 2017 ₹ 9,038.10 lacs). The total future minimum lease payments under the non-cancellable operating leases are as under:

(₹ in lacs)

Particulars	March 31, 2018	March 31, 2017
Minimum lease payments:		
Not later than one year	2,868.77	3,086.95
Later than one year but not later than five years	6,149.22	5,703.22
Later than five years	7,351.91	7,448.71

(c) Hospital and Medical Service Agreement

The Group has entered into separate Hospital and Medical Service Agreement (HMSA) with RHT Health

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Trust Group of companies wherein these companies provides and maintains the clinical establishments along with other service like out-patient diagnostics and radio diagnostic to the company the term of individual HMSA is 15 year and the Group is required to pay a composite service fee i.e. base and variable fee. The base fee is fixed at the beginning of each year and increase 3% year on year. The variable fee is based on a percentage of company's net operating revenue in accordance with the HMSA. The agreements have a lock-in period of 15 years from the start date.

The total of future minimum Hospital and Medical Service fees payable in form of the base fees is as under:

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum lease payments:		
Not later than one year	23,549.87	22,873.62
Later than one year but not later than five years	1,01,425.59	98,565.54
Later than five years	1,18,605.40	140,781.44

The Group has also provided guarantee to these companies as terms of HMSA. The Bank Guarantees which had been provided by FHL in favour of the RHT Entities and Fortis Hospotel Limited which expired on 30 April 2018 and are yet to be renewed. Further, the Group has given an undertaking to pledge its holdings of 64,120,915 shares in Lanka Hospitals Corporation Plc ("Lanka"), representing 28.60% of the total number of issued equity shares of Lanka held through Fortis Healthcare International Pte. Ltd., in favour of the RHT Entities to secure the payment obligations of the Parent Company and its subsidiaries under the HMSA.

(d) Assets given on Operating Lease

- i) The Group has sub-leased some portion of hospital premises and certain medical equipments. The total lease income received / receivable in respect of the above leases recognised in the Consolidated Statement of Profit and Loss for the year are ₹ 1,255.68 lacs (Previous year ₹ 829.75 lacs). The equipment lease rental received in respect of such leases recognised in the Consolidated Statement of Profit and Loss for the year are ₹ 929.12 lacs (Previous year ₹ 953.37 lacs). The total of future minimum lease income receivable under the non-cancellable operating leases is as under:
- ii) The Company and one of its subsidiary has leased out certain capital assets on operating lease to Trusts managing hospital operations. The lease terms are fixed and thereafter renewable at the option of the Company and its subsidiary. The lease arrangement is non-cancellable in nature. Details of such capital assets given on non-cancellable operating lease are disclosed as under:

(₹ in lacs)

Particulars	As at March 31, 2018			As at March 31, 2017		
	Gross Block	Accumulated Depreciation	Net Block	Gross Block	Accumulated Depreciation	Net Block
Buildings	-	-	-	323.73	45.76	277.98
Plant & Machinery	96.66	96.66	-	96.66	96.66	-
Medical Equipments	5,569.01	2,798.24	2,770.77	5,154.46	2,461.36	2,693.10
Furniture & Fittings	149.18	148.13	1.05	161.21	147.04	14.17
Computers	56.40	56.40	-	99.28	99.28	-
Office Equipments	10.10	9.93	0.17	26.58	25.25	1.33
Vehicles	15.70	11.71	3.99	36.69	30.74	5.95
Total	5,897.05	3,121.07	2,775.98	5,898.62	2,906.09	2,992.53

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Minimum lease payments:		
Not later than one year	356.22	791.35
Later than one year but not later than five years	306.17	293.64
Later than five years	-	-

11. Borrowings:**I. Long-term borrowings (including current maturities)**

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
A. Term loan from banks – Secured						
The loan is secured by first charge on assets current assets, PPE and equitable mortgage of residential flat held in HHPL. It is further secured by Corporate Guarantee issued by the Parent.	Loan amount is repayable in 60 equated monthly equal instalments of principal amount.	HDFC Base Rate + 1.65 % (floating)	-	733.33	733.33	800.00
The loan is secured by first charge on assets current assets, PPE and equitable mortgage of residential flat held in HHPL. It is further secured by Corporate Guarantee issued by the Parent.	Loan amount is repayable in 60 equated monthly equal instalments of principal amount. Interest to be served monthly with monthly rests.	HDFC Base Rate + 0.75 % (floating)	1,166.77	500.00	1,666.67	500.00
The loan is secured by first charge: i. Cash Collateral Account ii. Shares of FAHPL in FHIPL iii. RHT Units held by FHIL iv. Shares Lanka Hospital Corporation Limited held by FHIPL. v. Mortgage of the Tong Building Singapore till November 30, 2017.	Repayable by 11 October 2019. The Company have repaid the same loan on 27 April, 2018.	6m SIBOR + 3.50% (spread)	12.64	30,271.15	27,428.41	13,159.73

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
<p>During the year ended March 31, 2015, one of the Subsidiary Company (FHsL) availed a loan of ₹ 12,500 lacs which was secured by way of first pari passu charge on the moveable PPE and current assets of the subsidiary and equitable mortgage of the property of certain hospital those owned by one of subsidiaries of the Company.</p> <p>During the year ended March 31, 2016, the Company further availed medical equipment loan of ₹ 2,500 lacs which is secured by exclusive charge on assets purchased through the same loan.</p> <p>These loans are further secured by Corporate Guarantee issued by Fortis Healthcare Limited.</p>	Term Loan is repayable in 18 structured quarterly instalments within a period of 60 months with repayment being start after 6 months from the date of disbursement (i.e. moratorium period of 6 months).	HDFC Base Rate +1.25%	4,423.65	3,818.37	7,500.50	3,549.69
The loan is secured by first pari passu charge over movable assets and the second pari passu charge over the current assets of the company and exclusive charge over DSRA. The loan is further secured by irrevocable and unconditional corporate guarantee from Parent.	The loan is repayable in 18 quarterly instalments beginning at the end of seven quarters (December 31, 2014) from first draw down date i.e. March 28, 2013 upto March 27, 2019.	ICICI Bank Base Rate +1.25% p.a. payable monthly	-	1,592.63	1,576.84	1,200.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
The Loan has first and exclusive charge on the PPE (medical equipment's) purchased through this loan.	The Loan is repayable in 18 structured quarterly instalments beginning 6 months from first draw down date i.e. February 18, 2017 to May 18, 2021.	3 years HDFC Bank MCLR + 0.65% p. a. payable monthly	1,183.89	526.18	1,667.07	526.18
The Loan has first and exclusive charge on the PPE (medical equipment's) purchased through this loan.	The Loan is repayable in 26 structured quarterly instalments beginning from first draw down date. i.e February 15, 2018 upto May 15, 2024.	Yes Bank MCLR+ 0.50% p. a. payable monthly	75.66	10.33	-	-
The loan is secured by a first pari-passu charge by way of hypothecation of the Company's movable PPE.	Loan amount is repayable in 52 monthly instalments commencing from October 1, 2015.	HDFC Bank Base Rate + 0.85 % p.a. payable monthly	1,494.76	1,993.01	3,487.76	1,835.66
Term loan from Yes Bank has been taken in financial year 2016-17 for purchase of various medical equipments and is secured by hypothecation on invoices & insurance copies of that medical equipment's.	The loan is repayable in 26 structured quarterly instalments, after a moratorium period of 180 days from the date of disbursement to the Company.	Yes Bank MCLR + 0.50% p.a. payable monthly	2,958.00	557.95	1,496.45	124.70

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
The loan is secured by first pari-passu charge by way of hypothecation on moveable PPE (present & future). Also secured by first charge over interest/dividend/cash flows arising from CCD (Compulsorily Convertible Debentures).	The loan is repayable in 16 equal quarterly instalments, after a moratorium period of 12 months from the date of disbursement to the Company.	The rate of interest is 12% per annum (Floating) payable monthly linked to RBL Bank's 1 year MCLR.	-	9,998.46	9,835.82	-
Term loan of ₹ 15,000 lacs have been taken in two Tranches from ICICI Bank, ₹ 10,300 were received during the year ended March 31, 2013 and rest ₹ 4,700 were received during the year ended on March 31, 2014. The loan is secured by first pari-passu charge over moveable assets upto 1x cover and second pari-passu charge over current assets, exclusive charge over DSR/Fixed Deposit.	The above term loan is to mature on March 27, 2019. The Loan is repayable in 18 quarterly instalments beginning at the end of seven quarters from first draw down date (March 29, 2013) 8% in the 1st year, 12% in the 2nd year, 24% in 3rd year, 24% in 4th year and balance 32% in the 5th year.	ICICI Bank Base Rate + 1.75% p.a. payable monthly	-	4,763.55	4,700.43	3,600.00
The loan is secured by: a) Exclusively charge over Ludhiana Hospital (Land and building) spread over 3.5 acres b) Exclusively charge over Birdie and Birdie land and building spread over 1,960 sq. yd. c) Corporate guarantee by FHL.	The loan is repayable in 20 equal quarterly instalments, after a moratorium period of 24 months from the date of disbursement to the subsidiary.	Yes Bank MCLR + 0.50% p.a. payable monthly	19,835.11	824.09	18,386.56	-
		Total (A)	31,150.48	55,589.05	78,479.84	25,295.96

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
B. Term loan from body corporate - Secured:						
The loan is secured by exclusive charge by way of hypothecation of the medical equipments, along with all standard accessories.	The loan is repayable in 84 structured monthly instalments, after a moratorium period of 30 days from the date of invoice of medical equipments.	7.78% p.a. payable monthly	801.28	122.70	923.98	122.70
		Total (B)	801.28	122.70	923.98	122.70
C. From Non-Banking Finance Corporation						
Loan is secured by pledge of 50.99% equity shareholding of Fortis Hospotel Limited, pledge of 99.99% equity shares of Escorts Heart Institute and Research Centre Limited, Pledge of 99.99% shares of Hiranandani Healthcare Private Limited, pledge of 100% CCDs of Fortis Hospotel Limited and pledge of entire shareholding of Fortis Malar Hospitals Limited.	The loan is repayable in 8 equal quarterly instalment starting from 5th quarter from the date of disbursal.	14.00% per annum, payable monthly	15,339.89	-	-	-
		Total (C)	15,339.89	-	-	-
D. Vehicle Loan - Secured:						
The loan is secured against hypothecation of the specific vehicles purchased.	The loan is repayable in equated monthly instalments over four years	7.90% p.a. payable monthly	30.13	12.26	-	-
		Total (D)	30.13	12.26	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
E. Finance lease obligation - Secured:						
Loan is secured by Medical Equipment taken on lease.	The loan is repayable over seven years in equated monthly instalments.	10.52% p.a. payable monthly	-	37.03	15.59	22.43
		Total (E)	-	37.03	15.59	22.43
F. Deferred payment liabilities - Secured:						
Deferred payment facility was taken in the financial year 2011-2012. Deferred credit payment facility is secured by first charge by way of hypothecation of specific equipment of the Company.	The loan is repayable in two parts, one is in 20 structured quarterly instalments commencing from April 2012 and other one is in 20 structured quarterly instalments commencing from May 2013.	9% p.a. for 1st year and SBI base rate + 50 BP for subsequent years payable monthly	-	-	4.91	80.42
Deferred payment facility has been taken in the current year and is secured by first charge by way of hypothecation of specific equipment of the Company.	The loan is repayable in 60 structured monthly instalments commencing from June 2014.	Not Applicable	19.56	53.88	73.44	58.75
Deferred payment facility has been taken in the current year and is secured by first charge by way of hypothecation of specific equipment of the Company.	The loan is repayable in 84 structured monthly instalments commencing from Sep 2017.	7.88% p.a. payable monthly	313.24	54.96	-	-
		Total (F)	332.80	108.84	78.35	139.17

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
G. Buyers credit facility - Secured:						
Buyer's credit facility from HDFC Bank was taken in the year 2012-13 for finance of various medical equipments to be imported.	It is repayable within 3 years from the date of import of medical equipment.	(3%-3.5%) + 6 months LIBOR	-	-	-	86.77
		Total (G)	-	-	-	86.77
H. Finance lease obligations - Unsecured:						
Finance lease of land of Shalimar Bagh			576.03	111.49	425.17	-
Finance lease obligation for Bangalore – La femme Hospital			661.50	14.23	628.55	30.77
Finance lease obligation for Chennai – Arcot Road Hospital			2,567.41	182.06	2,567.41	131.82
		Total (H)	3,804.94	307.78	3,621.13	162.59
I. Loan from a body Corporate - Unsecured:						
The loan is repayable to Fortis Medicare International Ltd. (refer note 29)			99.84	-	99.31	-
		Total (I)	99.84	-	99.31	-
J. Compulsory convertible debentures - Unsecured:						
These Compulsory Convertible Debentures (CCD's) are convertible into 131,026,000 equity shares of the subsidiary at a price of ₹ 32.55 per share. The investor of CCD has a right to convert each CCD into the conversion share at any time on or prior to the maturity date which is 18 years from the date of issuance of the CCDs.		17.50%	43,253.38	-	44,486.91	-
		Total (J)	43,253.38	-	44,486.91	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

₹ in Lacs

Particulars			March 31, 2018		March 31, 2017	
Security and guarantee details	Repayment terms	Interest rate	Non-current	Current	Non-current	Current
K. Term loan from body Corporate - Unsecured:						
The loan is repayable to RHC Holding Private Limited			-	-	165.00	-
		Total (K)	-	-	165.00	-
TOTAL (I=A+B+C+D+ E+F+G+H+I+J+K)			94,812.74	56,177.67	1,27,870.11	25,829.62

II. Short term borrowings

(₹ in lacs)

Security and guarantee details	Repayment terms	Interest rate	March 31, 2018	March 31, 2017
L. Bank overdrafts - Secured:				
The bank overdraft facility limit of ₹ 2000.00 lacs has been taken, which is secured against the first charge on current assets of Escorts Heart Institute and Research Centre Limited.	Not Applicable	9.00% p.a. payable monthly	1,649.96	1,858.39
The bank overdraft facility limit of ₹ 4,000.00 lacs has been taken which is secured against the first pari pasu charges on PPE of Mohali Hospital & current assets of the FHL. During the year FHL have taken as additional overdraft facility. Overdraft limit of ₹ 5,000.00 lacs and secured by exclusive charge on 30% shares of Fortis Hospitals Limited, pari pasu charge over moveable PPE of Fortis Hospitals Limited, current assets of the FHL and exclusive charge on the Land and Building of Ludhiana Hospital and Birdie and Birdie Relators Private Limited. The same is repayable on demand. Further FHL have taken overdraft facility with overdraft limit of ₹ 1,000 lacs which is secured by first pari pasu charge on current assets of the FHL.	Not Applicable	Base rate + margin as agreed time to time p.a. payable monthly	7,847.52	570.69

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Security and guarantee details	Repayment terms	Interest rate	March 31, 2018	March 31, 2017
<p>The bank overdraft is secured by</p> <ul style="list-style-type: none"> • 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; • Financial guarantee by Fortis Global Healthcare Infrastructure Pte. Limited. 	Not Applicable	12.25% p.a. payable monthly	-	951.59
The overdraft facility is secured by first charge on assets (moveable and immovable) of the HHPL. It is further secured by Corporate Guarantee issued by FHL.	Not Applicable	HDFC Bank MCLR + 0.85% p.a. payable monthly	-	173.05
Overdraft facility of ₹ 10,000 lacs is taken which is secured against the first pari passu charge on stock, book debts and other current assets of Fortis Hospitals Limited (FHsL).	Not Applicable	Laxmi Vilas Bank One year MCLR p.a. payable monthly	9,972.08	9,957.81
Overdraft facility of ₹ 4,000.00 lacs secured against the first paripassu charge on moveable fixed assets and current assets of the Company. The facility was further secured by corporate guarantee issued by the FHL.	Not Applicable	HDFC Bank Base rate+1.90%	2,742.32	4,000.00
The bank overdraft facility limit of ₹ 2,000.00 lacs which is secured against first pari passu charge on current assets of FHsL. The same is repayable on demand	Not Applicable	3 months MCLR Plus 2.45% p.a. payable monthly	-	1,706.38

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Security and guarantee details	Repayment terms	Interest rate	March 31, 2018	March 31, 2017
Overdraft facility from Yes Bank for ₹ 5,500.00 lacs secured against exclusive charge on Land and Building of Ludhiana Hospital, exclusive charge on Land and Building in Birdie & Birdie Realtors Private Limited, first paripassu charge on current assets, second paripassu charge on movable fixed assets, pledge on 30% shares of Fortis Hospitals Limited, Escorts Heart Institute & Research Centre Limited, Fortis Hospotel Limited held by Fortis Healthcare Limited and Corporate Guarantee of FHL.	Not Applicable	Yes Bank MCLR Plus 0.05% payable monthly	5,268.00	-
	Total (L)		27,479.87	19,217.91
M. Cash credit from bank - Secured:				
The facility is secured by way of first charge on SRL's entire current assets. They are further secured by way of a second charge on the SRL's PPE, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future.	Repayable on demand	10.50% p.a. payable monthly	981.48	230.98
The facility was secured by way of first charge on SRL's and its subsidiaries entire current assets. They are further secured by way of a second charge on the SRL's PPE, excluding specific vehicles and equipments financed by the bodies corporate and others, both present and future.	Repayable on demand	10.35% - 10.65% p.a. payable monthly	1,006.02	-
	Total (M)		1,987.50	230.98
N. Bill discounting - Secured:				
Bill discounting facility is taken by the company which is secured against exclusive charge on the bills submitted and further charge on the movable fixed assets and mortgage of certain hospital properties. The facility is further secured by way of first paripassu charge on the current assets and Corporate Guarantee of FHL.	It is repayable within one year from the date of import of medical equipment.	Base rate Plus 1.50% p.a.	1,715.39	2,000.00
	Total (N)		1,715.39	2,000.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Security and guarantee details	Repayment terms	Interest rate	March 31, 2018	March 31, 2017
O. Working capital demand loan – secured:				
The loan is secured by share pledge of the FHL 21% shareholding in Fortis Hospitals Limited. Whereas in the previous year the loan was secured by share pledge of the FHL 51% shareholding in Fortis Hospitals Limited & personal guarantee of Mr. Malvinder Mohan Singh. The loan outstanding as at March 31, 2017 have been repaid during the year.	The loan is repayable in maximum 90 days from the date of disbursement, no rollover is permitted. Whereas in the previous year the loan was repayable in maximum nine months from the date of disbursement to the FHL.	Variable	1,000.00	10,000.00
The loan is secured by share pledge of the FHL 30% shareholding in Fortis Hospitals Limited on First charge basis and fixed deposits provided by third party. Whereas in the previous year the loan was secured by pari passu charge over moveable PPE at Mohali hospital and current assets of FHL & personal guarantee of Mr. Malvinder Mohan Singh. The loan outstanding as at March 31, 2017 have been repaid in current year	The loan is repayable in maximum 90 days from the date of disbursement no rollover is permitted. Whereas in previous year the loan is repayable in maximum four months from the date of disbursement.	SCB MCLR plus agreed margin	10,200.00	2,500.00
	Total(O)		11,200.00	12,500.00
P. Loans from body corporate - secured:				
Radiology equipment taken on lease against the assets of the FMHL.	The loan is repayable in 20 equal quarterly installments	SBI Base Rate + 0.5%	-	107.96
	Total(P)		-	107.96

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Security and guarantee details	Repayment terms	Interest rate	March 31, 2018	March 31, 2017
Q. Loans from banks - Secured:				
Loan is secured by units of RHT Health Trust held by RHTTM.	Repayable with in one year from the date of loan taken.	3.86% to 4.20%	2,743.25	2,375.71
	Total (Q)		2,743.25	2,375.71
R. Commercial Paper from Bank - Unsecured:				
Facility was taken during the current year for 90 days	April 9, 2017	8.00%	-	9,980.66
Facility was taken during the current year for 90 days	May 17, 2017	9.50%	-	2,470.12
Facility was taken during the current year for 90 days	May 18, 2017	9.50%	-	2,469.47
Facility was taken during the current year for 90 days	May 18, 2017	8.00%	-	3,463.87
Facility was taken during the current year for 90 days	May 25, 2017	9.50%	-	4,930.03
Facility was taken during the current year for 90 days	June 21, 2017	10.00%	-	4,890.36
	Total (R)		-	28,204.51
S. Loan from ultimate holding company - Unsecured:				
Interest free loan of ₹ 794.50 lacs has been taken from RHC Holding Private Limited during the year ending March 31, 2007. Further loan of ₹ 341.50 lacs was taken during the previous year. The Company have repaid the loan during the year.	The loan is repayable on demand.	Nil	-	794.50
	Total (S)			794.50
T. Loans from body corporate - Unsecured:				
Inter Corporate Deposit	Repayable in maximum 181 days from the date of disbursement to the company i.e. November 29, 2016.	10.25%	-	2,500.00
	Total (T)			2,500.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Security and guarantee details	Repayment terms	Interest rate	March 31, 2018	March 31, 2017
U. Loan from a body corporate - Unsecured:				
Interest free loan has been taken from Fortis Medicare International Limited.	The loan is repayable on demand.	Nil	103.20	102.76
	Total (U)		103.20	102.76
TOTAL (II= L+M+N+O+P+Q+R+S+T+U)			45,229.21	68,034.33

12. Commitments

(₹ in lacs)

	Particulars	As at March 31, 2018	As at March 31, 2017
a)	Estimated amount of contracts remaining to be executed on tcapital account [net of capital advances of ₹ 632.53 lacs (as at March 31, 2017 ₹ 1,306.96 lacs)]	6,207.77	8,511.92

- b) For commitments relating to lease and Hospital and Medical Services arrangements, refer note 10(c).
- c) Going concern support in form of funding and operational support letters issued by the Company in favour of Fortis C-DOC Healthcare Limited (Joint Venture).
- d) For commitment under Sponsor Agreement entered between The Trustee-Manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Company, refer note 26.
- e) For commitments under Shareholders agreement entered between the Company, FHTL and FHML, refer note 7(1).
- f) The Group is obligated to provide exit to investors in SRL Limited, subsidiary company through swap of its shares at fair market value under terms of share purchase agreement for Compulsory Convertible Preference Shares issued by the subsidiary company.
- g) Commitments relating to provision for free / subsidised treatment/beds to poor.
- h) The Group has other commitments, for purchase/sales orders which are issued after considering requirements per operating cycle for purchase / sale of services, employee's benefits. The Group does not have any long-term commitments or material non-cancellable contractual commitments/contracts, including derivative contracts for which there were any material foreseeable losses.
- i) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Group.

13. Contingent Liabilities (not provided for) :

(In addition, refer other litigations and claims assessed as contingent liabilities described in Note 14 below and other income-tax disputes described in Note 15 below)

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Claims against the Group not acknowledged as debts (in respect of compensation demanded by the patients / their relatives for negligence/ unsatisfactory test results). The cases are pending with various Consumer Disputes Redressal Commissions. Based on expert opinion obtained, the management believes that the Group has good chance of success in these cases.	24,947.43	20,278.88

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
The Commissioner of Service-tax, Chandigarh has passed an Order dated March 14, 2014 under Finance Act, 1994 alleging that the Company is liable to pay service-tax on support services of business or commerce provided to doctors, thereby raising demand of ₹ 215.34 lacs (as at March 31, 2017 ₹ 215.34 lacs) and ₹ 50.14 lacs (as at March 31, 2017 ₹ 50.14 lacs) for financial years 2007-08 to 2011-12 and 2012-13 respectively. The Company has filed an appeal with Central Excise and Service Tax Appellate Tribunal, which is pending for disposal. Based on management assessment, Company believes that it has good chance of success in these cases.	265.47	265.47
A subsidiary company of the Group (SRL) has received a show cause cum demand notice dated April 20, 2007 for ₹ 81.44 lacs (Previous year March 31, 2017 ₹ 81.44 lacs) in respect of service tax relating to 'Clinical Trial Studies' rendered during the period from July 2003 to April 2006. The Company has responded to the Directorate General of Central Excise Intelligence, Mumbai on May 8, 2007. In the opinion of the management, the said demand is non-tenable and not likely to devolve on the subsidiary. Accordingly, Group believes that it has a good chance of success in this case therefore no provision for the same have been made in the books.	81.44	81.44
A subsidiary of the Company (SRL) is currently under litigation with the Income tax department against certain income tax demands totaling to ₹ 5,133.53 lacs (as at March 31, 2017 ₹ 5,105.62 lacs) in relation to Assessment years (AY) 2006-07, 2007-08, 2008-09, 2009-10, 2010-11, 2012-13, 2013-14, 2014-15 and 2015-16. These demands are for non-deduction of withholding taxes on the payments made by the SRL of discounts to its collection centers and certain other miscellaneous matters, raised by the Income Tax department. The Company has deposited ₹ 5.60 lacs under protest. The Company based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. Accordingly, it has filed an appeal against these orders and the Group has not considered need for any provision for the purpose of preparation of its consolidated accounts.	5,133.53	5,105.62
Financial guarantee given on behalf of DDRC SRL Diagnostics Private Limited, a joint controlled entity to the extent of loan outstanding	141.34	304.81
Bank guarantee issued by joint venture (DDRC SRL Diagnostics Private Limited) as a security deposit to customer as on March 18, 2018 ₹ 1.33 lacs (Previous year ₹ 1.33 lacs).	4.75	16.25

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
A subsidiary of the Company (SRL) has received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Deputy Commissioner Income Tax (TDS), Mumbai in relation to Assessment Year 2008-09 and 2009-10 aggregating to ₹ 291.19 lacs and ₹ 134.56 lacs respectively primarily on account of mismatch in the online database of tax department with returns/ challans filed by the Company. The Company has filed an appeal before Commissioner (Appeals) XIV, Mumbai against the said orders. The CIT(A) has already allowed the appeal in favor of Company. Further the Direction has been issued to the Company to revise the return in co-ordination with assessing officer. The Company is in process of rectifying those demand by revising its return for said period. Based on data available on TRACES as on March 31, 2016 demand of ₹ 109.55 lacs and ₹ 6.89 lacs respectively is outstanding. The Company is of the view that the demand is not tenable as the case has already been allowed in the favour of the Company by CIT (A) and no economic outflow is expected against the same and no economic outflow is expected against the same. Based on the management assessment the Group believes that there are good chances of success in these cases.	116.44	116.44
The Group received order under section 201(1) and 201(1A) of the Income Tax Act, 1961 from Income Tax officer (TDS), Mumbai in relation to Assessment Year 2008-09, 2009-10 aggregating to ₹ 457.04 lacs and ₹ 531.80 lacs for non-deduction of taxes under the provisions of section 194H and section 195. CIT(A) passed favourable order dated April 11, 2014. The Revenue filed an appeal against the CIT(A) order vide its acknowledgement dated July 3, 2014. The ITAT passed the order in favour of Group vide its order dated September 30, 2016. The Group is of the view that the demand is not tenable and no economic outflow is expected against the same.	988.84	988.84
The Company is under litigation with the Income Tax Department against income tax demand on account of disallowance u/s 14A, disallowance of credit card expenditure, disallowance of foreign travelling expenses and interest income not offered to tax for assessment year 2012-13. Based on management assessment, Group believes that it has good chance of success in this case.	332.08	332.08
Service Tax Department issued notice alleging therein that one of the hospitals of the Group is providing services of infrastructure and administrative support to Vendors and thus, is liable to pay service-tax on amounts retained from doctors' fees for the financial years 2008-09 to 2012-13 The Company has filed an appeal with Central Excise and Service Tax Appellate Tribunal, which is pending for disposal. Based on management assessment, the Group believes that it has good chance of success in these cases.	294.35	294.35

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
In case a subsidiary of the Company (SRL), The Sales Tax Officer (C-108), Nodal Division-012, Mumbai (hereinafter referred as the assessing officer passed an order on 06-August-2016. In the said order the VAT authority levied the demand of Rs. 44.13 Lakhs (which comprises of short payment of VAT/CST liability of Rs. 16.30 lacs, Interest thereon Rs. 11.52 Lacs and penalty of Rs. 16.30 Lakhs). SRL filed an appeal before Deputy Commissioner of Sales Tax, Mumbai on January 01, 2017. The department has released the demand vide letter dated July 12, 2017. The Assessing officer has issued a re-assessment Notice dated September 04, 2017. The subsidiary Company is of the view that the demand is not tenable.	-	44.13
A spot verification proceedings/TDS Survey u/s 133A (2A) of the I.T. Act, 1961 was conducted at two offices of the Parent Company. Consequent to the same, the department has raised demands for the FY 2015-16 and FY 2016-17 in case of TDS deductible/deducted for retainer/consultant doctors on the ground that these retainer doctors are the employees of the company and TDS should have been deducted u/s 192 instead of section 194J. The Parent Company has filed an appeal before the CIT(A), which is pending disposal. Based on management assessment, the Parent Company believes that it has good chance of success in this case.	1,252.00	-
A spot verification proceedings/TDS Survey u/s 133A (2A) of the I.T. Act, 1961 was conducted at two offices of the subsidiary of the Company (FHsL). Consequent to the same, the department has raised demands for the FY 2015-16 and FY 2016-17 in case of TDS deductible/deducted for retainer/consultant doctors on the ground that these retainer doctors are the employees of the company and TDS should have been deducted u/s 192 instead of section 194J. FHsL filed an appeal before the CIT(A), which is pending disposal. Based on management of subsidiary assessment, the Group believes that it has good chance of success in this case.	920.00	-
A spot verification proceedings/TDS Survey u/s 133A (2A) of the I.T. Act, 1961 was conducted at office of the subsidiary of the Company (EHIRCL). Consequent to the same, the department has raised demands for the FY 2015-16 and FY 2016-17 in case of TDS deductible/deducted for retainer/consultant doctors on the ground that these retainer doctors are the employees of the company and TDS should have been deducted u/s 192 instead of section 194J. EHIRCL filed an appeal before the CIT(A), which is pending disposal. Based on management of subsidiary assessment, the Group believes that it has good chance of success in this case.	1,229.00	-
The subsidiary company (SRL) is currently under litigation with the Income tax department against an income tax demands of ₹ 4,072.22 lacs on account of disallowances on account of expenditure for Assessment year 2015-16. An appeal before CIT(A) has been filed in this regard in the month of January, 2018. The management based on its internal evaluation and advice obtained from its tax advisors is of the opinion that the demand is not tenable and does not expect any economic outflow. The Group has paid ₹ 815.00 lacs under protest as at March 31, 2018.	3,257.22	-

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(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
A subsidiary of the Company (FHsL) has received a demand pertaining to financial year 2011-12 raised by Joint Commissioner, Commercial Tax, West Bengal for Value Added Tax (VAT) payable on medicines and foods that are being served to patients. In response to the Assessment Order, the Company filed a petition to VAT Tribunal in the month of October 2014. The Tribunal granted a stay and ordered the Company to pay Rs. 10 lacs on Ad Hoc basis which will be refunded in case the judgment is in the favour of the Company. The affidavit in opposition was submitted by the West Bengal Sales tax department and FHsL submitted its affidavit in reply to the Tribunal. During the current year, the case has been decided in favour of FHsL by the Tribunal.	-	157.08
A subsidiary of the Company (FHsL) has received a demand from Jaipur Value Added Tax (VAT) department on account of VAT payable on sale of implants to patients used in procedures performed on them and sale of food and beverages to admitted patient. (The order pertains to financial year 2011-12 and 2012-13). FHsL filed a Writ petition before Jaipur High Court where Hon'ble court has granted stay on the matter. Based on management assessment, the Group believes that it has good chances of success in these cases.	502.17	502.17
A subsidiary of the Company (FHsL) was issued a Show cause notice dated 16 December, 2015 raising demand of 582 lacs for the period 2010-11 and 2011-12 alleging that FHsL was engaged in rendition of taxable (healthcare services to employee of any business entity or to a person covered by health insurance scheme) as well as exempted services (other healthcare services) and was liable to reverse CENVAT credit availed as per provisions of Rule 6(3) of the CENVAT Credit Rules, 2004. Further, extended period of limitation was also invoked. FHsL had filed a reply to show cause notice which was adjudicated by Commissioner, Service Tax vide order dated January 17, 2017 and the demand was made against the Company for ₹ 582.65 lacs Plus penalty of ₹ 582.65 lacs and further penalty of ₹ 0.10 lacs under provision to Section 77(2) of the Finance Act, 1994. FHsL has filed an appeal under CESTAT. Based on Management assessment, the Group believes that there are good chances of success in these cases.	1,165.39	1,165.39

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(₹ in lacs)

Particulars	As at March 31, 2018	As at March 31, 2017
Regular assessment u/s 143(3) of Income Tax Act, 1961 has been completed in respect of the Hiranandani Healthcare Private Limited ('HHPL'), a subsidiary of the Group, for the assessment year 2012-13 by the Dy. Commissioner of Income-tax, Circle 15(2)(1), Mumbai vide order dated 26.03.2015 assessing the total income at ₹ 1,946.33 lacs as against loss of ₹ 753.67 lacs declared by the assessee in the return of income. The Assessing Office has made disallowance amounting to ₹ 2,700 lacs and raised a demand of ₹ 831.00 Lacs. The Company has filed an appeal before the Commissioner of Income-tax (Appeals), Mumbai. Based on the Management assessment, the Group believes that it has good chances of success in these cases.	831.00	831.00
The Excise & Taxation Officer, Mohali passed an order dated October 08, 2013 u/s 29(2) of Punjab VAT there raising a demand of ₹ 1,412.35 lacs (₹ 370.70 lacs, interest thereon amounting to ₹ 300.24 lacs and Penalty amounting to ₹ 741.39 lacs). A writ filed before the Punjab and Haryana High Court on January 09, 2014. Stay granted and writ was decided in favour of the Parent Company. Department has filed Special Leave Petition before Supreme Court. Based on management assessment, the Parent Company believes that it has good chance of success in this case	1,412.35	1,412.35
In case of subsidiary company (SRL), litigation with the Income tax department against an income tax demands of ₹ 2,071.32 Lakhs on account of disallowances on account of expenditure for Assessment year 2014-15. SRL has paid ₹ 906 Lakhs under protest as at 31 Mar 2018 (31 March 2017 ₹ 311 Lakhs). An appeal before CIT(A) has been filed in this regard. Based on management assessment, the Group believes that it has good chance of success in this case.	1,165.32	1,760.32
The Excise & Taxation Officer, Mohali passed an order dated August 08, 2013 u/s 29(2) of Punjab VAT there raising a demand of ₹ 2,208.82 lacs (being demand at ₹ 596.17 lacs, interest thereon amounting to ₹ 420.30 lacs & Penalty amounting to ₹ 1,191.35 lacs). A writ filed before the Punjab and Haryana High Court on January 09, 2014. Stay granted and writ was decided in favour of the Parent Company. Department has filed Special Leave Petition before Supreme Court. Based on management assessment, the Parent Company believes that it has good chance of success in this case.	2,208.82	2,208.82

14. Other litigations and claims assessed as contingent liabilities and not provided for, unless otherwise stated:

- I. A third party (to whom the ICDs were assigned – refer note 36 below) ("Assignee" or "Claimant") has filed a Civil Suit before the District Court, Delhi in February 2018 against various entities including the Company (together "the defendants") and have, inter alia, claimed implied ownership of brands "Fortis", "SRL" and "La Femme" in addition to certain financial claims and for passing a decree that consequent to a Term Sheet dated December 6, 2017 ('Term Sheet') with a certain party, the Company is liable for claims owed by the Claimant to the certain party. In connection with this, the District Court passed an ex-parte order directing that any transaction undertaken by defendants, in favour of any other party, affecting the interest of the Claimant shall be subject to orders passed in the said suit (also refer note 38).

The Company has filed written statement denying all allegations made against it and prayed for dismissal of the Civil Suit on various legal and factual grounds. The Company has in its written statement also stated that it has not signed the alleged binding Term Sheet with certain party.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

In addition to the above, the Company has also received four notices from the Claimant claiming (i) ₹ 1,800.00 lacs as per notices dated 30 May, 2018 and 1 June, 2018 (ii) ₹ 21,582.00 lacs as per notice dated 4 June 2018; and (iii) ₹ 1,962.00 lacs as per notice dated 4 June 2018. All these notices have been responded to by the Company denying any liability whatsoever.

Separately, certain party has also alleged rights to invest in the Company. It has also alleged failure on part of the Company to abide by the aforementioned Term Sheet and has claimed ownership over the brands as well.

Allegations made by the aforesaid party has been duly responded to by the Company denying (i) execution of any binding agreement with the certain party and (ii) liability of any kind whatsoever. Company has also filed caveats before Hon'ble High Court of Delhi in this regard.

Based on advice of external legal counsel, the Management believes that the claims are without legal basis and are not tenable and accordingly no adjustment has been made in these Consolidated Ind AS Financial Statements with respect to these claims.

- II.** In respect of Escorts Heart Institute and Research Centre Limited ('EHIRCL'), a subsidiary of the Company,
- A.** The Income Tax Authorities carried out a survey on August 21, 2003 (certain statutory records of EHIRCL were impounded, which are still in the possession of the Authorities), regarding amalgamation of Escorts Heart Institute and Research Centre, Delhi (Delhi Society) with a Society at Chandigarh with a similar name (Chandigarh Society), and later on, registration of the amalgamated Society as a company (EHIRCL).

Pursuant to the survey, the Income Tax Authorities have re-opened the assessments of the erstwhile Delhi and Chandigarh Societies. The Assessing Officer, Delhi completed the reopened assessments of the erstwhile Delhi Society for four assessment years i.e. assessment years 1997-98, 1998-99, 1999-00 and 2000-01 wherein, the exemption availed by the erstwhile Delhi Society by virtue of being an approved scientific research organization was denied in respect of these years. The past accumulated income up to March 31, 1996 had been brought to tax and the income of the subsequent years was adjudicated to tax as normal business income, hence raising a cumulative demand of ₹ 10,102.04 lacs (as at March 31, 2017 ₹ 10,102.04 lacs) [including interest of ₹ 6,012.57 lacs (as at March 31, 2017 ₹ 6,012.57 lacs)].

EHIRCL challenged the reopening of the assessment for those assessment years before the Hon'ble High Court of Delhi in a Writ Petition. The Writ Petition for the assessment year 1997-98 was decided in favour of EHIRCL vide order dated January 25, 2012. Further, the Hon'ble High Court of Delhi in its order dated December 10, 2012 directed that all proceedings for the assessment years 1998-99 to 2000-01 are liable to be quashed. The appeals filed by the assessee before the CIT (A)-IV, New Delhi against the aforesaid orders for the assessment years 1997-98 to 2000-01 were also allowed in light of the orders passed by Hon'ble High Court of Delhi. The Department further filed an SLP before the Supreme Court, which was dismissed.

The Assessing Officer had also assessed the income for assessment year 2001-02, whereby the entire accumulations and allowances made in earlier years were brought to tax, thereby raising a demand of ₹ 12,436.90 lacs (Previous year ₹ 12,436.90 lacs) [including interest of ₹ 6,945.99 lacs (Previous year ₹ 6,945.99 lacs)]. EHIRCL filed an appeal before the Commissioner of Income Tax (Appeals) Delhi against this order, which was decided in favour of EHIRCL. The Income Tax Department has filed an appeal before ITAT, and the matter is currently pending at ITAT.

- B.** The Additional Commissioner of Income Tax, Chandigarh, had also raised a demand of tax in respect of EHIRCL for the assessment year 2001-02 amounting to ₹ 5,233.05 lacs (Previous year ₹ 5,233.05 lacs) and interest thereon amounting to ₹ 2,915.79 lacs (Previous year ₹ 2,915.79 lacs) by treating the excess of assets over liabilities as short-term capital gains on registration of the Amalgamated Society as a company (EHIRCL). EHIRCL is of the view that the above registration does not give rise to transfer of assets and consequent capital gains and, therefore, preferred an appeal before the Income Tax Appellate Tribunal (ITAT), Chandigarh. The ITAT, Chandigarh, vide its order dated March 18, 2008, had remanded

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- the matter to the Assessing Officer, Delhi for fresh adjudication. The Assessing Officer, Delhi completed the assessment vide order dated March 31, 2010 and raised a fresh demand of ₹ 10,532.16 lacs (Previous year ₹ 10,532.16 lacs) [including interest of ₹ 5,465.27 lacs (Previous year ₹ 5,465.27 lacs)]. EHIRCL filed an appeal before the Commissioner of Income Tax (Appeals), Delhi against the said assessment order of the Assessing Officer, which was decided in favour of EHIRCL during the year ended March 31, 2015. The Income Tax Department further filed appeal to ITAT, New Delhi, which is pending disposal. The income-tax demands, in respect of (A) and (B) above is ₹ 9,626.66 lacs (Previous year ₹ 10,213.02 lacs) after adjusting necessary funds deposited in an escrow account ₹ 13,342.40 lacs (Previous year ₹ 12,756.04 lacs). Further, as per the share purchase agreement dated September 25, 2005, one third of any excess of these demands after adjusting the recovery from the escrow account would be borne by the said erstwhile promoters and the balance by the Company. During the year 2012-13, the Income Tax Department has recovered the said amount deposited in the escrow account and has adjusted the amount against the aforesaid tax liability relating to the erstwhile Delhi Society. However, Hon'ble High Court Delhi vide order dated July 24, 2013 has held the adjustment to be erroneous and asked the revenue authorities to restore the amount so adjusted back to the escrow account and the revenue authorities have restored the same along with interest to the escrow account for relevant assessment year.
- C. The Delhi Development Authority ('DDA') vide its Order dated October 6, 2005 ('DDA Order') had terminated the lease deeds and allotment letters of EHIRCL. EHIRCL had filed Original Miscellaneous Petition ('OMP') and Civil Suit in the Hon'ble High Court of Delhi seeking a declaration that the DDA Order is illegal and praying for a permanent injunction restraining DDA from dispossessing EHIRCL without the due process of law. The Hon'ble High Court of Delhi had granted a stay restraining DDA from recovering physical possession of the property and had made the interim order granted in the OMP absolute till the award is passed. EHIRCL also filed an application for appointment of sole Arbitrator and reference of disputes to Arbitration in the Hon'ble High Court of Delhi. The arbitration application has been dismissed during the year 2013-14. The Civil Suit is pending with the Hon'ble High Court of Delhi.
- D. The Estate Officer of the DDA issued a show-cause notice dated November 9, 2005 and initiated eviction proceedings against EHIRCL. EHIRCL filed a Civil Writ Petition in the Hon'ble High Court of Delhi challenging the show cause notice issued by the Estate Officer, which was dismissed by the Hon'ble Single Judge. EHIRCL had filed Letters Patent Appeal ('LPA') against the above order before the Hon'ble High Court of Delhi. The Division bench of the Hon'ble High Court of Delhi vide its order dated September 3, 2007 had dismissed the LPA. The Estate Officer had issued a notice under section 4(1) of Public Premises Act dated October 8, 2007 to EHIRCL for resuming the proceedings under the said Act. EHIRCL had filed an appeal by way of SLP in the Hon'ble Supreme Court against the judgement in the LPA. The Hon'ble Supreme Court vide its order dated November 16, 2007 had ordered that proceedings before the Estate Officer may continue but no final order is to be passed. The proceedings are pending in the Courts.
- E. In relation to the order of the Hon'ble High Court of Delhi relating to provision of free treatment/beds to poor, the Directorate of Health Services, Government of NCT of Delhi ('DoHS') appointed a firm to calculate "unwarranted profits" arising to EHIRCL due to non-compliance. The special committee of DoHS stated that before giving a formal hearing to the hospital, a formal intimation shall be given regarding the recoverable amount as per calculation of the appointed firm, which as per their method of calculations amounted to ₹ 73,266.15 lacs, seeking the hospital's comments and inputs if any. EHIRCL responded to such intimation explaining errors and objections to the calculations and is awaiting a formal hearing in the matter with the DoHS. During the year ended 2015-16, EHIRCL received notice from DoHS to appear for a formal and final hearing raising demand of recoverable amount of ₹ 50,336.53 lacs for the period till FY 2006-2007 in terms of the above referred judgement. On receipt of the hearing notice, EHIRCL has responded to such notice explaining errors and objections to the calculations.

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During the year ended 2016-17, DoHS issued a demand notice dated June 9, 2016 directing EHIRCL to deposit ₹ 50,336.53 lacs within one month. EHIRCL had challenged the demand notice by way of a writ petition in the Hon'ble High Court of Delhi which vide order dated August 1, 2016 has set aside the demand of ₹ 50,336.53 lacs. DoHS agreed to grant hearing to EHIRCL on the reply submitted to it. The hearing has been held before the Special Committee of DoHS and order dated May 28, 2018 was passed imposing a penalty of ₹ 50,336.53 lacs. The order has been challenged before the Hon'ble High Court of Delhi and the Court passed order dated June 1, 2018 issuing notice and directing that no coercive steps may be taken subject to EHIRCL depositing a sum of ₹ 500 lacs before the concerned authority.

- F. The Commissioner of Customs (Import and General), Delhi had raised a demand on EHIRCL of ₹ 770.27 lacs (Previous year ₹ 770.27 lacs) [including ₹ 347.64 lacs (Previous year ₹ 347.64 lacs) as penalty for mis-declaration of the imported surgical machine with a redemption fine of ₹ 75 lacs (Previous year ₹ 75 lacs) for release of the said machine] on June 8, 2007. The mis-declaration refers to the classification of the underlying machine for customs duty purposes. EHIRCL had filed a stay application with the Central Excise and Service Tax Appellate Tribunal against the above order and deposited ₹ 347.64 lacs (Previous year ₹ 347.64 lacs) under protest. During the year 2015-16, final order was received in which the demand amount was restricted to ₹ 347.64 lacs and the department thereafter filed an appeal with the Hon'ble High Court of Delhi for penalty of ₹ 347.64 lacs which was considered as contingent liability as at March 31, 2016. During the year 2016-17, the Hon'ble High Court of Delhi has confirmed the penalty amount, which EHIRCL has contested but has provided for the same in the books of account. During the current year, EHIRCL has filed an appeal on May 01, 2017 in the Hon'ble Supreme Court and stay on the order of Hon'ble High Court of Delhi has been granted.

The Assistant Collector of Customs had issued an assessment order in an earlier year raising a demand of ₹ 330.38 lacs (Previous year ₹ 330.38 lacs) holding EHIRCL to be a commercial establishment in relation to the import of medical equipment, spares and consumables. EHIRCL filed an appeal with the Collector of Customs (Appeals), against the order of the Assistant Collector of Customs, which has been rejected. EHIRCL filed a further appeal and an application for stay before the Central Excise and Service Tax Appellate Tribunal. The Tribunal had ordered for the stay and to deposit a sum of ₹ 150 lacs (Previous year ₹ 150 lacs) with the customs authority. EHIRCL had deposited the amount with the customs authority and has also made a provision of ₹ 330.38 lacs (Previous year ₹ 330.38 lacs) in the books of account in the earlier year.

Based on its internal assessment and advice from its external legal counsels and on the basis of the documents available, Management believes that it has made adequate provision in these Consolidated Ind AS Financial Statements, where required, and it is not probable that there will be any additional outflow of economic resources to settle these claims and litigations.

- III. In respect of Hiranandani Healthcare Private Limited (HHPL), a subsidiary of the Company, Navi Mumbai Municipal Corporation ('NMMC') terminated the Hospital Lease Agreement with HHPL vide order dated 18 January, 2017 ('Termination Order') for certain alleged contravention of the Hospital Lease Agreement. NMMC granted a period of one month to HHPL to hand over the possession of the hospital to NMMC and also directed HHPL not to admit any new patients. HHPL filed a Writ Petition before the Hon'ble Supreme Court of India challenging the Termination Order. The Writ Petition was tagged with Special Leave Petition also filed by HHPL, inter alia, challenging the actions of the State Government, City Industrial Development Corporation and NMMC which led to the passing of the said Termination Order. The Hon'ble Supreme Court of India in its hearing held on 30 January, 2017 ordered "Status Quo" which is continuing.

Based on the external legal counsel opinion, Management is confident that HHPL is in compliance with the conditions of the Hospital Lease Agreement and accordingly considers that no provision / adjustment is required to these Consolidated Ind AS Financial Statements

- IV. In respect of Fortis Malar Hospitals Limited (FMHL), a subsidiary of the Company, FMHL had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the

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construction of the Hospital. CMDA has issued an Order dated March 18, 2016 stating that the regularization application made by FMHL has not been allowed. FMHL has preferred an appeal before the Secretary to the Government of Tamil Nadu, Housing and Urban Development Authority against the said Order, which is pending disposal.

On May 3, 2016 CMDA had also served a Locking & Sealing and De-occupation Notice to FMHL stating that in view of CMDA's Order dated March 18, 2016 referred above, the construction at the site of the Hospital premises is unauthorized and has called upon FMHL to restore the land to its original position within 30 days from the date of the Notice. FMHL has filed a writ petition before the Hon'ble High Court of Madras to impunge the said Notice. The Hon'ble High Court of Madras has quashed the Notice and directed that no coercive steps should be taken against FMHL till the pendency of the Statutory Appeal.

The Management, based on external legal advice, believes that the above Order/ Notices issued by CMDA are contestable and the same, prima facie, would not result in adverse impact on its operations as FMHL has a reasonable probability of succeeding in the aforesaid Appeal / writ petition.

- V. SRL, a subsidiary of the Company, the Company has received a legal Notice from Dr. Sanjeev K Chaudhry (an ex-employee) on 29th June, 2018 claiming a sum of ₹ 935.00 lacs with respect to Provident Fund, Variable Pay and ESOPs. Further the Company has also received a legal Notice from Dr. Sanjeev K Chaudhry on 29th June, 2018 claiming a sum of ₹ 1,923.00 lacs with respect to certain Technology transfer amounts allegedly due to him.

Based on an advise of the in-house legal counsel on the merits of the claim, the Company and its subsidiary are of the opinion that claims made by Dr. Sanjeev K Chaudhry may not be sustainable.

15. Other income-tax disputes assessed as contingent liabilities and not provided for, unless otherwise stated:

In case of EHIRCL, one of the subsidiaries of the Company:

- i. Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2003-04 whereby the Assessing Officer had raised demands of ₹ 424.17 lacs (Previous year ₹ 424.17 lacs) [including interest of ₹ 35.10 lacs (Previous year ₹ 35.10 lacs)] by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court had allowed these claims in favour of EHIRCL. The Income tax department filed appeal before the Supreme Court against the order of Delhi High Court which is pending disposal.

Further, the Assistant Commissioner of Income Tax, Delhi passed an order dated March 31, 2010 under sections 154/ 250/ 143(3) of Income Tax Act, 1961 for the assessment year 2003-04 whereby a demand of ₹ 22.77 lacs (Previous year ₹ 22.77 lacs) [including interest of ₹ 3.95 lacs (Previous year ₹ 3.95 lacs)] was raised on to EHIRCL by disallowing partial depreciation on electrical installation and transformers, UPS etc. Appeal filed with the Commissioner of Income Tax (Appeals), Delhi, against the disallowances made in the assessment order was dismissed and the company filed appeal before the ITAT, New Delhi, which has been decided in favour of the EHIRCL. Application for revival and rehearing of appeal filed in ITAT which is pending disposal.

- ii. Regular assessment under section 143(3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2004-05 whereby the Assessing Officer had raised demands of ₹ 404.22 lacs (Previous year ₹ 404.22 lacs) [including interest of ₹ 97.55 lacs (Previous year ₹ 97.55 lacs)] by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. The Commissioner of Income Tax (Appeals), ITAT and Delhi High Court allowed these claims in favour of EHIRCL. The Income tax department filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.

Assessment for the A.Y. 2004-05 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ₹ 214.67 lacs (Previous year ₹ 214.67 lacs) was raised by disallowing depreciation amounting to ₹ 349.30 lacs (Previous year ₹ 349.30 lacs) on assets acquired from erstwhile Chandigarh Society and treating the

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sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 13.85 lacs (Previous year ₹ 13.85 lacs) and including the same in income. An appeal was filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL filed appeal before ITAT and ITAT vide its orders dated August 23, 2013 restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the EHIRCL.

- iii. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2005-06 whereby the Assessing Officer had raised a demand of ₹ 282.03 lacs (Previous year ₹ 282.03 lacs) [including interest of ₹ 56.79 lacs (Previous year ₹ 56.79 lacs)] on EHIRCL by disallowing the claim of key man insurance premium and holding software development charges as capital expenditure. EHIRCL filed an appeal with the Commissioner of Income Tax (Appeals) against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated October 31, 2008 allowed partial relief to EHIRCL and confirmed the balance amount of demand raised by Assessing Officer. EHIRCL filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which was allowed in favour of EHIRCL and both the disallowances were deleted. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which was dismissed. The Income Tax Department filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of EHIRCL. The department has filed further appeal before the Supreme Court against the order of Delhi High Court which is pending disposal.

Assessment for the A.Y. 2005-06 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ₹ 83.16 lacs (Previous year ₹ 83.16 lacs) was raised by disallowing depreciation amounting to ₹ 270.40 lacs (Previous year ₹ 270.40 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 6.40 lacs (Previous year ₹ 6.40 lacs) and including the same in income. An appeal was filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL filed appeal before ITAT and ITAT vide its orders dated August 23, 2013 has restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the EHIRCL.

- iv. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2006-07 whereby the Assessing Officer raised a demand of ₹ 305.16 lacs (Previous year ₹ 305.16 lacs) [including interest of ₹ 44.23 lacs (Previous year ₹ 44.23 lacs)] on EHIRCL by disallowing the claim of keyman insurance premium. EHIRCL filed an appeal with the Commissioner of Income Tax (Appeals), Delhi against the order of the Assessing Officer. The Commissioner of Income Tax (Appeals) vide its order dated July 23, 2009 allowed partial relief to EHIRCL and confirmed the balance amount of demand raised by Assessing Officer. EHIRCL filed an appeal with ITAT against the order of Commissioner of Income Tax (Appeals) which was allowed in favour of EHIRCL. The Income Tax Department also filed an appeal before the ITAT against the order of Commissioner of Income Tax (Appeals), which was dismissed. The Income Tax Department filed an appeal with the Hon'ble High Court of Delhi against the order of the ITAT, which has been decided in favour of EHIRCL. Department has further filed appeal before the Supreme Court against the said orders of Delhi High Court which is yet to be fixed.

Assessment for the A.Y. 2006-07 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ₹ 99.33 lacs (Previous year ₹ 99.33 lacs) was raised by disallowing depreciation amounting to ₹ 136.43 lacs (Previous year ₹ 136.43 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 18.79 lacs (Previous year ₹ 18.79 lacs) and including the same in income. An appeal was filed before the Commissioner of Income-tax (Appeals) – Chandigarh, which was dismissed. EHIRCL filed appeal before ITAT, which vide its orders dated August 23, 2013 was restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the EHIRCL.

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- v. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2007-08 vide order dated December 24, 2009, whereby the Assessing Officer had raised a demand of ₹ 96.90 lacs (Previous year ₹ 96.90 lacs) [including interest of ₹ 0.76 lacs (Previous year ₹ 0.76 lacs) on EHIRCL by disallowing the claim of key man insurance premium and software development charges. The Commissioner of Income Tax (Appeals) Delhi, ITAT and Delhi High Court allowed these claims in favour of EHIRCL. The Income tax department filed appeal before the Supreme Court against the order of Delhi High Court, which is pending disposal.
- Assessment for the A.Y. 2007-08 was reopened vide Notice u/s 148 of the Income Tax Act, 1961 and was completed u/s 143(2) on December 26, 2011 by the Assessing Officer - Chandigarh, whereby a demand of ₹ 56.48 lacs (Previous year ₹ 56.48 lacs) was raised by disallowing depreciation amounting to ₹ 115.96 lacs (Previous year ₹ 115.96 lacs) on assets acquired from erstwhile Chandigarh Society and treating the sale consideration as 'profit' on sale of such assets and working out capital gain amounting to ₹ 10.31 lacs (Previous year ₹ 10.31 lacs) and including the same in income. An appeal was filed before the Commissioner of Income-tax (Appeals) - Chandigarh, which was dismissed. EHIRCL filed appeal before ITAT, which vide its orders dated August 23, 2013 restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which has been decided in favour of the EHIRCL.
- vi. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2008-09 vide order dated December 31, 2010, whereby the Assessing Officer made additions of ₹ 407.94 lacs (Previous year ₹ 407.94 lacs) including a sum of ₹ 307.63 lacs (Previous year ₹ 307.63 lacs) out of interest expenses holding that outstanding against group companies/subsidiaries were not for business purposes and a sum of ₹ 100.30 lacs (Previous year ₹ 100.30 lacs) out of the depreciation claimed by EHIRCL on its assets. Thus, reducing the loss from ₹ 2,955.28 lacs (Previous year ₹ 2,955.28 lacs) to ₹ 2,547.34 lacs (Previous year ₹ 2,547.34 lacs). The appeal was filed with the Commissioner of Income Tax (Appeals), Delhi which was decided in favour of the company. Income Tax Department has further filed an appeal before ITAT, New Delhi which has been decided in favour of Company. Department has filed further appeal in High Court which is pending disposal.
- vii. The Assessing Officer (TDS) - Jaipur had passed an order dated February 10, 2010, in respect of the Company for the assessment years 2008-09 and 2009-10, thereby raising the following demands:
- a) A.Y. 2008-09 – ₹ 16.74 lacs (Previous year ₹ 16.74 lacs) on account of non- deduction of tax on blood processing charges (holding the same as technical services and alleging that TDS u/s 194J was deductible), payments to retainer doctors (alleging that TDS was deductible u/s 192 instead of 194J) and payment to Fortis Health World Limited for managing pharmacy (holding that such payments were commission and alleging that TDS u/s 194H was deductible). An appeal was filed before the Commissioner of Income-tax (Appeals) – Jaipur and was decided vide order dated January 4, 2011 thereby giving partial relief to EHIRCL and the demand raised has been brought down from ₹ 16.74 lacs (Previous year ₹ 16.74 lacs) to ₹ 5.61 lacs (Previous year ₹ 5.61 lacs) as per order dated December 7, 2011. EHIRCL under protest had paid a sum of ₹ 8.37 lacs (Previous year ₹ 8.37 lacs) and subsequent to appeal effect order dated December 7, 2011, a refund was received amounting to ₹ 3.36 lacs (Previous year ₹ 3.36 lacs).
 - b) A.Y. 2009-10 – ₹ 0.37 lacs (Previous year ₹ 0.37 lacs) on account of non -deduction of tax on blood processing charges (holding the same as technical services and alleging that TDS u/s 194J was deductible), and payment to Fortis Health World Limited for managing pharmacy (holding that such payments were commission and alleging that TDS u/s 194H was deductible). An appeal was filed before the Commissioner of Income-tax (Appeals) – Jaipur which was allowed vide order dated August 30, 2011. EHIRCL under protest had paid a sum of ₹ 0.19 lacs (Previous year ₹ 0.19 lacs) and subsequent to appeal effect order dated December 7, 2011, a refund of ₹ 0.42 lacs (Previous year ₹ 0.42 lacs) is receivable.

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EHIRCL filed an appeal before the Income-tax Appellate Tribunal, Jaipur against balance issues confirmed vide said orders of CIT (A). Department also filed appeal before ITAT against said orders of CIT (A). As per order dated December 16, 2013, appeal was decided partially in favour of the Company through Third member reference, EHIRCL filed appeal before the Hon'ble High Court - Jaipur on the issue of tax deducted u/s 194J by EHIRCL on payments made to retainer doctors as against u/s 192 held to be deductible by the department which has been decided in favour of the company.

- viii. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2009-10, whereby the Assessing Officer had raised a demand of ₹ 109.03 lacs (Previous year ₹ 109.03 lacs) [including interest of ₹ 23.24 lacs (Previous year ₹ 23.24 lacs)] by making (i) disallowance u/s 36(1)(iii) ₹ 307.89 lacs (Previous year ₹ 307.89 lacs), (ii) disallowance of depreciation - ₹ 69.70 lacs (Previous year ₹ 69.70 lacs), (iii) adding profit on sale of assets - ₹ 20.78 lacs (Previous year ₹ 20.78 lacs), (iv) disallowance u/s 14A - ₹ 54.69 lacs (Previous year ₹ 54.69 lacs), (v) disallowance of short term capital loss - ₹ 592.80 lacs (Previous year ₹ 592.80 lacs) and (vi) addition of exempt income ₹ 640.10 lacs (Previous year ₹ 640.10 lacs). An appeal was filed with the Commissioner of Income Tax (Appeals), Chandigarh, against the disallowances made in the assessment order, which was dismissed. EHIRCL filed appeal before ITAT, which vide its orders dated August 23, 2013 was restored back the matter to the Commissioner of Income-tax (Appeals) for fresh adjudication which is pending disposal.
- ix. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2010-11, whereby the Assessing Officer raised a demand of ₹ 83.25 lacs (Previous year ₹ 83.25 lacs) by making i) disallowance u/s 36(1)(iii) ₹ 33.67 lacs (Previous year ₹ 33.67 lacs), ii) disallowance of depreciation - ₹ 59.14 lacs (Previous year ₹ 59.14 lacs) and iii) adding profit on sale of assets ₹ 6.31 lacs (Previous year ₹ 6.31 lacs). An appeal against the above order is filed to Commissioner of Income Tax (Appeals) - New Delhi, which has been decided in favour of EHIRCL. Income Tax Department further filed appeal before ITAT, New Delhi, which is pending disposal.
Pursuant to order passed u/s 250, an order u/s 154 has been passed by the AO thereby making disallowance on account of depreciation amounting to Rs.147.54 lacs alleging that the addition to PPE under the medical equipment are not under the category of life saving equipment eligible to depreciation @ 15% and not 40%.
- x. Regular assessment under section 143 (3) of Income Tax Act, 1961, has been completed in respect of EHIRCL for assessment year 2011-12, whereby the Assessing Officer has raised a demand of ₹ 8.00 lacs (Previous year ₹ 8.00 lacs) by making i) disallowance u/s 36(1)(iii) ₹ 105.00 lacs (Previous year ₹ 105.00 lacs), ii) disallowance of interest on Capital work in progress for ₹ 26.86 lacs (Previous year ₹ 26.86 lacs), iii) disallowance of depreciation of ₹ 50.68 lacs (Previous year ₹ 50.68 lacs), iv) adding profit on sale of assets ₹ 4.20 lacs (Previous year ₹ 4.20 lacs). An appeal against the above order is filed to Commissioner of Income Tax (Appeals) - New Delhi, which was decided in the favour of EHIRCL. Income Tax Department further filed appeal before ITAT, New Delhi, which is pending disposal.
- xi. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2012-13 whereby the Assistant Commissioner of income tax, Circle 8(2), New Delhi vide order dated March 31, 2016 assessing the income at ₹ 5,073.80 Lacs as against ₹ 4,929.58 Lacs declared by EHIRCL in the return of income. The Assessing Officer made disallowances of interest on Capital Work in Progress of ₹ 100.46 Lacs and Depreciation of ₹ 43.76 Lacs. EHIRCL filed an appeal on April 25, 2016 with the Commissioner of Income Tax (Appeals) against the regular assessment order passed u/s 143(3) of the Assessing Officer, which is pending disposal.
- xii. Pursuant to assessment under section 143(3) of Income Tax Act, 1961 in respect of EHIRCL, as order u/s 154 had been passed for assessment year 2013-14 whereby the Assessing Officer had raised demands of ₹ 333 lacs (Previous year ₹ 333 lacs) by disallowing the set off of short term loss of Rs.578.80 Lacs claimed in AY 2013-

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14 and pertaining to AY 2009-10. EHIRCL filed an appeal with the Commissioner of Income Tax (Appeals) against the assessment order passed of the Assessing Officer, which is pending disposal.

- xiii. Regular assessment under section 143 (3) of Income Tax Act, 1961, had been completed in respect of EHIRCL for assessment year 2014-15 whereby the Additional Commissioner of income tax, special range -3, New Delhi vide order dated December 29, 2016 assessing the income at ₹ 7,517.66 Lacs as against ₹ 7,485.55 Lacs declared by the assessee in the return of income. The Assessing Officer has made disallowances of ₹ 32.11 Lacs being depreciation on asset acquired from Delhi society. EHIRCL filed an appeal with the Commissioner of Income Tax (Appeals) against the regular assessment order passed u/s 143(3) of the Assessing Officer, which is pending disposal.

Based on its internal assessment and advice from its external legal counsels / professional advisors, and on the basis of the documents available, Management believes that it has made adequate provision in these Consolidated Ind AS Financial Statements, where required, and it is not probable that there will be any additional outflow of economic resources to settle these income tax disputes.

16. A subsidiary company (SRL Diagnostics Private Limited) disputed the coverage of Employees State Insurance Corporation (ESIC) for its Kolkata unit from inception till November 2002 as “Pathlabs” were not covered for Employee State Insurance Corporation (ESIC). Pending outcome of the hearing, an amount of ₹ 126.53 lacs (March 31, 2017 ₹ 109.03 lacs) has been provided in the books from the period commencing December 01, 2000 being the date from which the ESIC sent a notice claiming liability of ESIC on subsidiary company Kolkata unit.

17. Employee Stock Option Plan

- i. The Company has provided share-based payment scheme to the eligible employees and directors of the Company and its subsidiaries. During the year ended March 31, 2008, 458,500 options (Grant I) were granted to the employees under Plan ‘A’. Under the same plan, 33,500 options (Grant II) were granted to the employees during the year ended March 31, 2009, 763,700 options (Grant III) were granted during the year ended March 31, 2010, 1,302,250 options (Grant IV) were granted during the year ended March 31, 2011 and 200,000 options (Grant V) were granted during the year ended March 31, 2012. Under plan ‘B’, 4,050,000 options (Grant VI) were granted during the year ended March 31, 2013, 3,715,000 options (Grant VII) were granted during the year ended March 31, 2014, 240,000 option (Grant VIII) were granted during the year March 31, 2015, 100,000 option (Grant IX) during the previous year and 2,500,000 options (Grant X) were granted during the previous year. The Company has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the Parent. As at March 31, 2018 the following schemes were in operation:

Particulars	Date of grant	Date of Board Approval	Date of Shareholder's approval	Number of options granted	Vesting Period	Exercise Period up to
Grant I	February 13, 2008	July 30, 2007	September 27, 2007	4,58,500	February 13, 2009 to February 12, 2013	February 11, 2018
Grant II	October 13, 2008	July 30, 2007	September 27, 2007	33,500	October 13, 2009 to October 12, 2013	October 12, 2018
Grant III	July 14, 2009	July 30, 2007	September 27, 2007	7,63,700	July 14, 2010 to July 13, 2014	July 13, 2019
Grant IV	October 14, 2010	July 30, 2007	September 27, 2007	13,02,250	October 1, 2011 to September 30, 2015	September 30, 2020
Grant V	September 12, 2011	July 30, 2007	September 27, 2007	2,00,000	September 12, 2012 to September 11, 2016	September 11, 2021
Grant VI	February 23, 2012	August 12, 2011	September 19, 2011	40,50,000	September 23, 2012 to September 23, 2015	February 22, 2019

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	Date of grant	Date of Board Approval	Date of Shareholder's approval	Number of options granted	Vesting Period	Exercise Period up to
Grant VII	June 10, 2013	August 12, 2011	September 19, 2011	37,15,000	June 20, 2013 to June 09, 2016	June 09, 2020
Grant VIII	November 12, 2014	August 12, 2011	September 19, 2011	2,40,000	Nov 12, 2014 to Nov 11, 2017	November 10, 2021
Grant IX	June 01, 2015	August 12, 2011	September 19, 2011	1,00,000	Jun 01, 2015 to May 31, 2018	May 31, 2022
Grant X	August 05, 2015	August 12, 2011	September 19, 2011	25,00,000	Aug 05, 2015 to Aug 04, 2018	August 22, 2022

The details of activity under the Plan have been summarized below:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	5,241,950	149.43	6,472,950	142.94
Forfeited during the year	472,700	125.56	394,900	158.25
Exercised during the year	929,600	99.79	836,100	95.07
Outstanding at the end of the year	3,839,650	145.04	5,241,950	149.43
Exercisable at the end of the year	-	-	1,670,000	91.00

During the year in respect of 2,500,000 numbers of ESOP, the terms of issue were modified.

The details of exercise price for stock options outstanding at the end of the year are:

Particulars	March 31, 2018	March 31, 2017
Range of exercise prices	₹ 50.00 to 163.30	₹ 50.00 to 193.00
Number of options outstanding	38,39,650	52,41,950
Weighted average remaining contractual life of options (in years)	4.56	4.05
Weighted average fair value of options granted (in ₹)	59.23	63.48
Weighted average exercise price (in ₹)	164.38	149.43

Stock Options granted

There have been no grants made in the current year by the Company. The weighted average fair value of stock options granted during the year end March 31, 2018, ₹ 98.90. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

Particulars	March 31, 2018	March 31, 2017
Exercise Price	` 50.00 to 163.30	` 50.00 to 193.00
Expected Volatility	6.42% to 34%	6.42% to 34%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particulars	March 31, 2018	March 31, 2017
Life of the options granted (Vesting and exercise period) in years	2 years to 7 years	2 years to 7 years
Expected dividends	-	-
Average risk-free interest rate	7.31% to 8.70%	7.31% to 8.70%
Expected dividend rate	-	-

Expected volatility has been determined considering the daily volatility of the stock prices on National Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

- ii. In case of FHML, Employees (including senior executives) of the Company (FHML) and its Subsidiary receive remuneration in the form of share-based payment transactions, whereby employees render services as consideration for equity instruments (equity-settled transactions).

Malar Employee Stock Option Plan 2008 (Scheme) was approved by the board of directors of FHML on July 31, 2008 / May 28, 2009 and by shareholders in the annual general meeting held on September 29, 2008 / August 21, 2009. The following are some of the important condition to the scheme:

Vesting Plan

- 25% of the option shall vest on the completion of 12 months from the grant date.
- 25% of the option shall vest on the completion of 24 months from the grant date.
- 25% of the option shall vest on the completion of 36 months from the grant date.
- 25% of the option shall vest on the completion of 48 months from the grant date.

Exercise Plan

There shall be no lock in period after the options have vested. The vested options will be eligible to be exercised on the vesting date itself. Notwithstanding any provisions to the contrary in this plan the options must be exercised before the end of the tenure of the plan.

Effective Date

The plan was effective from August 21, 2009.

The details of activity under the Scheme are summarized below:

Particulars	March 31, 2018		March 31, 2017	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	160,000	26.20	218,750	26.2
Granted during the year	-	-	-	-
Forfeited during the year	-	-	-	-
Exercised during the year	(20,000)	26.20	(58,750)	26.2
Expired during the year	-	-	-	-
Outstanding at the end of the year	1,40,000	26.20	160,000	26.20
Exercisable at the end of the year	1,40,000	26.20	160,000	26.20

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The expected life of the stock is based on historical data and current expectations and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may also not necessarily be the actual outcome.

Particulars	March 31, 2018	March 31, 2017
Grant Date share price	26.20	26.20
Exercise Price (in ₹)	26.20	26.20
Expected Volatility*	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5
Expected dividends (in ₹)	0.00	0.00
Average risk-free interest rate	7.50%	7.50%
Expected dividend rate	0%	0%

* Expected volatility has been determined considering the daily volatility of the stock prices on Bombay Stock Exchange, over a period prior to the date of grant, corresponding with the expected life of the options.

- iii. A subsidiary (SRL Limited) has provided share-based payment scheme to the eligible employees and directors of SRL Limited and its subsidiary. The shareholders of SRL vide their resolution dated August 17, 2009 granted approval to 'Super Religare Laboratories Limited Employee Stock Option Plan 2009' (the 'Scheme'). The grant date for the options is August 22, 2009. Under the said Scheme 1,517,470 options of the equity shares of SRL have been granted to the employees at an exercise price of ₹ 40 per share. Also the shareholders of the SRL vide their resolution dated September 20, 2013 granted approval to 'SRL Limited Employee Stock Option Scheme 2013' (the 'Scheme'). Under the said Scheme total 1,245,937 options of the equity shares of the SRL have been granted to the employee at an exercise price of ₹ 201 to ₹ 674 per share. SRL has granted these options under Equity Settlement method and there are no conditions for vesting other than continued employment with the subsidiary Company.

Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Scheme	ESOP 2009	ESOP 2013	ESOP 2013	ESOP 2013	ESOP 2013	ESOP 2013	ESOP 2013
Date of grant	August 22, 2009	September 30, 2013	November 2, 2015	November 8, 2016	March 22, 2017	May 06, 2017	August 02, 2017
Date of Board Approval	August 22, 2009	August 23, 2013	August 23, 2013	August 23, 2013	August 23, 2013	May 06, 2017	August 02, 2017
Date of Shareholder's approval	August 17, 2009	September 30, 2013	September 30, 2013	September 30, 2013	September 30, 2013	May 06, 2017	August 02, 2017
Number of options granted	1,517,470	200,000	995,937	75,000	125,000	25,000	25,000
Number of options cancelled	7,95,835	1,34,000	3,18,437	-	-	-	-
Number of options exercised	1,46,847	66,000	-	-	-	-	-
Number of options issued	1,46,847	66,000	-	-	-	-	-

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Particulars	Grant I	Grant II	Grant III	Grant IV	Grant V	Grant VI	Grant VII
Number of options not yet vested	-	-	6,77,500	75,000	1,25,000	25,000	25,000
Number of options not yet exercised	5,74,788	-	-	-	-	-	-
Method of Settlement	Equity	Equity	Equity	Equity	Equity	Equity	Equity
Vesting Period	Over three years - August 22, 2009 to August 21, 2012	Over three years - September 30, 2016 to September 30, 2018	Over three years - November 2, 2018 to November 1, 2020	Over three years - November 7, 2019 to November 7, 2021	Over three years - March 22, 2020 to March 22, 2022	Over three years - May 26, 2020 to May 26, 2022	Over three years - August 02, 2020 to August 02, 2022
Exercise Period up to	Up to August 21, 2019	Up to September 29, 2022	Up to November 1, 2022	Up to November 1, 2022	Up to November 1, 2022	Up to November 1, 2022	Up to November 1, 2022
Exercise Period	August 21, 2019	September 29, 2022	November 1, 2022	November 1, 2022	November 1, 2022	November 1, 2022	November 1, 2022
Grant value	40	201	428	674	674	674	674

Note:- During the year out of above state ESOP's (Grant-III), Employees to whom 40000 ESOPs were granted, the restive period of those ESOP's have been accelerated from the current year to 1.5% year and same rested on March 10, 2017.

The details of activity under the Plan have been summarized below:

	As at March 31, 2018		As at March 31, 2017	
	Number of Options	Weighted Average exercise price (₹)	Number of Options	Weighted Average exercise price (₹)
Outstanding at the beginning of the year	16,51,482	303.19	2,040,843	245.60
Granted during the year	50,000	674.00	200,000	674.00
Vested during the year	-	-	66,000	201.00
Exercised during the year	64,125	40.00	88,600	159.93
Forfeited/ Cancelled during the year	1,35,069	373.04	500,761	239.98
Outstanding at the end of the year	15,02,288	320.49	1,651,482	303.19
Exercisable option at the end of the year	5,74,788	40.00	658,045	40.00
Remaining life	4.00		5.00	
Range of exercise price (₹)	40.00-674.00		40.00- 674.00	

The weighted average fair value of stock options granted during the year is ₹ 674.00.

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Particulars	Grant II	Grant III	Grant IV- V	Grant VI- VII
Vesting Schedule	100%	100%	100%	100%
Date of Grant	September 30, 2013	November 2, 2015	November 8, 2016 and March 22, 2017	May 6, 2017 and August 2, 2017
Stock Price (S)	201.00	428.00	674.00	674.00
Exercise Price (X)	201.00	428.00	674.00	674.00
Volatility (s)	17.41%	15.54%	15.54%	16.19%
Risk-free Rate	8.70%	7.63%	7.63%	6.95%
Expected Option Life (T)	5yrs	5yrs	5yrs	5yrs
Dividend Yield	1.00%	0.47%	0.47%	0.47%
Factor D1	1.2	1.2	1.2	1.08
Factor D2	0.8	0.9	0.9	0.7
Normdist of D1	0.9	0.9	0.9	0.9
Normdist of D2	0.8	0.8	0.8	0.8
Option Value	66.30	135.30	213.00	202.61
Exit/Attrition Rate	16.50%	16.50%	16.50%	16.50%
Modified Option Value	55.40	112.98	177.86	169.18

Note:- The change does not affect total equity, but there is a decrease in profit for the year ended March 31, 2018 of Rs. 282.15 lacs (31 March 2017: Rs. 141.25 lacs).

18. Employee Benefits Plan:**Defined Contribution Plan**

The Group's contribution towards its employee provident fund is a defined contribution retirement plan for qualifying employees. The provident fund contribution of certain employees of the group is being deposited with "Fortis Healthcare Limited Provident Fund Trust" and "Escorts Heart Institute and Research Centre Limited PF Trust" which is recognized by the income tax authority and rest payment is made to provident fund commissioner.

The Group recognised ₹. 4,584.49 lacs (previous year ₹ 4,212.92 lacs) for Provident Fund, Employee state insurance and Superannuation fund contribution in the Consolidated Statement of Profit and Loss. The Contribution payable to the plan by the Company is at the rate specified in rules to the scheme.

Defined Benefit Plan

The Group companies have a defined benefit gratuity plan, whereby the employees are entitled to gratuity benefits on the basis of last salary drawn and completed number of year of services. The gratuity plan for two subsidiaries of the Company is 100% funded with an insurance policy with Life Insurance Corporation of India.

The following table summarizes the components of net benefit expenses recognized in the Consolidated Statement of Profit and Loss and the amounts recognized in the balance sheet.

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(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
i. Movement in Net Liability		
Present value of obligation at the beginning of the year	7,405.11	5,359.00
Current service cost	1,098.37	1,367.40
Past Service Cost	85.65	4.22
Interest cost	476.14	391.34
Amount recognised to OCI	(254.78)	957.79
Obligation acquired on slump sale	-	306.8
Obligation transferred from subsidiary	(3.63)	(283.65)
Benefits paid	(968.45)	(697.78)
Present value of obligations at the end of the year	7,838.42	7,405.11
Present value of unfunded obligation		
Amounts in the Balance Sheet		
(a) Liabilities	7,838.42	7,405.11
(b) Assets	(711.65)	(716.33)
(c) Net liability/(asset) recognised in the balance sheet	7,126.77	6,688.79
Current Liability	756.86	1,178.16
Non-Current Liability	6,369.91	5,510.62

(₹ In lacs)

Change in fair value of Plan Assets	As at March 31, 2018	As at March 31, 2017
Fair value of plan assets at the beginning of the year	717.11	585.4
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	49.00	48.84
Recognised in Other Comprehensive Income:		
- Return on plan assets (excluding amount included in net interest expense)	(3.57)	23.16
Contributions by employer	19.67	74.07
Benefit payments	(70.57)	(14.34)
Closing value of plan assets	711.65	717.11

i. Expense recognised in Statement of Profit and Loss is as follows:

(₹ In lacs)

Change in fair value of Plan Assets	As at March 31, 2018	As at March 31, 2017
Amount recognised in employee benefit expense		
Service cost	1,098.37	1,367.40
Past Service Cost	85.65	4.22
Total	1,184.02	1,371.62

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Amount recognised in finance cost		
Interest cost	427.14	391.34
Total	427.14	391.34
Grand Total	1,660.16	1,762.95

ii. Expense recognised in Statement of Other comprehensive income is as follows:

(₹ In lacs)

Change in fair value of Plan Assets	As at March 31, 2018	As at March 31, 2017
Net actuarial loss / (gain) due to experience adjustment recognised during the year	(233.39)	(180.13)
Net actuarial loss / (gain) due to assumptions changes recognised during the year	(21.39)	(777.74)
Net return on plan assets (excluding interest income)	3.57	0.08

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

Particular	Year ended March 31, 2018	Year ended March 31, 2017
In case of FHL		
Rate for discounting liabilities	7.50%	7.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of FHsL		
In case of Bangalore Corporate Office, Anandpur, FHKI, Mulund, Bennarghatta Road, Cunningham Road, Kalyan & Lafemme, Bangalore		
Rate for discounting liabilities	7.50%	7.25%
Expected Return on planed Assets	-	-
Expected salary increase rate	8.00%	7.50%
Withdrawal / Employee Turnover Rate		
Upto 30 years	10.00%-30.00%	10.00%-30.00%
Upto 40 years	5.00%-25.00%	5.00%-25.00%
Upto 50 years	3.00%-20.00%	3.00%-20.00%
Above 50 years	2.00%-10.00%	2.00%-10.00%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particular	Year ended March 31, 2018	Year ended March 31, 2017
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of other locations:		
Rate for discounting liabilities	7.50%	7.25%
Expected Return on planed Assets	7.50%	8.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of EHIRCL		
Rate for discounting liabilities	7.50%	7.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of HHPL		
Rate for discounting liabilities	7.25%	7.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	(Indian Assured Lives Mortality (2006-08) modified	Indian Assured Lives Mortality (2006-08)
In case of FHM(E)L		
Rate for discounting liabilities	7.50%	7.25%
Expected salary increase rate	7.50%	7.50%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particular	Year ended March 31, 2018	Year ended March 31, 2017
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of FHTL		
Rate for discounting liabilities	7.60%	7.10%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of FESL		
Rate for discounting liabilities	7.25%	7.75%
Expected salary increase rate	5.00%	5.00%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	12.50%	13.00%
Age from 31 to 44 years	15.00%	15.00%
Age above 44 years	15.00%	15.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of Stellant		
Rate for discounting liabilities	7.25%	7.25%
Expected salary increase rate	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Particular	Year ended March 31, 2018	Year ended March 31, 2017
In case of FMHL		
Rate for discounting liabilities	7.50%	7.25%
Expected salary increase rate	7.50%	7.50%
Expected return on planned assets	7.50%	7.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	18.00%	18.00%
Age from 31 to 44 years	6.00%	6.00%
Age above 44 years	2.00%	2.00%
Mortality table used	Indian Assured Lives Mortality (2006-08)	Indian Assured Lives Mortality (2006-08)
In case of SRL		
Rate for discounting liabilities	7.51% - 7.70%	6.66% - 7.40%
Expected salary increase rate	Uniform 6.50%	Uniform 6.50%
Withdrawal / Employee Turnover Rate		
Age up to 30 years	15% - 33% p.a.	15% - 33% p.a.
Age from 31 to 44 years	9% - 18% p.a.	9% - 18% p.a.
Age above 44 years	0% - 9% p.a.	0% - 9% p.a.
Mortality table used	Indian Assured Lives 2006-08 Ultimate	Indian Assured Lives 2006-08 Ultimate

Notes:

1. The estimates of future salary increases, considered in actuarial valuation, takes account of inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
2. Significant actuarial assumption for the determination of the defined obligation are discounted rate, expected salary escalation rate and withdrawal rate.
3. Certain Companies within the Group have invested in the schemes with Life Insurance Corporation of India for the plan assets.

19. Financial Instruments**a. Capital Management**

The Group manages its capital to ensure that the Group will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings as detailed in notes 6(xix), 6(xx) and 6(xxiii) offset by cash and bank balances) and total equity of the company.

The Group is not subject to any externally imposed capital requirements.

The Company's Board reviews the capital structure of the Group on need basis. As part of this review, the Board considers the cost of capital and the risks associated with each class of capital. The gearing ratio at March 31, 2018 of 35.44% (Previous year 27.55%) (see below).

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS**Gearing ratio**

The gearing ratio at end of the reporting period was as follows

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Debt [refer note 6(xix), 6(xxiii) and 6(xx)]	203,166.55	228,491.55
Cash and bank balances* [refer note 6(xiv) and 6(xv)]	(14,731.85)	(54,649.61)
Net debt	188,434.70	173,841.94
Total equity	531,695.55	631,076.47
Net debt to equity ratio	35.44%	27.55%

*Balances with bank - on current account under negative lien not included above. Refer note 6(xv).

b. Categories of financial instruments

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Measured at fair value through profit or loss (FVTPL)		
Mutual Funds	33,506.37	39,160.01
Measured at amortised cost		
Investment in non-convertible debenture in associate	46,717.04	46,717.04
Cash and bank balances	12,961.62	54,430.26
Other bank balances	9,005.52	219.34
Loans	1,683.78	10,441.60
Trade Receivables	47,018.78	48,386.82
Other Financial assets	18,472.43	20,029.29
Total	169,365.54	219,389.36

At the end of the reporting period, there are no significant concentrations of for financial assets designated at FVTPL. The carrying amount reflected above represents the company's maximum exposure to credit risk for such financial assets.

(₹ in Lacs)

Particulars	As at 31 March 2018	As at 31 March 2017
Measured at amortised cost		
Borrowings	196,219.63	221,734.08
Trade payables	78,296.11	58,866.06
Other financial liabilities	15,882.90	16,650.84
Total	290,398.64	297,250.98

20. Financial risk management objectives

The Group's Corporate Treasury function provides services to the business, co-ordinates access to domestic and international financial markets including market risk (including currency risk, interest rate risk and other price risk), credit risk and liquidity risk.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

The Board of Directors manages the financial risk of the Group through internal risk reports which analyze exposure by magnitude of risk. The Group has limited exposure from the international market as the Group's operations are in India. However, the Group has limited exposure towards foreign currency risk it earns approx. 10% of its revenue from in foreign currency from international patients. Also capital expenditure includes capital goods purchased in foreign currency through the overseas vendors. The Group has not taken any derivative contracts to hedge the exposure. However, the exposure towards foreign currency foreign currency fluctuation is partly hedged naturally on account of receivable from customers and payable to vendors in foreign currency.

Market Risk

The Company's activities expose it primarily to the financial risks of changes in interest rates and foreign currency exchange rates.

a) Foreign currency risk management

The Group undertakes transactions denominated in foreign currencies; consequently, exposures to exchange rate fluctuations arise. Exchange rate exposures are managed within approved policy parameters.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

(Amount in Lacs)

Particulars	Foreign Currency	March 31, 2018		March 31, 2017	
		Foreign Currency	₹	Foreign Currency	₹
		Amount		Amount	
Trade payables	USD	25.82	1681.84	3.97	258.14
	Euro	0.33	26.21	0.46	32.51
	AED	0.48	8.42	0.18	11.72
	GBP	-	-	0.01	0.08
Bank balances	SGD	39.94	1984.48	1.51	69.97
	MUR	15.38	29.44	89.36	165.36
Trade receivables	USD	18.75	1219.95	7.45	482.60
	AED	4.56	80.81	1.73	30.60
	MUR	9.66	18.49	93.30	172.64
EEFC Accounts	USD	0.01	0.61	-	-
Cash balances	AED	10.00	177.39	3.84	67.75
	Euro	0.00	0.01	0.01	0.71
	USD	0.24	12.14	12.95	840.02
	GBP	-	-	-	0.10
	LKR	539.09	248.22	0.25	0.11
Buyers Credit	USD	-	-	1.22	79.19
	Euro	-	-	0.11	7.59
Loans taken	SGD	609.56	30,283.82	874.14	40588.15

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Amount in Lacs)

Particulars	Foreign Currency	March 31, 2018		March 31, 2017	
		Foreign Currency	₹	Foreign Currency	₹
		Amount		Amount	
	AED	5.63	99.84	2.14	37.80

Foreign currency sensitivity analysis

The group is mainly exposed to the USD & SGD currency.

The following table details the company's sensitivity to a 5% increase and decrease in the Rs. against the USD. 5% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis includes only outstanding foreign currency denominated monetary items and adjusts their translation at the period end for a 5% change in foreign currency rates. The sensitivity analysis includes external loans. A positive number below indicates an increase in profit or equity where the Rs. strengthens 5% against the relevant currency. For a 5% weakening of the Rs. against the relevant currency, there would be a comparable impact on the profit or equity, and the balances below would be negative.

(Amount in lacs)

If increase by 5%		Currency impact USD	
Particulars		As at	As at
		March 31, 2018	March 31, 2017
Increase / (decrease) in profit or loss for the year		463.72	83.00
Increase / (decrease) in total equity as at the end of the reporting period		463.72	83.00
If decrease by 5%		Currency impact USD	
Particulars		As at	As at
		March 31, 2018	March 31, 2017
Increase / (decrease) in profit or loss for the year		(463.72)	(83.00)
Increase / (decrease) in total equity as at the end of the reporting period		(463.72)	(83.00)

(Amount in lacs)

If increase by 5%		Currency impact EURO	
Particulars		As at	As at
		March 31, 2018	March 31, 2017
Increase / (decrease) in profit or loss for the year		(1.31)	2.04
Increase / (decrease) in total equity as at the end of the reporting period		(1.31)	2.04
If decrease by 5%		Currency impact EURO	
Particulars		As at	As at
		March 31, 2018	March 31, 2017
Increase / (decrease) in profit or loss for the year		1.31	(2.04)
Increase / (decrease) in total equity as at the end of the reporting period		1.31	(2.04)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Amount in lacs)

If decrease by 5%		Currency impact SGD	
Particulars	As at March 31, 2018	As at March 31, 2017	
Increase / (decrease) in profit or loss for the year	(1,414.97)	(2,032.91)	
Increase / (decrease) in total equity as at the end of the reporting period	(1,414.97)	(2,032.91)	
If decrease by 5%		Currency impact SGD	
Particulars	As at March 31, 2018	As at March 31, 2017	
Increase / (decrease) in profit or loss for the year	1,414.97	2,032.91	
Increase / (decrease) in total equity as at the end of the reporting period	1,414.97	2,032.91	

(Amount in lacs)

If increase by 5%		Currency impact AED	
Particulars	As at March 31, 2018	As at March 31, 2017	
Increase / (decrease) in profit or loss for the year	7.50	7.39	
Increase / (decrease) in total equity as at the end of the reporting period	7.50	7.39	
If decrease by 5%		Currency impact AED	
Particulars	As at March 31, 2018	As at March 31, 2017	
Increase / (decrease) in profit or loss for the year	(7.50)	(7.39)	
Increase / (decrease) in total equity as at the end of the reporting period	(7.50)	(7.39)	

(Amount in lacs)

If increase by 5%		Currency impact MUR	
Particulars	As at March 31, 2018	As at March 31, 2017	
Impact on profit or loss for the year	2.40	16.90	
Impact on total equity as at the end of the reporting period	2.40	16.90	
If decrease by 5%		Currency impact MUR	
Particulars	As at March 31, 2018	As at March 31, 2017	
Impact on profit or loss for the year	(2.40)	(16.90)	
Impact on total equity as at the end of the reporting period	(2.40)	(16.90)	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

(Amount in lacs)

If increase by 5%	Currency impact LKR	
Particulars	As at March 31, 2018	As at March 31, 2017
Impact on profit or loss for the year	12.41	0.01
Impact on total equity as at the end of the reporting period	12.41	0.01
If decrease by 5%	Currency impact LKR	
Particulars	As at March 31, 2018	As at March 31, 2017
Impact on profit or loss for the year	(12.41)	(0.01)
Impact on total equity as at the end of the reporting period	(12.41)	(0.01)

b) Interest rate risk management

The Group is exposed to interest rate risk because Group borrow funds at both fixed and floating interest rates. The risk is managed by the Group by maintaining an appropriate mix between fixed and floating rate borrowings.

The Group's exposures to interest rates on financial assets and financial liabilities are detailed in the liquidity risk management section of this note.

Interest rate sensitivity analysis

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

(Amount in lacs)

If increase by 50 basis point	Currency impact	
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Increase / (decrease) in profit or loss for the year	(649.33)	(1,478.58)
Increase / (decrease) in total equity as at the end of the reporting period	(649.33)	(1,478.58)
If decrease by 50 basis point	Currency impact	
Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Increase / (decrease) in profit or loss for the year	649.33	1,478.58
Increase / (decrease) in total equity as at the end of the reporting period	649.33	1,478.58

c) Credit risk management

Credit risk refers to the risk that a counter party will default on its contractual obligations resulting in financial loss to the Company. The Company takes due care while extending any credit as per the approval matrix approved by Board of Directors. Refer note 36, 38(d)(ii) and 38(d)(vi).

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

d) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the board of directors, which has established an appropriate liquidity risk management framework for the management of the company's short-term, medium-term and long-term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and reserve borrowing facilities, by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

Liquidity and interest risk tables

The following tables detail the Group'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 Group can be required to pay.

The tables include both interest and principal cash flows. To the extent that interest flows are floating rate, the undiscounted amount is derived from interest rate curves at the end of the reporting period.

The contractual maturity is based on the earliest date on which the Group may be required to pay.

(₹ in lacs)				
Particulars	Within 1 year	More than 1 year	Total	Carrying amount
As at March 31, 2018				
Borrowings	118,675.95	137,033.64	255,709.60	196,219.63
Trade payables	78,416.14	-	78,416.14	78,416.14
Other financial liabilities	14,638.92	1,243.98	15,882.90	15,882.90
Total	211,731.01	138,277.62	350,008.64	290,518.67

(₹ in lacs)				
Particulars	Within 1 year	More than 1 year	Total	Carrying amount
As at March 31, 2017				
Borrowings	93,863.96	141,935.82	235,799.99	221,734.07
Trade payables	58,866.06	-	58,866.06	58,866.06
Other financial liabilities	15,204.29	1,605.90	16,809.99	16,650.85
Total	167,934.31	143,541.72	311,476.04	297,250.98

21. Fair value measurement

Fair value of the company's financial assets and financial liabilities that are measured at fair value on a recurring basis.

(₹ in lacs)

Particulars	Fair value as at		Fair value hierarchy	Valuation technique(s) and key input(s)
	As at March 31, 2018	As at March 31, 2017		
Financial assets				
Investment in Mutual Funds [refer note 38(d)(x)]	33,506.37	39,160.01	Level 1	Quoted prices in active market

There was no transfer between Level 1, Level 2 and Level 3 in the year.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Fair value of the company's financial assets and financial liabilities that are measured at fair value on a non-recurring basis

Financial Assets measured at amortised cost

The carrying amount of financial assets and financial liabilities measured at amortised cost in the financial statements are a reasonable approximation of their fair values since the Group does not anticipate that the carrying amounts would be significantly different from the values that would eventually be received or settled.

22. During the year ended March 31, 2014, the Group issued 150 Foreign Currency Convertible Bonds aggregating to US Dollar 300 lacs due 2018 (the "Bonds") at the rate of (4.66%+LIBOR). These Bonds were listed on the Singapore Exchange Securities Trading Limited (the "SGX-ST").

The Bonds were convertible up to US Dollar 240 lacs of principal amount at the option of the holder at any time on or after September 17, 2013 (or such earlier date as is notified to the holders of the Bonds by the Group) up to August 01, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Group ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 99.09 with 120,471 shares being issued per Bond with a fixed rate of exchange on conversion of ₹ 59.6875 = US Dollar 1.00. The Conversion Price was subject to adjustment in certain circumstances.

Subject to certain conditions, the Bonds could be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond outstanding (but in no event exceeding US Dollar 60 lacs in aggregate principal amount of Bonds), at the option of the Group at any time on or after September 17, 2013 up to August 01, 2018 at the Partial Reset Conversion Price (as defined in the "Terms & Conditions of the Bonds").

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Group and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Unless previously redeemed, converted or purchased and cancelled, the Bonds would be redeemed by the Group in US Dollars on August 08, 2018 at 100 per cent of its principal amount. These Bonds were considered a monetary liability and are redeemable only if there is no conversion before maturity date.

The proceeds of the issue amounting to ₹ 18,390.74 lacs were used for repayment of debts.

During the previous year, the Group allotted 18,070,650 equity shares to Standard Chartered (Mauritius) III Limited against USD 30 Million FCCB, on exercise of conversion option as per Offering Circular.

The fair value of the liability portion of such optional convertible bonds is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as liability on an amortised cost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds received on issuance of FCCB is considered to be attributable to the equity portion of the compound instruments. This is recognised and included in the shareholders' equity, and not subsequently premeasured and on conversion of FCCB into equity shares the amount is transferred to retained earnings in the year of conversion.

The effective interest rate on the liability element on initial recognition, pursuant to such segregation is 6.03 % per annum.

23. During the year ended March 31, 2014, the Group issued 550 Foreign Currency Convertible Bonds of US Dollar 1 lac each aggregating to US Dollar 550 lacs due 2018 (the "Bonds") at the rate of LIBOR+4.86%. The Bonds were convertible at the option of International Finance Corporation ("IFC"), an international organization established

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

by Articles of Agreement among its member countries including the Republic of India (the holder) giving 7 day notice to the Group at any time on or after June 07, 2013 up to June 08, 2018 into fully paid equity shares with full voting rights at par value of ₹ 10 each of the Group ("Shares") at an initial Conversion Price (as defined in the "Terms & Conditions of the Bonds") of ₹ 99.09 and number of shares to be issued would be calculated on conversion on the basis of applicable rate of exchange of US Dollar and ₹ on conversion date. The Conversion Price is subject to adjustment in certain circumstances.

The Bonds could be converted on the request of the holder but not less than value of US Dollar 5,000,000 or in multiple of US Dollar 1,000,000 thereafter. Except in certain condition mentioned in the "Terms & Conditions of the Bonds" the holder could not exercise the Conversion Option in part or in full in respect of twenty per cent (20%) of the original bond value for a period of three (3) years after the Subscription Date.

The Bonds may otherwise be redeemed, in whole or in part, at the option of the Group and holders of the bonds, before the maturity date subject to satisfaction of certain conditions.

Subject to the prior approval of the RBI (or any other statutory or regulatory authority under applicable laws and regulations of India) if required, the Bonds may be converted mandatorily into fully paid equity shares, 20% of the principal amount of bond at the option of the Group at any time on or after June 07, 2013 at Modified Conversion Price (as defined in the "Terms & Conditions of the Bonds").

Unless previously redeemed, converted or purchased and cancelled, the Bonds would be redeemed by the Group in US Dollars on June 08, 2018 at 100 per cent of its principal amount. These Bonds were considered a monetary liability and redeemable only if there is no conversion before maturity date.

During the previous year ended 31 March, 2017, the Group allotted 35,690,887 equity shares to International Finance Corporation against USD 55 Million FCCB, on exercise of conversion option as per FCCB Subscription Agreement.

The fair value of the liability portion of such optional convertible bonds is determined using a market interest rate for an equivalent non-convertible bonds. This amount is recorded as liability on an amortised ppcost basis until extinguished on conversion or redemption of the bonds. The remainder of the proceeds received on issuance of FCCB is considered to be attributable to the equity portion of the compound instruments. This is recognised and included in the shareholders' equity, and not subsequently premeasured and on conversion of FCCB into equity shares the amount is transferred to retained earnings in the year of conversion.

The effective interest rate on the liability element on initial recognition, pursuant to such segregation is 5.28 % per annum.

24. Goodwill arising on consolidation appearing in consolidated financial statements is after netting off Capital Reserve aggregating to ₹ 1,288.53 lacs (Previous year ₹ 1,288.53 lacs) arising on acquisition of FMHL, a subsidiary of the Company. Refer note 6(ii).
25. During the year, the Group has capitalized the following expenses. Expenses disclosed under the respective notes are gross of amount capitalized by the Group as per details below:

Particulars	As at March 31, 2018	As at March 31, 2017
	₹ in lacs	₹ in lacs
Opening balance (A)	8,963.12	8,145.40
Employee benefits expense (B)		
Salaries, wages and bonus	314.09	500.1
Total (B)	314.09	500.1

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS

Other expenses(C)		
Contractual manpower	92.74	50.79
Power, fuel and water	1.38	8.2
Repairs and maintenance	4.14	9.49
Consultation fees to doctors		
Rent	6.88	59.47
Legal and professional fee	80.52	85.07
Travel and conveyance	13.52	98.98
Communication expenses	2.18	5.62
Miscellaneous expenses	4.57	-
Total (C)	205.93	317.62
Total (D=A+B+C)	9,483.14	8,963.12
Amount capitalized to fixed assets (E)	19.72	-
Provision for impairment (F)	476.54	-
Carried forward to Capital Work in Progress and Intangible assets under development (G=D-E-F)	8,986.88	8,963.12

26. As part of Sponsor Agreement entered between The Trustee-Manager of RHT Health Trust (formerly known as Religare Health Trust), Fortis Global Healthcare Infrastructure Pte. Limited and Hospital Service Companies (collectively referred as 'Indemnified parties') with the Group, the Group has provided following indemnities:-

- a. To RHT and its directors, officers, employees and agents under the relevant transaction agreements against any losses or liabilities finally determined as payable for any breach of the Consolidated Foreign Direct Investment (FDI) Policy or Foreign Exchange Management Act ('FEMA'), to the extent that such breach has resulted from the acquisition by RHT of the Hospital Services Companies.

Further, the Group has undertaken to transfer or procure additional medical and healthcare services to Hospital Services Companies in the event that any regulatory authority raises concerns over compliance with any applicable law.

However, the Group will not be liable to indemnify the Indemnified Parties for any losses resulting from delay or failure of the Indemnified Parties in completing any statutory filings or similar formalities under the Consolidated FDI Policy, FEMA and other laws in force in India as of the Listing Date i.e. October 19, 2012, required to be undertaken by the Indemnified Parties in relation to the acquisition by RHT or FGHIPL of the equity shares of the Hospital Services Companies.

The Group's obligations under this indemnity shall continue so long as the Company or the Group holds 15.0% or more of the total units from time to time issued in RHT or three years from the Listing Date, whichever is later.

However, the Group will be liable in respect of the indemnity for a maximum period of five years from the Listing Date.

- b. The Group has also undertaken to indemnify ("Tax Indemnity") each of the Hospital Services Companies and their respective directors, officers, employees and agents (the "Investing Parties") against tax liabilities (including interest and penalties levied in accordance with the Income tax Act and any cost in relation thereto) which these Investing Parties may incur due to the non-allowance of interest on Compulsorily Convertible Debentures (CCDs) or Optionally Convertible Debentures (OCDs) in the hands of the Hospital service Companies. Accordingly, the Group has till date accrued ₹ 205.03 lacs (as at March 31, 2017 ₹ 205.03 lacs) as provision for contingency.

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- c. Further, as per terms of the various Agreements entered into between Hospital Services Companies and Fortis Operating companies, the Hospital Services Companies have right to recover certain statutory dues levied on them from Fortis Operating Companies. There is a possible present obligation on Hospital Services Companies to collect certain statutory dues from the Fortis Operating Companies and pay it to the relevant authorities. In view of uncertainty arising from interpretation of the regulations, management believes that value of such statutory dues cannot be measured reliably and therefore has not been considered in these consolidated financial statements.

27. The Group has entered into 'Operation and Management' agreement with entities which are into hospital operations, in terms of which, the Group is responsible for developing and providing maintenance support and related services necessary to support, manage and maintain the hospital as may be required. The management fee in this case is generally based on gross billing of the hospital subject to certain conditions as per the underlying agreement. The gross billing of the hospital is considered based on the unaudited financial statements of the respective entity. The management does not anticipate any material changes in the amounts considered in consolidated financial statements.

28. Exceptional items

(Also refer Note 37(c))

- a. Allowance of ₹ 44,502.62 lacs against Inter-corporate deposits and interest thereon. Refer note 36 for further details.
- b. Fortis invested in Escorts Heart Institute and Research Center Limited ('EHIRCL') in 2005 which resulted in goodwill of ₹ 45,817.57 lacs in the Consolidated Financial Statements.

During the current year, Raipur unit within EHIRCL was closed in compliance with order no. 2232/2321/2016/9 - 55-4 dated 22 August 2016 from Government of Chhattisgarh, wherein it was stated that term of agreement will expire on 31st October, 2017 with efflux of time and there will be no renewal thereof. On account of above, the Group recorded an impairment loss of ₹ 4,531.00 lacs in carrying value of Goodwill and other exceptional loss of ₹ 57.74 lacs.

At the year-end, the management performed an impairment test for the remaining carrying value of goodwill. The recoverable value determined on the basis of discounted cash flows is lower than the remaining carrying value of Goodwill and a further impairment loss of ₹ 12,473.09 lacs has been recognized for the year ended March 31, 2018 in the carrying value of Goodwill.

- c. Birdie & Birdie Realtors Private Limited, a subsidiary company of the Group owns a freehold property in New Delhi. The Management performed impairment testing through an independent valuation of the freehold property owned by the subsidiary as at March 31, 2018. Based on the independent valuation and considering the current circle rate of freehold property held by the subsidiary, the Company has impaired goodwill of ₹ 6,941.59 lacs as at March 31, 2018.
- d. Allowance of ₹ 5,332.52 lacs against loan given to a body corporate along with impairment of Capital work-in-progress. Refer note 37(a) for further details.
- e. Fortis through its subsidiary Fortis Healthcare International Pte. Ltd. bought 64,120,915 shares @ 62 LKR total value in Rs 19,762.82 lacs in year ended 31 March, 2012 representing 28.60% of total equity of Lanka Hospital Corporation Plc, which is listed in Lanka Stock exchange. The average volume of trading is not significant.

During the current year, the management of the subsidiary performed an impairment test for the carrying value of its investment in associate in Lanka Hospital Corporation Plc. The carrying value of its investment as on March 31, 2018 was 21,006.19 lacs in the consolidated financials (mainly increase due to share of

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associate profit pickup net of dividend received). However, the fair value at published price quotation has been consistently below the carrying value and therefore there is a likely permanent diminution in the value of the Investment. An impairment loss of ₹ 4,905.00 lacs has been recognized for the year ended March 31, 2018 to reflect the said carrying value to its likely recoverable value based on the published price quotation as at March 31, 2018 as the management of the subsidiary is of the view that the subsidiary may not be able to recover the cost of its investment.

- f. Fortis through its step down subsidiary Stellant Capital Advisory Services Private Limited acquired RHT Health Trust Trustee Manager ('RHTTM') in year ended 31 March, 2016 which resulted in goodwill of ₹ 8,642.34 lacs in Consolidated Financial Statements.

During the current year, the management performed an impairment test for the carrying value of goodwill of RHTTM. The recoverable value determined on the basis of discounted cash flows is lower than the carrying value of Goodwill and accordingly, an impairment loss of ₹ 3,761.76 lacs has been recognized for the year ended March 31, 2018.

- g. Allowance of ₹ 2,549.02 lacs against loan given to a body corporate and interest thereon. Refer note 37(b) for further details.
- h. Fortis Healthcare Limited through its wholly owned subsidiary Fortis Hospitals Limited has invested (Equity+loan) in Fortis C-Doc Healthcare Limited which is a joint venture in which Fortis holds 60% stake an amount of ₹ 622.85 lacs through equity and amount of ₹ 1,623.34 lacs (Including interest accrued) through loan. During the current year the management performed an impairment test for the investment in Fortis C-Doc Healthcare Limited as it has been persistently making losses. Considering the recoverability of the investment (Equity+ loan) in doubt with no current foreseeable chances of recovery of the amount, an impairment loss of ₹ 1,623.34 lacs was recognized for the year ended March 31, 2018 at consolidated level (The equity investment amount of ₹ 622.85 lacs has already been wiped out at consolidated level due to accounting of Fortis share of accumulated losses) as the management is of the view that the company would not be able to likely recover its cost of investment in near future.
- i. Exceptional item amounting to ₹ 158.53 lacs (Previous year ₹ 373.28 lacs) represents expenses on composite scheme of arrangement and amalgamation. Refer note 33 for further details.
- j. Exceptional gain of ₹ 735.33 lacs on recovery of salary & other reimbursements paid to erstwhile Executive Chairman in previous year. Further, allowance for ₹ 2,002.39 lacs against amount recoverable for salary & other reimbursement of expenses from the erstwhile Executive Chairman. Refer note 43 for further details.

29. The Group has subscribed to 98,000 Ordinary Shares of Fortis Medicare International Limited ('FMIL') of USD 1 each during the year ended March 31, 2011, the details of which are given below:

(₹ in lacs)		
Particulars	March 31, 2018	March 31, 2017
Cost of Investment	47.68	47.68
Share in losses for the current year	38.76	87.14
Share in post-acquisition losses upto the beginning of the year	1,381.97	1,294.83
Exchange translation adjustments	(386.00)	(386.00)
Reversal on disposal of investment in FMIL	(1,759.06)	
Payable against losses of associate	-	1,720.30

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The Group had an agreement with the shareholders of FMIL, as per which Group had committed to make payments on behalf of associate to satisfy obligations of it. During the current year, the Group has disposed off the investment in FMIL and there are no further obligations of the Group against the investment. Accordingly, the provision created against the losses of the associate has been reversed during the current year in the Consolidated Financial Statements.

30. Corporate Social Responsibility

As per section 135 of the Companies Act, 2013 and rules therein, the Companies within the Group are required to spend at least 2% of average net profit of past three years towards Corporate Social Responsibility (CSR). Details of corporate social responsibility expenditures as certified by Management are as follows:

(₹ in lacs)

Particulars	Year ended March 31, 2018	Year ended March 31, 2017
Balance to be spent as per previous year (A)	25.98	35.90
Amount required to be spent for current year (B)	497.18	338.63
Gross amount required to be spent (A+B)	523.16	374.53
Spent during the year	114.92	348.55
Balance unspent at end of the year	408.24	25.98

31. Business combinations

a) Subsidiaries acquired

(₹ in Lacs)

Particulars	Principal activity	Date of acquisition	Proportion of voting equity interests acquired (%)	Consideration transferred
During 2016-2017				
Fortis Hospotel Limited (FHTL)	Operating Clinical establishment	October 13, 2016	51%	98,490.19

b) Consideration transferred for FHT

Particulars	₹ in Lacs
Fortis Hospotel Limited(FHTL)	
Payment made towards equity component of CCD issued by FHTL	62,821.19
Receivable from associate company pursuant to share purchase agreement, previous recognised	30,000.00
Payment made for CCPS issued by EHIRCL	56,690.00
Total consideration	98,490.19

c) Assets acquired and liabilities recognised at the date of acquisition of FHTL

Particulars	₹ in Lacs
Current assets	
Cash and cash equivalents	23.07
Trade and other receivables	11,052.69
Other financial assets	` 96,148.25
Other assets	170.25
Non-current assets	
Plant and equipment	159,155.37
Non-Current advance tax	1,803.40
Current liabilities	
Trade payables	(914.56)
Provisions for employee benefits	(7.93)
Other liabilities	(1,993.41)
Borrowings	(105,595.39)
Non-current liabilities	
Deferred tax liabilities, recognised on business combination	(12,448.50)

- d) Share in profit/ (loss) of associate companies and joint ventures for the year ended March 31, 2017 includes the Group's share of profit (in full) of around Rs. 42,117 lacs on gain recognized by its associate (RHT) arising from the disposal of FHTL business to the Company and consequent fair valuation of RHT's residual interest in FHTL under Ind AS 110. The same has been accounted for in full by the Group under Ind AS 28 considering it to be a disposal of a business by RHT, and a business acquisition for the Group accounted under Ind AS 103.
- e) Hospital service fees expense recognised in the Consolidated Statement of Profit and Loss for the year ended March 31, 2018 and March 31, 2017 are not comparable as the group started consolidating FHTL from October 13, 2016 due to which hospital service fees in respect to clinical establishment of Gurgaon and Shalimar Bagh have been eliminated on consolidation with effect from that date.

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32. Additional information as required by Paragraph 2 of the General Instructions for Preparation of Consolidated Financial Statements to Schedule III to the Companies Act, 2013

S. No.	Name of the Entity	Net Assets, i.e total assets minus total liabilities		Share in PAT		Share in OCI		Share in TCI		(₹ in lacs)
		As % of consolidated net assets	Amount	As % of consolidated net PAT	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount	
Parent										
1.	Fortis Healthcare Limited	79.50%	422,682.21	6.32%	(6,373.99)	8.40%	31.97	6.31%	(6,342.02)	
Subsidiaries										
1.	Escorts Heart Institute And Research Centre Limited	14.94%	79,425.87	1.27%	(1,285.97)	14.48%	55.09	1.22%	(1,230.88)	
2.	Fortis Hospitals Limited	2.92%	15,500.15	70.10%	(70,748.72)	25.05%	95.31	70.27%	(70,653.41)	
3.	Fortis Asia Healthcare Pte Limited	(11.57%)	(61,512.86)	9.59%	(9,681.73)	(95.34%)	(362.77)	9.99%	(10,044.51)	
4.	Fortis Healthcare International Limited	4.28%	22,768.98	2.66%	(2,687.56)	21.49%	81.78	2.59%	(2,605.78)	
5.	Lalitha Healthcare Private Limited	(0.40%)	(2,105.67)	0.30%	(298.58)	0.00%	-	0.30%	(298.58)	
6.	Fortis Global Healthcare (Mauritius) Limited	(5.60%)	(29,764.29)	4.88%	(4,927.18)	(33.92%)	(129.08)	5.03%	(5,056.25)	
7.	Fortis Malar Hospitals Limited	1.91%	10,159.57	(0.31%)	314.11	3.23%	12.30	(0.32%)	326.41	
8.	Malar Stars Medicare Limited	0.03%	150.11	(0.02%)	18.06	0.10%	0.39	(0.02%)	18.45	
9.	Fortis HealthStaff Limited	(0.16%)	(833.09)	(0.04%)	40.93	0.00%	-	(0.04%)	40.93	
10.	Fortis Lafemme Limited	(0.01%)	(58.45)	0.01%	(7.71)	0.00%	-	0.01%	(7.71)	
11.	Fortis Cancer Care Limited	(0.66%)	(3,482.68)	0.48%	(479.45)	0.00%	-	0.48%	(479.45)	
12.	Fortis Health Management (East) Limited	(0.16%)	(844.75)	0.13%	(135.25)	0.62%	2.36	0.13%	(132.89)	
13.	Hiranandani Healthcare Private Limited	0.62%	3,300.81	(0.09%)	94.53	2.94%	11.17	(0.11%)	105.70	
14.	SRL Limited (consolidated)	18.90%	100,470.89	(6.83%)	6,893.27	(9.76%)	(37.15)	(6.82%)	6,856.12	
15.	Fortis Cauvery	0.01%	31.31	0.00%	(0.29)	0.00%	-	0.00%	(0.29)	
16.	Fortis Healthcare International Pte Limited	7.45%	39,620.31	(0.65%)	660.86	195.65%	744.42	(1.40%)	1,405.28	
17.	Birdie and Birdie Realtors Private Limited	(1.71%)	(9,106.25)	1.74%	(1,756.88)	0.00%	-	1.75%	(1,756.88)	
18.	Stellant Capital Advisory Services Private Limited	1.78%	9,450.01	(0.01%)	13.26	2.11%	7.76	(0.02%)	21.02	
19.	RHT Health Trust Manager Pte. Limited	1.04%	5,510.16	(0.21%)	207.91	0.00%	-	(0.21%)	207.91	
20.	Fortis Hspotel Limited	17.54%	93,277.61	(8.54%)	8,622.89	(0.82%)	(3.13)	(8.57%)	8,619.77	
21.	Fortis CSR Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-	
22.	Fortis Emergency Services Limited	(0.94%)	(4,998.00)	0.74%	(744.80)	0.00%	-	0.74%	(744.80)	

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S. No.	Name of the Entity	Net Assets, i.e total assets minus total liabilities		Share in PAT		Share in OCI		Share in TCI	
		As % of consolidated net assets	Amount	As % of consolidated net PAT	Amount	As % of consolidated OCI	Amount	As % of consolidated TCI	Amount
Minority Interests in all Subsidiaries									
1.	Fortis Malar Hospitals Limited	(0.71%)	(3,769.20)	0.12%	(116.53)	(1.20%)	(4.56)	0.12%	(121.10)
2.	Malar Star Medicare Limited	(0.01%)	(55.69)	0.01%	(6.70)	(0.04%)	(0.14)	0.01%	(6.84)
3.	SRL Limited	(8.21%)	(43,648.55)	3.24%	(3,267.57)	4.40%	16.79	3.23%	(3,250.78)
4.	Fortis Hospotel Limited	(14.74%)	(78,355.99)	4.19%	(4,225.22)	0.42%	1.53	4.20%	(4,223.69)
5.	Lalitha Healthcare Private limited	0.06%	306.25	(0.06%)	61.42	0.00%	-	(0.06%)	61.42
6.	Fortis Health Staff Limited	0.00%	-	0.02%	(16.16)	0.00%	-	0.02%	(16.16)
7.	Hiranandani Healthcare Private Limited	0.00%	-	0.03%	(31.34)	0.00%	-	0.03%	(31.34)
8.	Fortis Emergency Service Limited	0.00%	-	(0.12%)	122.61	0.00%	-	(0.12%)	122.61
Associates (Investment as per the equity method)									
1.	Religare Health Trust	13.28%	70,601.97	-2.90%	2,708.70	(305.50%)	(1,120.81)	(1.58%)	1,587.89
2.	Medical And Surgical Centre Limited	3.03%	16,101.19	0.49%	(453.97)	153.63%	563.62	(0.11%)	109.65
3.	Lanka Hospitals Corporate Plc	0.63%	3,368.31	-0.77%	715.99	0.00%	-	(0.71%)	715.99
4.	Fortis Medicare International Limited	0.00%	-	0.04%	(38.76)	0.00%	-	0.04%	(38.76)
Joint Ventures (as per the equity method)									
1.	Fortis C-Doc Healthcare Limited	0.00%	-	0.00%	-	0.00%	-	0.00%	-
2.	DDRC SRL Diagnostics Private limited	0.51%	2,706.10	(0.59%)	590.66	1.06%	4.02	(0.59%)	594.68
3.	Super Religare Reference Laboratories (Nepal) Private Limited	0.04%	191.35	(0.03%)	33.68	0.00%	-	(0.03%)	33.68
	Consolidation and Inter Company adjustments	(23.58%)	(125,392.14)	14.60%	(14,736.21)	107.66%	409.62	14.25%	(14,326.59)
	Total		531,695.55		(100,921.69)		380.49		(100,541.20)

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33. The Board of Directors of the Company at its meeting held on August 19, 2016 approved the proposal to demerge its diagnostic business, including that housed in its majority owned subsidiary SRL Limited (“SRL”) into another majority owned subsidiary, Fortis Malar Hospitals Limited (“Fortis Malar”) pursuant to a composite scheme of arrangement and amalgamation (‘the Scheme’).

Subsequent to year-end on June 13, 2018, the Board of the Company, SRL and FMHL decided to withdraw from the scheme, subject to the approval of National Company Law Tribunal (“NCLT”). The approval of the NCLT was received on June 15, 2018.

34. The Board of Directors in their meeting held on November 14, 2017 approved a significant restructuring initiative aimed at consolidating the entire India asset portfolio of RHT Health Trust (“RHT”) into the Company and its subsidiaries. The Company and the Trustee Manager of RHT signed a binding Term Sheet on November 14, 2017 and entered into an exclusivity arrangement for the acquisition of all the securities of RHT’s entities in India, directly or indirectly holding the clinical establishments and businesses for an enterprise value of approximately ₹ 465,000 lacs (“the Proposed Transaction”). The exclusivity period to execute definitive agreements for the Proposed Transaction was 60 days commencing from the date of the Term Sheet. On January 12, 2018, the parties to the Term Sheet mutually agreed to extend the exclusivity period by an additional period of 31 days from January 12, 2018.

On February 12, 2018, parties to the Term Sheet entered into definitive agreement(s) with respect to the Proposed Transaction. The completion of the Proposed Transaction is subject to the satisfaction of conditions precedent enumerated in the definitive agreement(s) which includes regulatory approvals and any other approvals as may be required. The Company and RHT are in process of applying for regulatory approvals. Requisite approval of the shareholders of the Company have been obtained.

35. Changes in the constitution of the Board of Directors of the Company:

During the year ended March 31, 2018 and until the date of issuance of these financial statements, the following changes have occurred in the constitution of the Board of Directors of the Company:

- a) In November 2017, Ms. Shradha Suri Marwah, resigned as a non-executive independent director of the Company;
- b) On February 8, 2018, Mr. Malvinder Mohan Singh, Executive Chairman, and Dr. Shivinder Mohan Singh, Non-Executive Vice Chairman, the Promoters of the Company, tendered their resignation from the directorship of the Company, effective immediately. The erstwhile Board of Directors of the Company discussed the matter in detail at their meeting held on February 13, 2018 and accepted these resignations with effect from February 8, 2018.
- c) During March 2018, Ms. Joji Sekhon Gill, Dr. Preetinder Singh Joshi and Mr. Pradeep Ratilal Raniga resigned from their directorships in the Company.
- d) Mr. Rohit Bhasin was appointed as an additional independent director in the Company in April 2018. He subsequently resigned on June 26, 2018.
- e) In April 2018, Ms. Suvalaxmi Chakraborty, Mr. Ravi Rajagopal and Mr. Indrajit Banerjee were appointed as Non-Executive Independent Directors of the Company and their appointment was ratified by the members of the Company in the extra-ordinary general meeting (“EGM”) of the Company in May 2018.
- f) During May 2018, Mr. Harpal Singh, Director, Lt. Gen. Tejinder Singh Shergill and Ms. Sabina Vaisoha, Additional Directors in the Company, resigned from their directorships in the Company and Dr. Brian Tempest, Independent Director and Chairman of the Audit and Risk Management Committee, disassociated from his position at the behest of the resolution of the members in the EGM held in May 2018.

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- g) Further, Mr. Ravi Rajagopal has been appointed as Chairman of the Board with effect from June 1, 2018. As such, the re-constituted Board of Directors comprises the following directors who were all appointed in April 2018 after the financial year ended March 31, 2018:
- i. Mr. Ravi Rajagopal – Chairman & Independent Director
 - ii. Mr. Indrajit Banerjee - Independent Director
 - iii. Ms. Suvalaxmi Chakraborty - Independent Director
 - iv. Mr. Rohit Bhasin - Independent Director (Additional Director) (Resigned w.e.f June 26, 2018)
- together referred to as the “Re-constituted Board”.

36. Inter Corporate Deposits (ICDs) by Fortis Hospitals Limited (‘FHsL’)

(Also refer to Note 38(d) (i) to (viii) of these Consolidated Ind AS Financial Statements)

FHsL, a wholly owned subsidiary of the Company, had placed Secured Short-Term Investments in the nature of Inter Corporate Deposits (ICDs) with three companies (‘borrowers’) aggregating to ₹ 49,414.00 lacs on July 1, 2017 for a term of 90 days (of which ₹ 40,243.00 lacs remained outstanding as of March 31, 2018). Further, FHsL received intimation that the borrowers became a part of the Promoter Group with effect from December 15, 2017. These borrowers continued to be related parties until February 16, 2018 when the shareholding of the Promoter Group in the Company reduced to 0.77%.

In terms of agreements dated September 30, 2017, FHsL assigned the outstanding ICDs to a third party (‘Assignee company’). Such assignments were subsequently terminated on January 5, 2018. On February 28, 2018, these ICDs were secured by way of a charge on the present and future assets of the Borrowers.

As at March 31, 2018, ICDs aggregating to ₹ 44,502.62 lacs (as at March 31, 2017 ₹ Nil) including interest accrued thereon of ₹ 4,259.62 lacs (as at March 31, 2017 ₹ Nil) remained outstanding.

On failure to meet repayment obligations by the Borrowers, FHsL initiated legal action to recover the outstanding ICDs, including interest thereon. FHsL has accrued for the interest on the ICDs for the purpose of including the same in the legal claim on the borrowers.

In view of the uncertainty in realisability of the security and/or collection of the amounts, the amounts due, including interest accrued, aggregating to ₹ 44,502.62 lacs as at March 31, 2018 has been provided for in these Consolidated Ind AS Financial Statements.

Reference is invited to Note 38 regarding the findings in the Investigation Report which indicate that the placement of the ICDs, including the method of such placement, their subsequent assignment and the cancellation of such assignment were done without following the normal treasury operations and treasury mandate; and without specific authorization by the Board of FHsL of such policies.

Reference is also invited to Note 14(I) under ‘Other litigations and claims assessed as contingent liabilities and not provided for’, regarding a case filed by the Assignee company.

37. Recoverability of certain advances/investment made/expenditure on capital work-in-progress

(Also refer to Note 38 [d][ix] & [x] of these Consolidated Ind AS Financial Statements)

- a) The Company and its subsidiary SRL Limited had paid security deposits and advances aggregating to ₹ 2,675.71 lacs in the financial year 2013-14 and 2017-18 respectively, to a private company (‘Lessor’) towards lease of office space. Due to delays in obtaining occupancy certificate (OC), the lease agreement/MOUs were terminated by the Company or expired during the current year. SRL Limited attempted to

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encash the cheques issued by the Lessor for refund of the advance paid but the same were returned unpaid. The amounts outstanding from the Lessor as at March 31, 2018 aggregated to ₹ 2,675.71 lacs. Additionally, expenditure aggregating to ₹ 2,656.81 lacs was incurred towards capital work-in-progress on the premises proposed to be take on lease from the Lessor, which amount is also being claimed from the Lessor pursuant to the aforesaid termination. The Company has invoked arbitration against the Lessor and issued a Legal Notice under Section 21 of the Arbitration and Conciliation Act 1996. The subsidiary, SRL Limited, has serve legal notice under Section 138 of the Negotiable Instruments Act against the body corporate.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group has recorded provisions aggregating to ₹ 5,332.52 lacs in these Consolidated Ind AS Financial Statements.

- b) FHsL, a wholly owned subsidiary of the Company, had advanced moneys to an entity towards acquisition of property in Mumbai in financial year 2013-14 which did not materialize. Of the total advance of ₹ 10,000.00 lacs, a balance of ₹ 2,375.00 lacs is outstanding as of March 31, 2018. Post-dated cheques received from the entity have been dishonoured, and FHsL has initiated legal proceedings in this regard. FHsL has accrued for the interest amounting to ₹ 174.02 lacs upto March 31, 2018 on the advance for the purpose of including the same in the legal claim on the entity.

In view of the facts stated above and the uncertainty in the ultimate recovery of the aforesaid balances, the Group has recorded provisions aggregating to ₹ 2,549.02 lacs towards the amounts due, including interest, in these Consolidated Ind AS Financial Statements.

- c) The Company through its overseas subsidiaries [i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited] made investments in Global Dynamic Opportunity Fund, an overseas fund. Subsequent to the year end, investments held in the Global Dynamic Opportunity Fund were sold at a discount of 10%. As at March 31, 2018, the carrying value of the investment in the overseas fund has been recorded at the net recoverable values based on subsequent realisation. The consequential foreseeable loss of ₹ 5,510.14 lacs (between the previously recorded carrying value of the investment and the amount subsequently realised) has been considered in these Consolidated Ind AS Financial Statements.

38. Investigation initiated by the erstwhile Audit and Risk Management Committee:

- (a) There were reports in the media and enquiries from, inter alia, the stock exchanges received by the Company about certain inter-corporate loans ("ICDs") given by a wholly owned subsidiary of the Company. The erstwhile Audit and Risk Management Committee of the Company in its meeting on February 13, 2018 decided to carry out an independent investigation through an external legal firm.
- (b) The terms of reference of the investigation, inter alia, comprised: (i) ICDs amounting to a total of ₹ 49,414.00 lacs (principal), placed by the Company's wholly-owned subsidiary, FHsL, with three borrowing companies as on July 1, 2017 (refer Note 36 above); (ii) the assignment of these ICDs to a third party and the subsequent cancellation thereof as well as evaluation of legal notice (now a civil suit) received from such third party (refer Notes 14.I and 36 above); (iii) review of intra-group transactions for the period commencing FY 2014-15 and ending on December 31, 2017 (refer Note 37(a) and (b) above); (iv) investments made in certain overseas funds by the overseas subsidiaries of the Company (i.e. Fortis Asia Healthcare Pte. Ltd, Singapore and Fortis Global Healthcare (Mauritius) Limited) (refer Note 37(c) above); (v) certain other transactions involving acquisition of Fortis Healthstaff Limited ("Fortis Healthstaff") from a promoter group company, and subsequent repayment of loan by said subsidiary to the promoter group company.
- (c) The investigation report ("Investigation Report") was submitted to the re-constituted Board on June 8, 2018.

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- (d) The re-constituted Board discussed and considered the Investigation Report and noted certain significant findings of the external legal firm, which are subject to the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their investigation report, as follows:
- i. The Investigation Report, on the basis of documents / emails reviewed and interviews conducted, revealed that the ICDs were not given under the normal treasury operations of the Company/FHsL including under the treasury policy and the mandate of the Treasury Committee; and were not specifically authorized by the Board of FHsL. All ICDs from December 2011 were repaid until March 31, 2016. However, from the first quarter of the financial year 2016-17, it has been observed that a roll-over mechanism was devised whereby, the ICDs were repaid by cheque by the borrower companies at the end of each quarter and fresh ICDs were released at the start of succeeding quarter under separately executed ICD agreements. Further, in respect of the roll-overs of ICDs placed on July 1, 2017 with the borrower companies, FHsL utilized the funds received from the Company for the purposes of effecting roll-over.
 - ii. In respect of ICDs granted, the Investigation Report revealed that there were certain systemic lapses and override of controls including shortcomings in executing documents and creating a security charge. To clarify, the charge was later created in February, 2018 for the ICDs granted on July 1, 2017, while the Company/ FHsL was under financial stress.
 - iii. While the Investigation Report did not conclude on utilization of funds by the borrower companies, there are findings in the report to suggest that the ICDs were utilized by the borrower companies for granting/ repayment of loans to certain additional entities including those whose current and/ or past promoters/ directors are known to/ connected with the promoters of the Company.
 - iv. In terms of the relationship with the borrower companies, there was no direct relationship between the borrower companies and the Company and / or its subsidiaries during the period December 2011 till December 14, 2017 (these borrower companies became related parties from December 15, 2017). The Investigation Report has made observations where promoters were evaluating certain transactions concerning certain assets owned by them for the settlement of ICDs thereby indirectly implying some sort of affiliation with the borrower companies. The Investigation Report has observed that the borrower companies could possibly qualify as related parties of the Company and/ or FHsL, given the substance of the relationship. In this regard, reference was made to Indian accounting Standards dealing with related party disclosures, which states that for considering each possible related party relationship, attention is to be directed to the substance of the relationship and not merely the legal form.
 - v. Objections on record indicate that management personnel and other persons involved were forced into undertaking the ICD transactions under the repeated assurance of due repayment and it could not be said that the management was in collusion with the promoters to give ICDs to the borrower companies. Relevant documents/information and interviews also indicate that the management's objections were overruled. However, the former Executive Chairman of the Company, in his written responses, has denied any wrongdoing, including override of controls in connection with grant of the ICDs.
 - vi. There were certain systemic lapses in respect to the assignment of the ICDs from FHsL to a third party in September 2017 (and subsequent termination of the arrangement in January 2018), viz., no diligence was undertaken in relation to the assignment, it was not approved by the Treasury Committee and was antedated. The Board of FHsL took note of the same only in February 2018.
 - vii. Separately, it was also noted in the Investigation Report that the aforesaid third party to whom the ICDs were assigned has also initiated legal action against the Company. Whilst the matter was included as

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part of the terms of reference of the investigation, the merits of the case cannot be reported since the matter was sub-judice.

- viii. During the year, the Company through its subsidiary (i.e. Escorts Heart Institute and Research Centre Limited ("EHIRCL")), acquired 71% equity interest in Fortis Healthstaff Limited at an aggregate consideration of ₹ 3.46 lacs. Subsequently, EHIRCL advanced a loan to Fortis Healthstaff Limited, which was used to repay the outstanding unsecured loan amount of ₹ 794.50 lacs to a promoter group company. Certain documents suggest that the loan repayment by Fortis Healthstaff Limited and some other payments to the promoter group company may have been ultimately routed through various intermediary companies and used for repayment of the ICDs / vendor advance to FHsL / Company.
- ix. The investigation did not cover all related party transactions during the period under investigation and focused on identifying undisclosed parties having direct/indirect relationship with the promoter group, if any. In this regard, it was observed in internal correspondence within the Company that transactions with certain other entities have been referred to as related party transactions. However, no further conclusions have been made in this regard.
- x. Additionally, it was observed in the Investigation Report that there were significant fluctuations in the NAV of the investments in overseas funds by the overseas subsidiaries during a short span of time. Further, similar to the paragraph above, in the internal correspondence within the Company, investments in the overseas funds have been referred to as related party transactions. The investment was realized at a discount in April 2018 with no loss in the principal value of investments.

(e) Other Matters:

In the backdrop of the investigation, the Management has reviewed some of the past information/ documents in connection with transactions undertaken by the Company and certain subsidiaries. It has been noted that the Company through its subsidiary (i.e. Fortis Hospitals Limited ("FHsL")) acquired equity interest in Fortis Emergency Services Limited from a promoter group company. On the day of the share purchase transaction, FHsL advanced a loan to Fortis Emergency Services Limited, which was used to repay an outstanding unsecured loan amount to the said promoter group company. It may be possible that the loan repayment by Fortis Emergency Services Limited to the said promoter group company was ultimately routed through various intermediary companies and was used for repayment of the ICDs / vendor advance to FHsL.

- (f) Related party relationships as required under Ind AS 24 – Related Party Disclosures and the Companies Act, 2013 are as identified by the Management taking into account the findings and limitations in the Investigation Report (Refer Notes 38 (d) (iv), (ix) and (x) above) and the information available with the Management. In this regard, in the absence of specific declarations from the erstwhile directors on their compliance with disclosures of related parties, especially considering the substance of the relationship rather than the legal form, the related parties have been identified based on the declarations by the erstwhile directors and the information available through the known shareholding pattern in the entities. Therefore, there may be additional related parties whose relationship may not have been disclosed to the Group and, hence, not known to the Management.
- (g) As per the assessment of the Board, based on the investigation carried out through the external legal firm, and the information available at this stage, all identified/required adjustments/disclosures arising from the findings in the Investigation Report, have been made in these Consolidated Ind AS Financial Statements.
- (h) With respect to the other matters identified in the Investigation Report, the Board will appoint an external agency of repute to undertake a scrutiny of the internal controls and compliance framework in order to strengthen processes and build a robust governance framework. Towards this end, they will also evaluate internal organizational structure and reporting lines, the delegation of powers of the Board or any committee thereof, the roles of authorized representatives and terms of reference of executive committees and their

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functional role. We will also assess the additional requisite steps to be taken in relation to the significant matters identified in the Investigation Report, including inter alia, initiating an internal enquiry.

- (i) The regulatory authorities are currently undertaking their own investigation (refer Note 39 below), and it is likely that they may make their determination on whether any fraud or any other non-compliance/ illegalities have occurred in relation to the matters addressed in the Investigation Report on the basis of facts, including those facts that the independent investigator would not have had access to, given their limited role and limitations stated in the Investigation Report. Accordingly, in light of the foregoing, the Board of Directors at this juncture is unable to make a determination on whether a fraud has occurred. That said, the Board of Directors is committed to fully co-operating with the relevant regulatory authorities to enable them to make a final determination on these matters and to undertake the remedial action, as required under, and to ensure compliance with, applicable law and regulations.

Except for the findings of the Investigation Report, including matters on internal control described above, and inability of the Board of Directors to, at this juncture, make a determination on whether a fraud has occurred on the Company considering the limitations on the information available to the external legal firm and their qualifications and disclaimers as described in their Investigation Report, proper and sufficient care has been taken for the 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 fraud and other irregularities.

In the event other exposures were to come to light, the Company / FHsL are committed to appropriately addressing the same, including making additional provisions where required.

- (j) Any further adjustments/disclosures, if required, would be made in the books of account pursuant to the above actions to be taken by the Board / regulatory investigations, as and when the outcome of the above is known.

39. Investigation by Various Regulatory Authorities:

- (a) The Company received a communication dated February 16, 2018 from the Securities and Exchange Board of India (SEBI), confirming that an investigation has been instituted by SEBI in the matter of the Company. In the aforesaid letter, SEBI has summoned the Company under section 11C (3) of the SEBI Act, 1992 to furnish by February 26, 2018 certain information and documents relating to the short-term investments of ₹ 473 Crores reported in the media. Failure to produce the information required for investigation could result in penalties as provided under section 15A and criminal proceedings under section 11C(6) of the SEBI Act, 1992. SEBI has also appointed forensic auditors to conduct a forensic audit, who are also in the process of collating information from the Company and certain of its subsidiaries. The Company / its subsidiaries are in the process of furnishing all the requisite information and documents requested by SEBI and its forensic auditors.
- (b) The Registrar of Companies (ROC) under section 206(1) of the Companies Act, 2013, inter alia, had also sought information in relation to the Company. All requisite information in this regard has been duly shared by the Company with the ROC.
- (c) The Company has also received a letter from the Serious Fraud Investigation Office (SFIO), Ministry of Corporate Affairs, under section 217(1)(a) of the Companies Act, 2013, inter alia, initiating an investigation and seeking information in relation to the Company, its material subsidiaries, joint ventures and associates. The Company in the process of submitting all requisite information in this regard with SFIO and has in this regard requested SFIO for additional time to submit the information.

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- (d) The Investigation Report of the external legal firm has been submitted by the Company to the Securities and Exchange Board of India, the Serious Frauds Investigation Office ("SFIO") on June 12, 2018.

The Company is fully co-operating with the regulators in relation to the ongoing investigations to enable them to make their determination on these matters. Any further adjustments/disclosures, if required, would be made in the books of account as and when the outcome of the above investigations is known.

40. Proposed Investment in the Company

The Board of Directors approved a Composite Scheme of Arrangement with Manipal Health Enterprises Private Limited on March 27, 2018. Post that the Company received binding bids from IHH Healthcare Berhad, Hero-Burman Consortium, Radiant, and TPG-Manipal Consortium. The Board decided to appoint an Expert Advisory Committee (EAC) & an additional financial advisor to evaluate all binding offers. Subsequently, in the Board Meeting held on May 10, 2018, the Board by majority approved a preferential allotment of equity shares for ₹ 800 Crores and preferential allotment of warrants for ₹ 1,000 Crores to Hero-Burman Consortium. With this the agreement executed with TPG-Manipal Consortium terminated. Further on the May 28, 2018 the Board received a letter from Hero-Burman Consortium giving its consent to initiate a fresh bidding process. As a result, Hero-Burman Consortium's offer accepted by the Board on May 10, 2018 stands mutually terminated. The Board in its meeting held on May 29, 2018 decided to initiate a fresh, time-bound process. The details of the process have been disclosed on National Stock Exchange and BSE Ltd. Pursuant to the above, the Board of Directors of the Company have received binding bids on July 3, 2018. Upon approval of transaction pursuant to acceptance of the binding bids, there will be change in the capital structure.

41. Going Concern Assumption

The Group has incurred a net loss of ₹ 93,442.20 lacs during the year ended March 31, 2018 consequent to various events during the year, which necessitated creating one time provisions in the financial statements (refer Notes 28 and 37(c)). These events have adversely impacted the Group's working capital position and its credit rating. Further, the Group's current liabilities exceeded its current assets by ₹ 85,329.31 lacs as at March 31, 2018.

However, the Group's operations during the year continued to generate positive cash flows and the Management believes that the events stated above do not impact the Group's ability to continue as a going concern due to the following:

1. In June 2018, the Company has secured new line of credit aggregating to ₹ 12,500 lacs. Further, the Company is in process of securing additional line of credit of ₹ 34,000 lacs;
2. The Group has access to unencumbered assets that can be offered as security for any additional funding requirements in the future; and

Accordingly, the Group's financial statement have been prepared on a going concern basis.

Additionally, the Board of Directors have, also, initiated measures to obtain capital infusion into the Group through a bidding process.

42. Impairment of Goodwill

During the current year, for the following Cash Generating Units the recoverable amount of the assets (including goodwill) is estimated to be less than its carrying amount and therefore an impairment loss is recognized as at March 31, 2018.

(₹ in lacs)

Cash Generating Unit	Impairment Amount
Escorts Heart Institute & Research Centre Limited (includes impairment on account of closure of Raipur unit amounting to ₹ 4,531.00 lacs)	17,003.66
RHT Health Trust Manager Pte Limited	3,761.76
Birdie & Birdie Realtors Private Limited	6,941.59

43. Letter of Appointment of erstwhile Executive Chairman

The Company having considered all necessary facts and taking into account external legal advice, has decided to treat as non est the Letter of Appointment dated September 27, 2016, as amended, ("LoA") issued to the erstwhile Executive Chairman of the Company in relation to his role as 'Lead: Strategic Initiatives' in the Strategy Function. Basis legal advice taken by the Company that the payments made to him under this LOA would be considered to be covered under the limits of section 197 of the Companies Act, 2013. The Company is in the process of taking suitable legal measures to recover the payments made to him under the LoA as also to recover all the Company's assets in his possession. The Company has sent a letter to the erstwhile Executive Chairman seeking refund of the excess amounts paid to him.

In view of the above, the amounts paid to him under the aforesaid LoA and certain additional amounts reimbursed in relation to expenses incurred (in excess of the amounts approved by the Central Government under section 197 of the Companies Act 2013 for remuneration & other reimbursements), aggregating to ₹ 2,002.39 lacs (comprising reversal of FY 2016-17 expenditure of ₹ 735.33 lacs, which has been disclosed as an exceptional income in these Consolidated Ind AS Financial Statements, and expenditure of ₹ 1,267.06 lacs relating to FY 2017-18) is shown as recoverable in the Consolidated Ind AS Financial Statements of the Company for the year ended March 31 2018. However, considering the uncertainty involved on recoverability of the said amounts a provision of ₹ 2,002.39 lacs has been made which has been shown as an exceptional item.

44. SRL, a subsidiary of the Company, has paid ₹ 602.65 lacs managerial remuneration to its Executive Chairman, Malvinder Mohan Singh, which is in excess of the limits set out under Section 197 of the Companies Act 2013. The amount paid in excess of the limits aggregating to ₹ 47.96 lakhs has been shown as advances recoverable as part of other financial assets. As the Executive Chairman was associated with the subsidiary Company in his capacity of a Whole Time Director till 27 May, 2018, the subsidiary Company will adjust the excess amounts paid to him for the year ended 31 March, 2018 from the amounts payable to him for the period 1 April, 2018 to 27 May, 2018.
45. Subsequent to the year end in May 2018 the Company sold 18.2 million units of RHT Health Trust, an associate of the Company, for a consideration of 13.65 million Singapore Dollars.

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

Sd/-
RAVI RAJAGOPAL
Chairman
DIN 00067073

Sd/-
BHAVDEEP SINGH
CEO

Sd/-
RAHUL RANJAN
Company Secretary
Membership No.: A17035

Sd/-
GAGANDEEP SINGH BEDI
Chief Financial Officer

Place : Gurugram
Date : July 7, 2018



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