



CARING THAT
COMES FROM
THE HEART.

ANNUAL REPORT

2016 - 2017

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BOARD OF DIRECTORS

Mr. Daljit Singh
Mr Lakshman Teckchand Nanwani
Mr. Meghraj Arvindrao Gore
Mr. Murari Pejavar
Dr. Nithya Ramamurthy
Mr. Rakesh Laddha
Mr. Rama Krishna Shetty
Mr. Ramesh Lakshman Adige

COMPANY SECRETARY AND COMPLIANCE OFFICER

Ms. Trapti Kushwaha

STATUTORY AUDITORS

M/s. Deloitte Haskins & Sells LLP
Chartered Accountants
ASV, 'N' Ramana Tower,
52, Venkata Narayana Road
T. Nagar, Chennai- 600017

REGISTERED OFFICE

Fortis Hospital, Sector 62, Phase VIII,
Mohali, Punjab- 160062
Ph.: +91-172-5096001, Fax: +91-172-5096002
Email Id : secretarial.malar@malarhospitals.in
Website: www.fortismalar.com

REGISTRAR AND TRANSFER AGENT

Karvy Computershare Private Limited
Karvy Selenium Tower B, Plot no.31 & 32,
Financial District, Nanakramguda,
Serilingampally Mandal, Hyderabad – 500032
P : +91 40 6716 1500 (B)
www.karvycomputershare.com

Board of Directors



Mr. Daljit Singh



Mr. Meghraj Arvindrao Gore



Mr. Lakshman Teckchand Nanwani



Mr. Murari Pejavar



Dr. Nithya Ramamurthy



Mr. Rakesh Laddha



Mr. Rama Krishna Shetty



Mr. Ramesh Lakshman Adige

Chairman's Message

“With over 150 heart transplants to its credit, your hospital has earned recognition as a premier centre for heart failure and transplant in this part of the world”

Daljit Singh
Chairman



Dear Shareholders,

It gives me great pleasure to present the results of your Company for the year ended March 31, 2017.

Your hospital continued to deliver spectacular clinical outcomes across all specialities. The Heart Failure and Transplant Programme, in particular, has made all of us proud by conducting over 150 transplants, making it one of the largest heart transplant programmes in the country. The survival rates of post-transplant patients are comparable with the best in the world. This is extremely creditable and reflective of the world-class capability and medical expertise at the hospital. Clinicians across all other specialities, such as Neurology, Obstetrics & Gynaecology, Orthopaedics and Gastroenterology, to name a few, also delivered outstanding results. I take this opportunity to thank all our clinicians, nurses, paramedics and support staff for their wonderful commitment to our purpose.

Your hospital continued to push for providing greater succour to patients by launching new programmes and initiatives. An All Women's Clinic was launched to enable greater focus on women patients and female-specific ailments. The city's first Epilepsy Support Group was launched to provide a platform for patients and their care givers to share their experience and support each other. In the same vein, Happy Losers Club, a support group for post-bariatric surgery patients, was launched. Fortis Malar observed World Multiple Sclerosis Day to spread awareness about the condition. A live workshop on Minimally Invasive Colorectal Surgery by Prof Joel Leroy, an internationally renowned faculty, was organised.

Going forward, we are taking steps to usher in greater transparency and improve patient trust by sharing clinical outcomes data online, as per the International Consortium for Health Outcomes Measurement (ICHOM) standards, for specific Cardiac Sciences procedures.

As you would be aware, the Board of Directors of the Company has approved a composite scheme of arrangement and amalgamation between the Company, Fortis Healthcare Limited (FHL) and SRL Limited. The composite scheme provides for the sale of its hospital business by the Company to FHL by way of a slump sale for a lump sum cash consideration, followed by demerger of the diagnostics business of FHL (including the investments held in SRL) into the Company and subsequently SRL being merged into the Company. Upon the composite scheme becoming effective, and subject to receipt of requisite regulatory and statutory approvals, the diagnostics business of FHL, including that housed in SRL would be vested in the Company. The name of

the Company will subsequently be changed to SRL Limited and this Company is proposed to be listed on the National Stock Exchange of India Limited in addition to its current listing on the BSE Limited.

We believe this will unlock immense value for all the shareholders. As a result of the new synergistic groupings, both the hospitals and diagnostic businesses will benefit from greater clarity, a stronger focus and an independent growth trajectory. Equally, this will enable the accelerated pursuit of their respective business goals while empowering them to reach their fullest potential.

During the year, Annual Revenues grew by 10% to ₹ 140.56 Crores from ₹ 129.61 Crores in the previous financial year. Net profit before exceptional and extra-ordinary items was at ₹ 4.47 Crores compared to ₹ 10.46 Crores in the previous financial year. Net profit after tax was at ₹ 3.11 Crores against ₹ 6.42 crores earned in the previous year. Overall increase in the cost of drugs, consumables and other essentials, especially in the high-end critical care segment where your Company operates, has impacted the profitability of the Company in the current financial year. The average revenue per occupied bed (ARPOB) continued its upward trend of the past few years, increasing from ₹ 127 Lakhs in FY 2016 to ₹ 155 Lakhs in FY 2017. The average length of stay (ALOS) declined from 3.87 days in FY 2016 to 3.39 days in FY 2017. Both the above reflect the fact that your hospital performs increasingly complex, high value surgeries requiring exceptional medical skills.

As a responsible corporate citizen, Fortis Malar has been actively participating in the Swachh Fortis initiative, aimed at ensuring clean and hygienic surroundings. Every month, our staff members join hands to clean up various localities in the neighbourhood. Offering Basic Life Support training to citizens is another way your hospital is contributing towards creating a healthy society. Numerous health camps and awareness campaigns were held through the year as part of our commitment towards "saving and enriching lives."

In conclusion, I would like to thank all our shareholders, doctors, nurses, paramedics, staff members and other stakeholders for their continued support through the year. I am sure that with your support, we will continue to serve our patients with renewed vigour and zeal in the years to come.

With Best Wishes and Warm Regards

Daljit Singh

Chairman- Fortis Malar Hospitals Limited.

Board Report

Dear Members,

Your Directors have pleasure in presenting here the Twenty Sixth 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, 2017.

FINANCIAL RESULTS

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

[₹ in Lacs]

Particulars	Consolidated	
	Year ended March 31, 2017	Year ended March 31, 2016
<u>Continuing Operations</u>		
Operating Income	14,055.99	12,961.08
Other Income	796.95	802.53
Total Income	14,852.94	13,763.61
Total Expenditure	13,966.17	12,361.21
Operating Profit	886.77	1,402.40
Less: Finance Charges, Depreciation & Amortization	439.90	356.12
Profit/ (Loss) before exceptional items and tax	446.87	1,046.28
Exceptional items	–	(51.15)
Profit/ (Loss) before tax	446.87	995.13
Less: Tax Expenses	135.43	353.39
Net Profit for the year	311.44	641.74
Other Comprehensive Income (Net of Taxes)	(24.41)	(2.55)
Total Comprehensive Income for the year	287.03	639.19
Profits/ (Losses) attributable to minority interest	–	–
Share in profits of associate companies	–	–
Profit/ (Loss) for the year from continuing operations (A)	287.03	639.19
<u>Discontinuing Operations</u>		
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	–	–
Profits/ (losses) attributable to minority interest	–	–
Profit for the year from discontinuing operations (B)	–	–
Profit for the year (A+B)	287.03	639.19

Particulars	Standalone	
	Year ended March 31, 2017	Year ended March 31, 2016
Operating Income	14,055.99	12,961.08
Other Income	756.26	776.75
Total Income	14,812.25	13,737.83
Total Expenditure	13,968.52	12,363.17
Operating Profit	843.73	1,374.66
Less: Finance Charges and Depreciation	439.90	356.12
Profit/ (loss) before exceptional items and tax	403.83	1,018.54
Exceptional items	–	(51.15)
Profit/ (loss) before tax	403.83	967.39
Less: Tax Expenses	121.81	344.82
Net Profit for the year	282.02	622.57
Other Comprehensive Income (Net of Taxes)	(24.04)	(2.64)
Total Comprehensive Income for the year	257.98	619.93

STATE OF COMPANY'S AFFAIR, OPERATING RESULTS AND PROFITS

Fortis Malar Hospital (formerly known as Malar Hospital) was acquired by Fortis Group in early 2008. The hospital founded in 1989, is established as one of the largest corporate hospitals in Chennai providing quality super specialty and multi-specialty healthcare services. Fortis Malar Hospitals, with 180 beds, focuses on providing comprehensive medical care in the areas of Cardiology and Cardiac Surgery, Neuro Surgery, Gynecology, Orthopedics, Gastroenterology, Neurology, Pediatrics, Diabetics, Nephrology and Internal Medicine.

Fortis Malar Hospital has a state of the art Cath Lab and multiple dedicated cardiac operation theatres and intensive coronary care units. Several rare and complex Adult and Paediatric, Cardiac surgeries, Orthopedic and Joint replacements, Neurosurgeries and Plastic reconstruction surgeries have been performed at this hospital. The hospital's Obstetrics and Gynaecology services are among the busiest in the city, successfully performing many complicated deliveries and surgeries. They are supported by a dedicated Neonatology unit.

Fortis Malar has been doing exceptional clinical work and has achieved the unique distinction of completing over 150 heart transplants, reinforcing its position as a world class super specialty tertiary care centre. Additionally, it has made a mark for itself by performing complex and high end surgeries particularly in Cardiology, Neurology, Mother and Child Care, among others. We are delighted with the great work being done by our team of doctors, nurses, paramedics and other staff members and am confident that we will continue to deliver world class clinical programs, with consistently superior results in the future, as well.

Operational and Financial Performance

During the financial year 2016-17, your company achieved a consolidated income from operations of ₹ 140.56 Cr against ₹ 129.61 Cr during the last financial year ended March 31,2016, representing a growth of 8.40% over the previous year. Consolidated EBITDA for the year stood at ₹ 0.90 Cr compared to ₹ 6.00 Cr in the previous year. Profit before exceptional item and tax stood at ₹ 4.47 Cr compared to ₹ 10.46 Cr in the corresponding period. Consolidated Net profit for the year was ₹ 2.87 Cr compared to ₹ 6.39 Cr in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) improved significantly during the current year to ₹ 155 lacs from ₹ 127 lacs in the previous year. The average length of stay (ALOS) stood at 3.39 days in Financial Year 2017 compared to 3.87 days in Financial Year 2016. Occupancy of the hospital during the year was at 61%, compared to 60% of the previous year.

DIVIDEND AND TRANSFER TO RESERVES

The Board of Directors of your Company has not recommended any dividend for the FY 2016-17. Accordingly, there has been no transfer to General Reserves.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY WHICH HAVE OCCURRED BETWEEN THE END OF THE FINANCIAL YEAR 2016-17 AND THE DATE OF THE REPORT

The Board of Directors of your Company at its meeting on August 19, 2016 approved a composite scheme of arrangement and amalgamation between your Company, Fortis Healthcare Limited (“FHL”), SRL Limited (“SRL”) and their respective shareholders and creditors (“Scheme”) for (i) the transfer of the undertaking, business and operations of your Company including assets and liabilities pertaining to the hospital business, as identified in the Scheme (“**Transferred Undertaking**”), as a going concern, by way of slump sale, from your Company to FHL, in lieu of payment of a lumpsum consideration by FHL to your Company (“**Business Transfer**”); (ii) the transfer by way of a demerger of the undertakings, business, activities and operations of FHL, pertaining exclusively to the diagnostics business of FHL as identified in the Scheme (“**Demerged Undertaking**”) to your Company, and consequent issue of equity shares by your Company to shareholders of FHL (“**Demerger**”); (iii) the amalgamation of all the undertakings and entire business of SRL with your Company and dissolution of SRL without winding up; the consequent issue of equity shares by your Company to the shareholders of SRL and the cancellation of equity shares of SRL held by your Company (“**Amalgamation**”) and various other matters consequential or otherwise integrally connected therewith, including the reduction of the securities premium account of FHL and the reorganization of the share capital of your Company pursuant to the provisions of Sections 230 to 232 of the Companies Act, 2013 (“Act”) (corresponding to Sections 391-394 of the Companies Act, 1956 read with Section 52 and Section 66 of the Act (corresponding to Sections 100 to 103 of the Companies Act, 1956), Section 2(1B) of the Income Tax Act, 1961, and any other applicable provisions of the Act or Companies Act, 1956.

The Scheme has also received the approval of the Competition Commission of India on October 14, 2016. The BSE Limited has conveyed its no adverse observations/no objections to the Scheme vide letter dated November 11, 2016. Subsequently, the Scheme has also been approved by the creditors and equity shareholders of your Company on April 26, 2017 and April 27, 2017 respectively. The Scheme as on the cut-off date was pending with the National Company Law Tribunal, Chandigarh. The Scheme will be made effective by the Board of Directors of your Company and those of FHL and SRL after receiving the remaining approvals including that of the National Company Law Tribunal, Chandigarh, post sanction approval of the Securities and Exchange Board of India etc.

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

The Company has in place adequate internal financial controls with reference to financial statements. During the year such controls were tested and no reportable material weakness in the design or operation was observed.

DETAILS OF SUBSIDIARY

During the year under review, the Company had only one subsidiary Company viz. Malar Stars Medicare Limited. The main objects of the said wholly-owned subsidiary include setting up, managing / administering hospital(s) and to provide Medicare and Healthcare services.

Further note that the Board of Directors has adopted a policy for determining “material subsidiary” pursuant to Regulation 16(1)(c) of the SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015. The said policy is available at http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns_2016-2017/Policy_material_subsidary.pdf

Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2016-17, the Company has no “material non-listed subsidiary” in terms SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015.

PERFORMANCE AND FINANCIAL POSITION OF THE SUBSIDIARY COMPANY

The consolidated financial statements of the Company and its subsidiary, 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 company will be provided 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 and that of subsidiary. Performance and financial position of the subsidiary included in the Consolidated Financial Statements of the Company is mentioned below:-

FORM NO. AOC – 1

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries or associate companies or joint ventures

Part A: Subsidiaries

[Amount in ₹]

S. No	Particulars	Year ended March 31, 2017				
1.	Name of the subsidiary	MALAR STARS MEDICARE LIMITED				
2.	The date since when subsidiary was acquired	N.A.				
3.	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	Reporting period same as Holding Company				
4.	Reporting currency and Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries.	N.A.				
5.	Share Capital	500,000				
6.	Reserves & Surplus	12,665,802				
7.	Total Assets	678,955,170				
8.	Total Liabilities	665,789,368				
9.	Investments	Nil				
10.	Turnover	3,657,000				
11.	Profit before Taxation	4,303,604				
12.	Provision for Taxation	1,362,889				
13.	Profit after Taxation	2,940,715				
14.	Proposed Dividend	None				
15.	Extent of Shareholding (in percentage)	100%				
For and on behalf of the Board of Directors of Fortis Malar Hospitals Limited						
<table style="width: 100%; border: none;"> <tr> <td style="width: 50%; border: none;"> Sd/- Daljit Singh Chairman DIN 00135414 </td> <td style="width: 50%; border: none;"> Sd/- Meghraj Arvindrao Gore Whole Time Director DIN 07505123 </td> </tr> <tr> <td style="border: none;"> Sd/- Vijayasathy D Chief Financial Officer 220109 </td> <td style="border: none;"> Sd/- Trapti Kushwaha Company Secretary A34747 </td> </tr> </table>			Sd/- Daljit Singh Chairman DIN 00135414	Sd/- Meghraj Arvindrao Gore Whole Time Director DIN 07505123	Sd/- Vijayasathy D Chief Financial Officer 220109	Sd/- Trapti Kushwaha Company Secretary A34747
Sd/- Daljit Singh Chairman DIN 00135414	Sd/- Meghraj Arvindrao Gore Whole Time Director DIN 07505123					
Sd/- Vijayasathy D Chief Financial Officer 220109	Sd/- Trapti Kushwaha Company Secretary A34747					

Notes:

- Name of subsidiaries which are yet to commence operation – None
- Name of subsidiaries which have been liquidated or sold during the year – None

Part B: Associates and Joint Ventures*

*As on March 31, 2017, the Company does not have any associate Company and/or Joint Venture

LOANS/ADVANCES/INVESTMENTS/GUARANTEES

Particulars of Loans/Advances/Investments/Guarantees given & outstanding during the Financial Year 2016-17 are mentioned in notes to financial statements. Further, the loans have been given for meeting the working capital requirement and investments.

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.

AUDITORS

1. STATUTORY AUDITOR

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.

Based on the recommendations of the Audit and Risk Management Committee, the Board of Directors of the Company 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 Notes on financial statement referred to in the Auditors' Report are self-explanatory and do not call for any further comments. The Auditors' Report does not contain any qualification, reservation or adverse remark.

2. COST AUDITOR

Pursuant to Section 148 of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 or any amendments thereof, 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 & Risk Management Committee, appointed M/s Jitender, Navneet & Co., Cost Accountants to audit the cost accounts of the Company for the Financial Year 2016-17 at a remuneration of ₹ 50,000 (Rupees Fifty Thousand) plus out of pocket expenses and taxes. As required under the Companies Act, 2013, the remuneration payable to the cost auditor 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 at Item No. (5) of the Notice convening the Annual General Meeting.

3. 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 Mukesh Agarwal & Co., Practicing Company Secretary to undertake the Secretarial Audit of the Company. The Report of the Secretarial Audit Report is annexed herewith as "Annexure I". There were no adverse remarks in the aforesaid report.

4. INTERNAL AUDITOR

Upon the recommendation of the Audit and Risk Management Committee, the Board of Directors has appointed Mr. Rajiv Puri, Head Risk and Internal Audit of the Holding Company as the Chief Internal Auditor of the Company and authorized him to engage independent firms' for conducting the internal audit for the Financial Year 2016-17. Accordingly, Axis Risk Consulting Services Pvt. Ltd was engaged to perform Internal Audit for the Company.

During the period under review no fraud was reported by the above stated Auditors

STOCK OPTIONS AND CAPITAL STRUCTURE

The Nomination and Remuneration Committee of the Board of Directors of the Company, *inter alia*, administers and monitors the Scheme of the Company in accordance with the applicable SEBI Guidelines. Each option when exercised would be converted into one fully paid up equity share of ₹ 10 each of the Company.

Pursuant to the provisions of the Securities and Exchange Board of India (Employees Stock Option Scheme and Employees Stock Purchase Scheme) Guidelines, 1999, as amended from time to time, the details of stock options as on March 31, 2017 under the "Malar Employees Stock Option Plan 2008" are set out in the "Annexure-II" to this Board' Report.

Disclosure pursuant to the Regulations for the year ended on March 31, 2017 is available at (<http://www.fortismalar.com/wp-content/uploads/annualreport/ESOP-Disclosure-2016-17.pdf>) and also forms part of this Directors' Report.

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

EXTRACT OF ANNUAL RETURN

Extract of Annual Return is annexed herewith as “Annexure III”.

ENERGY CONSERVATION, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE

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, Technology Absorption and Foreign Exchange is given in “Annexure IV”, forming part of the Board Report.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your Company continues to follow a strong internal control program that aims at safeguarding funds, provides efficient and effective management of assets and ensures accurate financial reporting. For all critical activities of the company, Standard Operating Procedures are in place that ensure oversight in connection with authorizations and reconciliations, review of employee performance, security of assets, and segregation of duties. The Company has a dedicated independent team of internal auditors who review the entire operations of the company and submit their findings to the Audit and Risk Management Committee with suggestions for improvements on a quarterly basis. The Audit and Risk Management Committee takes note of the same and guides the management in the implementation of suggestions. The internal auditors also review the implementation and confirm to the Audit and Risk Management Committee on appropriateness of implementation.

CORPORATE SOCIAL RESPONSIBILITY - OUR JOURNEY THROUGH THE YEAR (2016-17)

As a responsible corporate citizen and a critical member of the Indian healthcare ecosystem, we at Fortis Malar strongly believe that we can meaningfully alleviate the problem of inequitable access to quality healthcare. By creating and supporting social sector programs 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 programs 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 Malar Hospitals Limited** are led through the **Fortis Charitable Foundation** its designated CSR vehicle.

The work of the Foundation is supported and executed by two entities.

Fortis Charitable Foundation (FCF) - a Trust set up in 2005 and **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 to expand their circle of partnerships with Government, Non-Government Organizations (NGOs), other corporates and individuals.

Working through a dedicated team of employees and volunteers their work focuses on 3 programs 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 Malar Hospitals Limited has chosen to support the SAVERA program focusing on Awareness Publication Communication.

ABOUT SAVERA

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 will create a credible knowledge repository of disease related information under an open platform for sharing.

The program is also a platform to communicate about the foundation's work, ideas, finances and partner ecosystem.

SAVERA has identified target intervention areas focusing on:

- Tobacco Control
- Skill Development - First Aid/ Basic Life Support (BLS) Training
- E-Learning Platform for Health Information

In the past year SAVERA has promoted awareness through the distribution of **59,450 health publications** and initiated the process of behavioural change through distribution of **19,709 illustrative books** to children focusing on hygiene and nutrition through **90 NGOs**.

The program collaborated with Sambandh Health Foundation to launch a campaign on Tobacco Control in Haryana. In the past year, awareness and sensitization about COTPA (Cigarettes and Other Tobacco Products Act) to **over 2000 police officials** from 7 districts and **1800 officials** from the Education Department has taken place. The impact of these has been over **1000 challans** to offenders in Gurugram. The initiative has been extensively covered in the media in over **150 news articles**.

An academy for First Aid/ Basic Life Support (BLS) training was conceptualized and designed and implementation will start in Financial Year 2017-18.

For further information on Fortis Charitable Foundation, please visit the website www.fortisfoundation.in.

The details of particulars pursuant to Section 134(3)(o) of the Companies, Act, 2013 read with rule 9 of the Companies (CSR) Rules, 2014 is given in '**Annexure - V**', forming part of this report.

DIRECTORS & KEY MANAGERIAL PERSONNEL

In accordance with the provisions of the Companies Act, 2013 and the Articles of Association of the Company, Dr. Nithya Ramamurthy, Director of the Board of Directors of the Company is liable to retire by rotation at the ensuing Annual General Meeting and being eligible, has offered herself for re-appointment. The Board on the recommendation of the Nomination and Remuneration Committee proposed her re-appointment to the shareholders of the Company.

The Board of Directors on the recommendation of the Nomination & Remuneration Committee, appointed Mr. Rakesh Laddha as an Additional Director (Non- Executive) w.e.f. September 27, 2016. Further, it is now proposed to have the appointment of such Director approved by the members, in the ensuing Annual General Meeting.

Brief resume of directors seeking appointment and re-appointment along with other details as stipulated under Regulation 36 of SEBI Listing (Obligations & Disclosure Requirements) Regulations, 2015, are provided in the Corporate Governance Report and Notice of the AGM.

During the period under review, following are the changes in Key Managerial Personnel:

- a) Mr Raghunath P, Whole Time Director of the Company resigned with effect from September 30, 2016 and Mr Meghraj Arvindrao Gore was appointed as Whole Time Director with effect from October 1, 2016.
- b) Mr Akshaya Kumar Singh- Chief Financial Officer has resigned from the Company with effect from February 27, 2017.

During the Financial Year 2017-18, Mr Sumit Goel- Company Secretary of the Company resigned with effect from May 1, 2017.

Further, the Board of Directors of the Company in its meeting held on May 23, 2017 appointed Mr Vijayasarathy D as Chief Financial Officer and Ms Trapti Kushwaha as Company Secretary of the Company with immediate effect.

The Company has received declarations from all the Independent Directors of the Company confirming that they meet the criteria of independence as prescribed both under the Act and Regulation 16(1)(b) of the SEBI Listing (Obligations & Disclosure Requirements) Regulations, 2015.

There are no inter-se relationship between our Board Members.

During the year 2016-17, seven 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.

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 Directors and other details
2. Details of establishment of Vigil Mechanism
3. Details of remuneration paid to all the Directors including Stock Options
4. Commission received by Managing Director and/or Whole Time Director

BOARD EVALUATION

Pursuant to the provisions of the Companies Act, 2013 and SEBI Listing (Obligation & Disclosure Requirements) Regulations, 2015, the Board has carried out performance evaluation of its own performance, the Directors individually, Chairman as well as the evaluation of the working of its Committees viz. Audit and Risk Management Committee, Nomination and Remuneration Committee, Stakeholders Relationship Committee and Corporate Social Responsibility Committee.

The following process of evaluation was followed:

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 the Chairman of the Nomination and Remuneration Committee and / or 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 placed at the meetings of the Nomination and Remuneration Committee (NRC), the Independent Director's (ID's) and the Board of Directors (BoD) held on February 9, 2017 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 2016-17 was collated, presented and tabled at a meeting of the Board of Directors held on May 23, 2017. The report also noted opportunities for improvement.	NA

SEBI has vide its circular dated January 5, 2017, issued a Guidance Note on Board Evaluation. The Management made a gap analysis of your Company's Board Evaluation process vis-à-vis Guidance Note and the same was discussed in detail with the Board Members. The Process was found largely in-line with the Guidance Note, however, the scope for further improvement was also identified and it was decided that the gaps, wherever necessary, will be implemented in the Board Evaluation to be conducted during the FY 2017-18.

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 2016-17**

Name of the Director*	Remuneration of Director	Median Remuneration of employees*	Ratio
Mr. Raghunath P	2,265,876	252,000	9
Mr. Meghraj Arvindrao Gore	4,223,970	252,000	17

* None of the other Directors are paid any remuneration, except sitting fees.

- (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. Raghunath P	Whole Time Director	4.1%
Mr. Meghraj Arvindrao Gore	Whole Time Director	NA
Mr. Akshaya Kumar Singh	Chief Financial Officer	8.1%

- (c) **The percentage increase in the median remuneration of employees in the financial year is 9.1% (11% in the last year)**
- (d) **The number of permanent employees on the rolls of Company is 617 as on March 31, 2017.**
- (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 2016-17
(A) Average percentile increase already made in the salaries of employees other than the managerial personnel	12%
(B) Percentile increase in the managerial remuneration	8.1%
Comparison of (A) and (B)	3.0%
Justification	To retain skilled employees and to compete with market standard
Any exceptional circumstances for increase in the managerial remuneration	N/A

- (f) **Salary details along with the variable component and other benefits of the remuneration being paid to directors are detailed below:**

Name of the Director	Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract (As Whole Time Director)	
				Tenure	Notice Period
Mr. Raghunath P. Upto September 30, 2016 (as WTD)	1,934,642	331,234	77,352	3 years w.e.f. July 26, 2014	2 Months
Mr. Meghraj Arvindrao Gore w.e.f. October 01, 2016 (As WTD)	4,223,970	Nil	196,146	3 years w.e.f. October 01, 2016	3 Months

- (g) **Remuneration has been paid to Directors and KMPs as per the Remuneration Policy of the Company;**

(h) Remuneration Policy:

The Board has, on the recommendation of the Nomination & Remuneration Committee framed a remuneration policy for selection and appointment of Directors, Senior Management and their remuneration including criteria for determining qualifications, positive attributes, independence of a Director etc. and the same is also available on the website of the Company at the link [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns /shareholding patterns2016-2017/ Policy-on-Compensation-Benefits.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholding_patterns2016-2017/Policy-on-Compensation-Benefits.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 Act, 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 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 few materially significant Related Party Transactions made by the Company with other related parties. 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 the Companies Act, 2013.

All Related Party Transactions are placed before the Audit and Risk Management Committee for approval as required under SEBI (LODR) Regulations 2015. Prior omnibus approval of the Audit and Risk Management Committee is obtained for the transactions which are of foreseen and repetitive nature. The transactions entered into pursuant to such 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 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 link: [http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2016-2017/ Policy_on_ Materiality_ Related_Party_Transactions.pdf](http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2016-2017/Policy_on_Materiality_Related_Party_Transactions.pdf).

None of the 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.

RISK MANAGEMENT POLICY

The Company has developed and implemented a Risk Management Policy. The said policy is being implemented and monitored by the Audit & Risk Management Committee. The details thereof are covered under 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. There were no complaints relating to sexual harassment during the year under review and those are pending as on the end of the financial year.

MANAGEMENT'S DISCUSSION AND ANALYSIS REPORT

Management's Discussion and Analysis Report for the year under review, as stipulated under Regulation 34 of SEBI (Listing Obligation and Disclosure Requirements) Regulations, 2015 forms part of this Annual Report.

REPORT ON CORPORATE GOVERNANCE

Your Company continues to place greatest emphasis on managing its affairs with diligence, transparency, responsibility and accountability. Your Company is committed to adopting and adhering to the best Corporate Governance practices recognized globally. Your Company understands and respects its fiduciary role and responsibility towards stakeholders and the society at large and strives hard to serve their interests, resulting in creation of value and wealth for all stakeholders at all times.

The report of Board of Directors of the Company on Corporate Governance is given in the section titled “Report on Corporate Governance” forming part of this Annual Report.

Certificate of M/s. Sanjay Grover & Associates, Company Secretary in Whole-time Practice, regarding compliance with the Corporate Governance requirements as stipulated in Clause F, Schedule V of SEBI (Listing Obligations and Disclosure Requirements Regulations, 2015) is annexed with the Corporate Governance Report.

CODE OF CONDUCT

Declaration by Mr. Meghraj Arvindrao Gore, Whole-time Director 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 for the year ended March 31, 2017, the applicable accounting standards has been followed along with proper explanation relating to material departures;
- (b) the directors had selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company for financial year ended March 31, 2017 and of the profit of the Company for the said period;
- (c) the directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
- (d) the directors had prepared the annual accounts on a going concern basis;
- (e) the directors had laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and were operating effectively; and
- (f) the directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were 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 Co-operation, 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 the Order of the Board
For **Fortis Malar Hospitals Limited**

Sd/-
Daljit Singh
Chairman

Date: July 25, 2017
Place: Chennai

ANNEXURE - I**Form No. MR-3****SECRETARIAL AUDIT REPORT**

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

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31st March, 2017

To,

**The Members,
Fortis Malar Hospitals 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 Malar Hospitals 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 my opinion thereon.

Based on our verification of the 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 31st March, 2017 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 **Fortis Malar Hospitals Limited** for the financial year ended on 31st March, 2017 according to the provisions of:

- (i) The Companies Act, 2013 (the Act) and the rules made thereunder;
- (ii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;
- (iii) 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;
- (iv) The following Regulations and Guidelines 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, 1992;
 - (c) 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;

We have also examined compliance with the applicable Clauses/Regulations of the following:

- (i) Secretarial Standards issued by The Institute of Company Secretaries of India
- (ii) The Listing Agreements entered into by the Company with Bombay Stock Exchange Limited (where the shares of the Companies are listed) and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, etc. mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive, Non-Executive and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent reasonably in advance and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

All decisions are carried through majority and recorded as part of the minutes.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has:

- (i) Shifted its registered office from National Capital Territory of Delhi to the State of Punjab;
- (ii) Appointed Mr. Meghraj Arvindrao Gore as Whole Time Director of the Company;
- (iii) Approved Composite Scheme of Arrangement and Amalgamation

Date : 17.07.2017

Place : New Delhi

for **Mukesh Agarwal & Company**

**Sd/-
Mukesh Kumar Agarwal
M No-F5991
C P No.3851**

Note- All the Findings are based on the Physical Audit of the relevant Statutory Books made available to us by the Management and the Management Representation Letter.

ANNEXURE II

Employee Stock Option Schemes (ESOSs)

Disclosure Pursuant to Regulation 14 of SEBI (Share Based Employee Benefits) Regulations, 2014

1. General Disclosures

- a. Disclosure under Guidance note on Accounting for employee share based payments or any other applicable AS
For details please refer to notes to Standalone Financial Statements mentioned in the Annual Report 2016-17
- b. Diluted EPS in accordance with "AS-20-Earning Per Share" stood at ₹ 1.50

2. SCHEME SPECIFIC DISCLOSURES

i. General Disclosures

S.No.	Particulars	Disclosures
1	Date of Shareholder's Approval	The Scheme was approved at the General Meeting held on September 29, 2008. The Scheme was subsequently modified at the General Meeting held on August 21, 2009.
2	Total Number of options approved under ESOP Scheme 2008	929712
3	Vesting requirements	<ul style="list-style-type: none"> • 25% on completion of first year from the date of grant. • 25% on completion of second year from the date of grant. • 25% on completion of third year from the date of grant. • 25% on completion of fourth year from the date of grant.
4	Exercise Price or Pricing Formula	The Grant Price is determined based on the Closing Price of the Equity Shares of the company, prior to the date of the meeting of the Nomination and Remuneration Committee (NRC) (formerly known as Remuneration Committee) in which Stock Options were granted, on the BSE Limited. The Closing price of the shares of the Company at BSE on September 20, 2009 was ₹ 26.20 per share. Accordingly, Exercise Price of the Options granted by NRC at its meeting held on August 21, 2009 was fixed at ₹ 26.20 per equity share having face value of ₹ 10 each.
5	Maximum term of Options Granted	Options granted shall vest within a period of four years from the date of grant.
6	Sources of Share (Primary, Secondary or Combination)	Primary
7	Variation in terms of Options	Nil
8	Method used for Accounting of ESOS (Intrinsic or Fair Value)	Intrinsic

S.No.	Particulars	Disclosures																					
9 (a)	Difference, if any, between employee compensation cost calculated using the intrinsic value of stock options and employee compensation cost calculated on the basis of fair value of stock options	<p>The effect on the profit and earning per share had the fair value method been adopted, is presented below:</p> <p>Profit After Tax (Amount in Rupees)</p> <table border="1"> <tr> <td>As Reported</td> <td colspan="2">257.98 Lacs</td> </tr> <tr> <td>Add: Intrinsic Value compensation cost</td> <td colspan="2">Nil</td> </tr> <tr> <td>Less: Fair Value compensation cost</td> <td colspan="2">Nil</td> </tr> <tr> <td>Adjusted Profit</td> <td colspan="2">257.98 Lacs</td> </tr> <tr> <td>Earnings per share</td> <td>Basic</td> <td>Diluted</td> </tr> <tr> <td>As reported</td> <td>1.51</td> <td>1.50</td> </tr> <tr> <td>As adjusted</td> <td>1.51</td> <td>1.50</td> </tr> </table>	As Reported	257.98 Lacs		Add: Intrinsic Value compensation cost	Nil		Less: Fair Value compensation cost	Nil		Adjusted Profit	257.98 Lacs		Earnings per share	Basic	Diluted	As reported	1.51	1.50	As adjusted	1.51	1.50
As Reported	257.98 Lacs																						
Add: Intrinsic Value compensation cost	Nil																						
Less: Fair Value compensation cost	Nil																						
Adjusted Profit	257.98 Lacs																						
Earnings per share	Basic	Diluted																					
As reported	1.51	1.50																					
As adjusted	1.51	1.50																					
9(b)	Impact on the profits of the Company and on the earnings per share ("EPS") arising due to difference in the accounting treatment and for calculation of the employee compensation cost (i.e. difference of the fair value of stock options over the intrinsic value of the stock options)	NIL																					
10	a) Weighted average exercise price, b) weighted average fair value of options whose exercise price either equals or exceeds or is less than market price of the stock	₹ 26.20 Nil																					

ii. **Option Movement during the FY 2016 – 2017**

S.No.	Particulars	Disclosures
1	Number of options outstanding at the beginning of the period	218,750
2	Number of options granted during the year	NIL
3	Number of options forfeited / lapsed during the year	NIL
4	Number of options vested during the year	NIL
5	Number of options exercised during the year	58,750
6	Number of shares arising as a result of exercise of options	58,750
7	Money realized by exercise of options (INR), if scheme is implemented directly by the company	15,39,250
8	Loan repaid by the Trust during the year from exercise price received	NA
9	Number of options outstanding at the end of the year	160,000
10	Number of options exercisable at the end of the year	160,000

iii. **Employees Details who were granted options during the year**

S. No.	Particulars	Name of Employee	Designation	Number of options granted during the year	Exercise Price
1	Senior Managerial Personnel	NIL	NIL	NIL	NIL
2	Employee who received grant in any one year equal to or more than 5% of Options granted during the Year	NIL	NIL	NIL	NIL
3	Identified Employees who were granted option, during any one year, equal to or exceeding 1% of the issued capital (excluding outstanding warrants and conversions) of the company at the time of grant	NIL	NIL	NIL	NIL

iv. **Accounting Method and Assumptions**

Method used for ESOPs	Intrinsic Value Method
Risk free interest rate	7.50%
Expected Life	5 Years
Expected Volatility	67.42 %
Expected Dividends	0 %
Price of underlying shares in market at the time of Option grant	26.20

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Date : July 25, 2017
Place : Chennai

Sd/-
Daljit Singh
Chairman

ANNEXURE III
FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

As on Financial Year ended on March 31, 2017

**Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Company
(Management & Administration) Rules, 2014**

I. REGISTRATION & OTHER DETAILS:

S. No.	Particulars	Details
1	CIN	L85110PB1989PLC045948
2	Registration Date	April 13, 1989
3	Name of the Company	Fortis Malar Hospitals 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, Punjab – 160062 Tel. No.: +91 172 5096001 Fax No. +91 172 5096002 Email Id: secretarial.malar@malarhospitals.in Website: www.fortismalar.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 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 008 Tel.: 040 – 67162222 Fax: 040 23420814 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 hospitals and clinics and to conduct the same to provide comprehensive healthcare for the society in the various branches of medicine such as General Surgery, General Medicine, Pediatrics, Neurology, Cardiology, ENT, Ophthalmology, Radiology, Pathology, Gastro-entriology, Urology, Thoracic Surgery, Plastic surgery, Ortliaepedics and other allied specialties and to provide facilities for post graduate medical education/medical research.	861	100%

*As per National Industrial Classification - Ministry of Statistics and Programme Implementation

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –**

S. No.	Name and address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Fortis Hospitals Limited	U93000DL2009PLC222166	Holding Company	62.97	2(46)
2	Malar Stars Medicare Limited	U93000TN2009PLC072209	Subsidiary Company	100.00	2(87)

**There is no associate company of Fortis Malar Hospitals Limited.

Note:- Fortis Healthcare Limited Holding Company of Fortis Hospitals Limited.

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 April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	100	0	100	0.00	100		100	0.00	0.00
b) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
c) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
d) Bodies Corp.	11753102	0	0	63.17	11753102	0	0	62.97	(0.20)
e) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
f) Any other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (1):-	11753202	0	0	63.17	11753202	0	0	62.97	(0.20)
(2) Foreign									
a) NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
b) Other – Individuals	0	0	0	0.00	0	0	0	0.00	0.00
c) Bodies Corp.	0	0	0	0.00	0	0	0	0.00	0.00
d) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
e) Any Other	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (A) (2):-	0	0	0	0.00	0	0	0	0.00	0.00
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	11753202	0	0	63.17	11753202	0	0	62.97	(0.20)
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	50000	36000	86000	0.46	50000	36000	86000	0.46	0.00
b) Banks / FI	0	0	0	0.00	0	0	0	0.00	0.00
c) Central Govt	0	0	0	0.00	0	0	0	0.00	0.00
d) State Govt(s)	0	0	0	0.00	0	0	0	0.00	0.00
e) Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
f) Insurance Companies	0	0	0	0.00	0	0	0	0.00	0.00
g) FIs	154525	0	154525	0.83	0	0	0	0.00	(0.83)
h) Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
i) Others (specify)	0	0	0	0.00	0	0	0	0.00	0.00
Sub-total (B)(1):-	204525	36000	240525	1.29	50000	36000	86000	0.46	(0.83)
2. Non-Institutions									
a) Bodies Corp.	372926	24701	397627	2.14	315446	24701	340147	1.82	0.31
b) Individuals									
i) Individual shareholders holding nominal share capital upto 1 lakh	1946286	1184111	3130397	16.83	1983254	1170035	3153289	16.89	(0.07)
ii) Individual shareholders holding nominal share capital in excess of ₹1 lakh	1437339	122600	1559939	8.38	1741410	107600	1849010	9.91	1.52

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
c) Others	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Collaborators	0	0	0	0.00	0	0	0	0.00	0.00
Non Resident Indians	304162	159600	463762	2.49	283561	159600	443161	2.37	0.12
Foreign Bodies	0	0	0	0.00	0	0	0	0.00	0.00
Foreign Nationals	0	0	0	0.00	0	0	0	0.00	0.00
Clearing Members	1390	0	1390	0.01	14124	0	14124	0.08	-0.07
Trusts	0	0	0	0.00	0	0	0	0.00	0.00
Directors	905927	0	905927	4.87	859377	0	859377	4.60	0.26
Directors and their relatives	0	152740	152740	0.82	0	152740	152740	0.82	0.00
Other-NRI Non Repatriation	0	0	0	0.00	12209	0	12209	0.07	-0.07
Sub-total (B)(2):-	4968030	1643752	6611782	35.54	5210381	1614676	6825057	36.57	-1.03
Total Public Shareholding (B)=(B)(1)+ (B)(2)	5172555	1679752	6852307	36.83	5260381	1650676	6911057	37.03	-0.20
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0.00	0	0	0	0.00	0.00
Grand Total (A+B+C)	16925757	1679752	18605509	100.00	17013583	1650676	18664259	100.00	0.00

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding as on April 1, 2016			Shareholding as on March 31, 2017			% 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 Hospitals Limited	11752402	63.17	0.00	11752402	62.97	0.00	(0.20)*
2.	Fortis Healthcare Holdings Pvt Ltd	100	0.00	0.00	100	0.00	0.00	0.00
3.	Oscar Investments Ltd	100	0.00	0.00	100	0.00	0.00	0.00
4.	Shivi Holdings (P) Ltd	100	0.00	0.00	100	0.00	0.00	0.00
5.	RHC Finance Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
6.	Today's Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
7.	Malav Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
8.	RHC Holdings Private Limited	100	0.00	0.00	100	0.00	0.00	0.00
9.	Malvinder Mohan Singh - PS Trust	100	0.00	0.00	100	0.00	0.00	0.00

* Only percentage decrease due to allotment of ESOPs to the eligible employees.

(iii) Change in Promoters' Shareholding – Nil**(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):**

S. No	Type	Name of The Share Holder	Shareholding at the beginning of the Year		Date	Increase/Decrease in share holding	Reason	Cumulative Shareholding during the Year	
			No of Shares	% of total shares of the company				No of Shares	% of total shares of the company
1.	Opening Balance	A M Gopalan	231028	1.24	31/03/2016	-	-	231028	1.24
	Closing Balance		231028	1.24	31/03/2017	-	-	231028	1.24
2.	Opening Balance	Ruckmani Natarajan	217960	1.17	31/03/2016	-	-	217960	1.17
	Closing Balance		217960	1.17	31/03/2017	-	-	217960	1.17
3.	Opening Balance	Basudeo Agrawal	0	0.00	31/03/2016	0	-	0	0.00
	Purchase				28/10/2016	124008	Transfer	124008	0.66
	Purchase				09/12/2016	34400	Transfer	158408	0.85
	Purchase				30/12/2016	11592	Transfer	170000	0.91
	Purchase				20/01/2017	2000	Transfer	172000	0.92
	Purchase				31/03/2017	8310	Transfer	180310	0.97
	Closing Balance				31/03/2017			180310	0.97
4.	Opening Balance	Kumunta Munisamy	0	0.00	31/03/2016	0	-	0	0.00
	Purchase				26/08/2016	170000	Transfer	170000	0.91
	Closing Balance				31/03/2017			170000	0.91
5.	Opening Balance	Ruckmani Natarajan	170000	0.91	31/03/2016	0	-	170000	0.91
	Closing Balance				31/03/2017			170000	0.91
6.	Opening Balance	'Kumuntha Muniyandi	170000	0.91	31/03/2016	0	-	170000	0.91
	Sale				26/08/2016	-170000	Transfer	0	0.00
	Closing Balance				31/03/2017			0	0.00
7.	Opening Balance	Ruckmani Natarajan	159000	0.85	31/03/2016			159000	0.85
	Closing Balance				31/03/2017			159000	0.85
8.	Opening Balance	Swiss Finance Corporation (Mauritius) Limited	154525	0.83	31/03/2016			154525	0.83
	Sale				19/08/2016	-20000	Transfer	134525	0.72
	Sale				26/08/2016	-134525	Transfer	0	0.00
	Closing Balance				31/03/2017			0	0.00
9.	Opening Balance	T Senthil Kumaran	134300	0.72	31/03/2016			134300	0.72
	Sale				02/09/2016	-1300	Transfer	133000	0.71
	Closing Balance				31/03/2017			133000	0.71
10.	Opening Balance	Anuradha Agrawal	0	0.00	31/03/2016			0	0.00
	Purchase				09/12/2016	33919	Transfer	33919	0.18
	Purchase				30/12/2016	2658	Transfer	36577	0.20
	Purchase				20/01/2017	27645	Transfer	64222	0.34
	Purchase				31/03/2017	10778	Transfer	75000	0.40
	Closing Balance				31/03/2017			75000	0.40

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Name of the Director and Key Managerial Personnel	Shareholding at the beginning of the year		Date	Increase / Decrease in shareholding	Reason	Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company				No. of shares	% of total shares of the company
1.	Mr. Daljit Singh, Chairman (Non-Executive Director)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
2.	Mr. Meghraj Arvindrao Gore (Appointed as Whole Time Director w.e.f. October 01, 2016)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
3.	Mr. Lakshman Teckchand Nanwani (Non-Executive Independent Director)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
4.	Mr. Murari Pejavar (Non-Executive Independent Director)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
5.	Dr. Nithya Ramamurthy (Non-Executive Director)	905377	4.87	April 1, 2016	(46,000)	Sold off during the year	859377	4.60
				March 31, 2017				
6.	Mr. Raghunath P, Whole-time Director (resigned w.e.f. September 30, 2016)	550	0.00	April 1, 2016	0	Nil movement during the year	550	0.00
				March 31, 2017				
7.	Mr. Rama Krishna Shetty (Non-Executive Independent Director)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
8.	Mr. Ramesh Lakshman Adige (Non-Executive Independent Director)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
9.	Mr. Rakesh Laddha (appointed as Additional Director w.e.f. September 27, 2016)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
10.	Mr. Akshaya Kumar Singh, Chief Financial Officer (Resigned w.e.f. February 27, 2017)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–
11.	Mr. Sumit Goel, Company Secretary (Resigned w.e.f. May 1, 2017)	Nil	–	April 1, 2016	0	NA	Nil	–
		Nil	–	March 31, 2017	0	NA	Nil	–

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
* Addition				
* Reduction				
Net Change				
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl No.	Particulars of Remuneration	Name of MD / WTD / Manager	Name of MD / WTD / Manager	Total Amount
		Mr. Raghunath P. (1-Apr-16 to 30-Sept-16)	Mr. Meghraj Arvindrao Gore (1-Oct-16 to 31-Mar-2017)	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	20,55,232	41,07,880	61,63,112
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	16,200	16,200
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission - as % of profit - others, specify	NIL	NIL	NIL
5	Others (Leave encashment and other benefits as per the Company's Policy)	2,10,644	99890	3,10,534
6	Total	22,65,876	42,23,970	64,89,846
7	Ceiling as per the Act	The aggregate remuneration shall not exceed 10% of the Net Profits of the Company calculated under Section 197 of the Companies Act, 2013.		

B. Remuneration to other Directors -

S. No.	Name of Directors	*Particulars of Remuneration - Sitting Fees (in ₹)
1	Independent Directors	
	Mr. Lakshman Teckchand Nanwani	4,00,000
	Mr. Pejavar Murari	1,75,000
	Mr. Rama Krishna Shetty	1,75,000
	Mr. Ramesh L. Adige	4,00,000
2.	Other Non-Executive Directors	
	Mr. Daljit Singh	Nil
	Dr. Nithya Ramamurthy	2,25,000
	Mr. Rakesh Laddha	-
	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 was paid to any of the Directors for the Financial Year 2016-17.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

SI No.	Particulars of Remuneration	Key Managerial Personnel
		Akshaya Kumar Singh, Chief Financial Officer
1	Gross salary	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	14,57,813
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	0
2	Stock Option	NIL
3	Sweat Equity	NIL
4	Commission	NIL
	- as % of profit	NIL
	Others specify	NIL
5	Others (Leave encashment and other benefits as per the Company's Policy)	1,04,608
	Total	15,62,421

VII. Neither any penalty / punishment was levied against the Company nor there was any case of Compounding of Offences made against the Company during the Financial Year 2016-17.

For & on behalf of Board of Directors
of Fortis Malar Hospitals Limited

Sd/-
Daljit Singh
Chairman

Date : July 25, 2017
Place : Chennai

ANNEXURE – IV**CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO:**

Information as per Section 134(3)(m) read with Companies and forming part of the Directors' Report for the year ended March 31, 2017 the Companies (Accounts) Rules, 2014.

A. Conservation of Energy

- a) Energy conservation measures taken:

82% of total power consumption at your Company is drawn from wind energy which is a renewable source of energy.

Due to increase in the load, we have strengthened the Rising Main which resulted in better distribution of power
Installation of energy efficient LED light fittings

- b) Additional investment and proposals if any being implemented for reduction of consumption of energy: - NIL
- c) Impact of measures at (a) & (b): - Energy conservation measures taken by the Company from time to time including utilization of wind energy have resulted in considerable reduction of energy consumption and thereby reducing the power and fuel cost.

B. Technology Absorption

1. Research & Development (R & D): - Nil

2. Technology Absorption, Adaptation & Innovation:

- a) Efforts in brief, made towards technology absorption, adaptation & innovation: -

We have purchased 64 channel EEG machine as a add on to the existing 64 channel EEG machine with which we are able to monitor the patients

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

This EEG machine helps monitor 2 patients simultaneously for epilepsy work up and surgery.

C. Foreign Exchange Earnings and Outgo

- a) Activities relating to exports: Initiatives taken to increase exports, development of new export markets for products and services and export plans: Nil.

- b) Total foreign exchange earned and used:

(i) Earnings: ₹ 787.75 Lacs

(ii) Expenditure: CIF Value of Imports ₹ 44.00 Lacs

Others ₹ 213.11 Lacs

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Date : July 25, 2017
Place : Chennai

Sd/-
Daljit Singh
Chairman

Annexure V to the Directors' Report

1. 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 and healthy work and business environment directly or indirectly associated with us.
- Insuring 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.

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. While some or many of these programs may not meet the strict interpretation of the new CSR rules, thereby impacting the assessment and eligibility of the 2% spent, these programs remain significant Fortis contributions to society and the Board, the Policy and Senior Management remain committed to continuing with them in the wider interests. The cumulative spend over such initiatives and programs would far exceed the strict CSR rules. Even so the Company remains committed to ensuring compliance to applicable regulation requirement.

The policy as approved by the Board is available on the Company's web site at <http://www.fortismalar.com/wp-content/uploads/2017/02/CSR-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://www.fortismalar.com/wpcontent/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/CSR_Committee_Mandate.pdf

The composition of the CSR committee as on March 31, 2017 was as follows:

- Mr. Daljit Singh (Chairman)
- Mr. L T Nanwani (Member)
- Dr. Nithya Ramamurthy (Member)

3. Average Net profits of the Company/s for last three financial years:

Year	Avg Net Profit	Prescribed CSR expenditure @2%
2016-17	1,224.25 lacs	24.48 lacs

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 the Act (FY 2016-17)

Manner in which the amount spent during the Financial year is detailed below. (Amount is Rupees lacs)

FY 2016-17 - Sec 135 Spend									
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 16-17	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 upto the Reporting Period	Amount Spent: Direct or through implementing agency
(i)	Sewa - Chhaya	(i)	Fortis Malar Hospitals Limited	-	Pan India	-	-	25.94	Designated Special Purpose Vehicle i.e. Fortis Charitable Foundation
(ii)	SAVERA focuses on providing access to preventive and remedial healthcare information through different channels of communications. The program also seeks to create a credible knowledge repository of health-related information & work towards driving opinion & public policy around viable options	(i) and (ii)	Fortis Malar Hospitals Limited	49.24	Pan India	51.87	2.63	2.63	Designated Special Purpose Vehicle i.e. Fortis Charitable Foundation
	TOTAL			49.24		51.87	2.63	28.57	

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 Rupees 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.**

N.A.

For & on behalf of Board of Directors

Sd/-

Daljit Singh

Chairman of the Board and Chairman of CSR Committee

Date : July 25, 2017

Place : Chennai

ANNEXURE VI

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, 2017, which are not on arm's length basis, except for entering into Memorandum of Understanding for offering discounts to the employees of the Group Companies on certain healthcare services.

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

The details of material contracts or arrangements or transactions entered into during the year ended March 31, 2017, 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 Health Management Ltd	Associate of Holding Company	Availing of services	Continuing Agreement	Existing hospital service agreement is a continuous agreement; ₹ 2,43,39,129/- per quarter fixed + 7.5% on Operating Income	September 5, 2014	Nil
Malar Stars Medicare Ltd	Wholly owned subsidiary	Inter Corporate Deposit	Continuing arrangement	ICD Limit of ₹ 65,00,00,000 as per MoU . ICD closing balance as on 31st March 2017 . ₹ 61,79,33,577 Interest @ 10% PA	September 5, 2014	-
Escorts Heart Institute & Research Centre Limited	Fellow subsidiary	Inter Corporate Deposit	One year	ICD Limit of ₹ 35,00,00,000 as per MoU. Closing Balance as on 31st March 2017, ₹ 8,25,00,000 Interest @ 11.50% PA	January 30, 2017	-

For & on behalf of Board of Directors
of **Fortis Malar Hospitals Limited**

Date : July 25, 2017
Place : Chennai

Sd/-
Daljit Singh
Chairman

ANNEXURE VII

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

Indian Healthcare Sector – An overview

India has one of the fastest growing healthcare markets in the world. Healthcare has evolved into one of India's largest sectors - both in terms of revenue and employment, growing at a brisk pace due to an increasing expenditure by public as well as private players.

India's competitive advantage lies in its large pool of well-trained medical professionals and also its lower cost for health care delivery when compared to its counterparts in Asia and Western countries. Illustratively, the cost of some surgeries in India is about one-tenth that of the US and Western Europe.

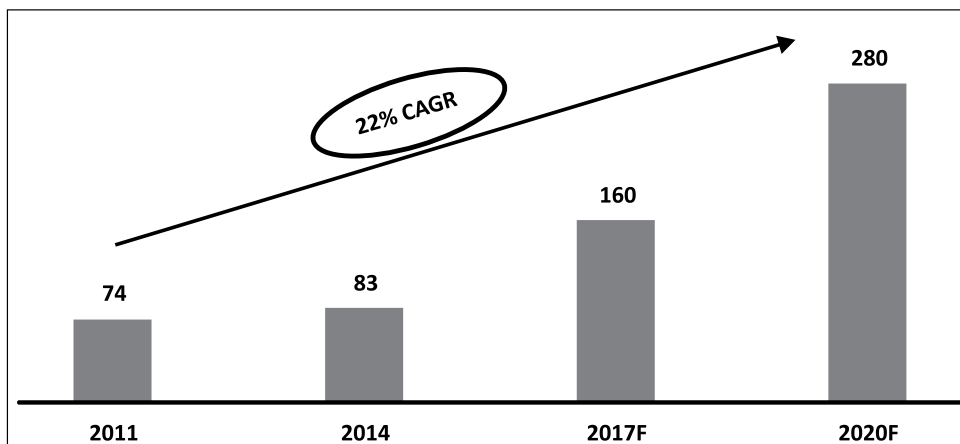
India's healthcare expenditure as a per cent of GDP has been relatively low. For example, in 2015 it was at 3.8% when compared to the global average of 8.6%. This indicates that the healthcare industry has tremendous growth potential in India. Additionally, as per the World Health Organisation (WHO) 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.

Healthcare in India is both a complex challenge and an immense opportunity. India has a huge demographic advantage with over 50% of its population under the age of 25, and a rapidly growing 300-million strong middle-class. With such favourable demographics and the low insurance penetration levels, the healthcare industry offers huge future growth potential. A strong system of healthcare is necessary if India has to leverage its demographics make up. This growth potential can be realized only with the combination of efforts from the industry and the support of the government.

Market Size

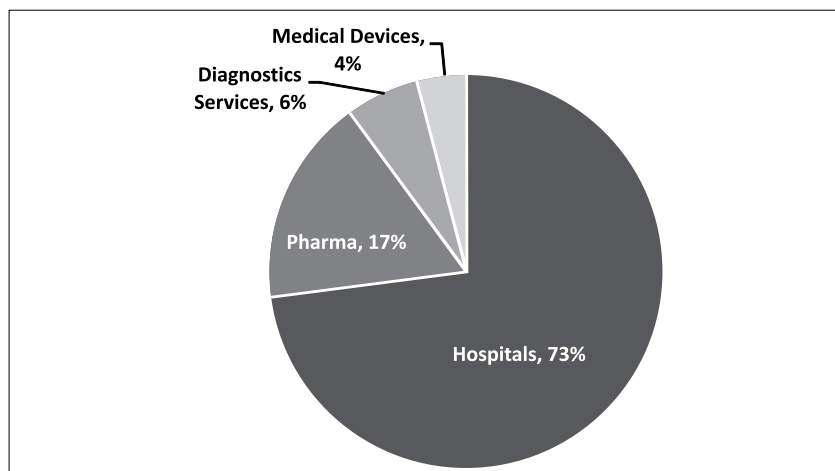
The Indian healthcare market is set to deliver a 22% revenue CAGR to USD 280 billion over 2014-20 (Source –FICCI KPMG report). The country has strong macro drivers: increasing accessibility (more hospitals in Tier-2 cities), improving affordability and insurance penetration as a consequence of rising per-capita income, stronger literacy rates & better awareness through government health campaigns and the higher incidence of of non-communicable diseases due to sedentary lifestyles.

Healthcare Market to reach USD 280 billion by 2020F



Source: FICCI-KPMG report

Hospitals have major share: 2014



Source: FICCI-KPMG report

Hospitals constitute more than 70% of the Indian healthcare market, among the fastest-growing segments, in the healthcare spectrum. This has resulted in many chains expanding their operations into Tier-2 cities.

Diagnostic services also play an important role, acting as an intermediary to provide accurate diagnosis for treatment. This segment is likely to see a 17% CAGR, growing to USD 9 billion by FY18. The rising incidence of non-communicable diseases due to lifestyle changes is accelerating the need for regular health checkups. Growing brand awareness is expected to shift customer demand towards large organized players.

There is also significant scope for enhancing healthcare services across the country. Rural India, which accounts for over 70% of the population, is expected to emerge as a potential demand source.

Government Initiatives

India's universal health plan that aims to offer guaranteed healthcare benefits to the population of India will require an estimated outlay of Rs 1.6 trillion (USD 23.72 billion) over the next few years.

Some of the major initiatives taken by the Government of India to promote the Indian healthcare industry are as follows:

- In the Union Budget 2017-18, the overall health budget was increased to INR 48,878 crore (USD 7.3 billion), 2.27% of the total Union Budget. This marks an increase from the previous years budget of INR 39,879 crore (USD 5.96 billion), equaling 1.97% of the total Union Budget for that year.
- In addition, the Government of India made the following announcements in the Union Budget 2017-18:
 - Harmonize policies and rules for the medical devices industry to encourage local manufacturing and move towards improving affordability for patients.
 - Modify the Drugs and Cosmetics Act to promote generics and reduce the cost of medicines.
 - Set up two new All India Institutes of Medical Sciences (AIIMS) in Gujarat and Jharkhand.
 - Set short and medium term targets for key health indicators and bring down the Maternal and Infant Mortality Rates.
 - Prepare action plans to eliminate Kala Azar and Filariasis by 2017, leprosy by 2018, measles by 2020 and tuberculosis (TB) by 2025.

- The Government of India plans to set up a single window approval system for innovation in medical research and grant permission/approvals within 30 days from the date of application to such Indian innovation projects who have applied for a global patent.
- The Union Cabinet has approved the signing of an agreement with the World Health Organisation (WHO) under which the WHO will develop technical documents on traditional medicines, leading to better international acceptance of the Indian systems of medicine.
- The NITI Aayog (National Institute for Transforming India) seeks to bring reforms in India's public health system, Eg. Outsourcing primary healthcare to private doctors and promoting competition between government and private hospitals at the secondary level.
- The Government of India has launched the National Deworming initiative to protect over 24 crore children in the ages of 1-19 years from intestinal worms.
- Mission Indradhanush was launched with the aim to immunise children against seven vaccine preventable diseases namely diphtheria, whooping cough, tetanus, polio, tuberculosis, measles and hepatitis B, by 2020.
- The E-health initiative, which is a part of Digital India drive was launched with the aim of providing effective and economical healthcare services to all citizens. The programme would use technology and portals to facilitate the maintenance of health records and to book online appointments with various departments in different hospitals using eKYC data of Aadhaar number.

Key Growth Drivers

India's rising population with favorable demographics

India has an estimated population of 1.34 bn and is expected to equal China's population of 1.44 billion by 2024. After that, India's population is projected to grow to around 1.5 billion by 2030 to touch 1.66 billion by 2050.

Analyzing 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 augment 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 hospitalization

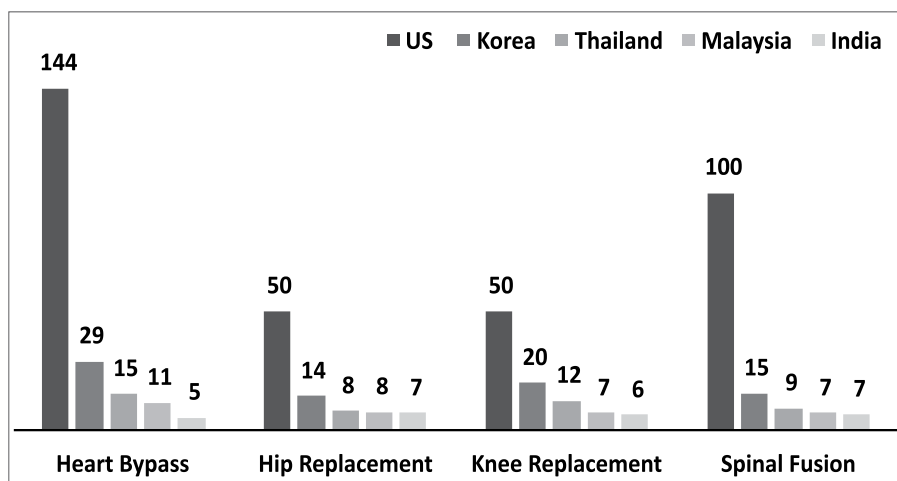
Modern science through improved sanitation, vaccination, and antibiotics, and medical attention has eliminated the threat of death from most infectious/communicable diseases. However, lifestyle diseases like heart disease and cancer are now the primary causes of death. The World health Organization has identified India as one of the nations that will have most of the lifestyle disorders in the near future. Nowadays, not only are lifestyle disorders becoming more common, but they are also affecting younger people. Hence, the population at risk shifts from 40+ to maybe 30+ or even younger. Already considered the diabetes capital of the world, India now appears to be headed towards gaining another dubious distinction — of becoming the lifestyle-related disease capital. As per a study, the incidence of hypertension, obesity and heart disease is increasing at an alarming rate, especially in the young, urban population. A sedentary lifestyle combined with an increase in the consumption of fatty food and alcohol is resulting in cases of obesity, diabetes, hypertension etc.

Increased incidence of lifestyle related disease has contributed to rising healthcare spending by individuals. Additionally, growing health awareness, precautionary treatments and improved diagnostics are expected to result in higher hospitalizations.

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. According to the Confederation of Indian Industries, the primary reason that attracts medical value travel to India is its cost-effectiveness and the availability of treatment at accredited facilities, at par with those in developed countries. India offers the highest quality of medical care at the lowest cost. A wide variety of surgical procedures can be accomplished at about one-tenth the cost, or less, as compared to many developed and developing 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

Healthcare Services Remain Under-Represented and under served

India has enormous scope to enhance healthcare 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 2.5 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. The opportunity cost of a poor state of healthcare is enormous. Apart from lower quality of life for a large number of people, India loses several billion dollars in GDP due individuals, who are rendered long-term unproductive, on account of their poor health.

Due to a low healthcare spend, the lack of special attention towards this sector and the absence of concrete regulatory policies, India's healthcare system is in bad shape. Expenditure on health by the government continues to be low and grossly inadequate resulting in high out-of-pocket (OOP) expenditure for nearly 75 % of the Indian population who have to pay directly for their healthcare needs. *This puts a tremendous financial burden on the population.* Lack of Health Insurance and its low penetration causes further hardship in accessing healthcare.

We believe that with the increasing demand for affordable and quality healthcare, penetration of health insurance should grow exponentially in the coming years. This, in turn, will further fuel the growth for healthcare delivery providers.

Health insurance has been gaining momentum in India and witnessed a CAGR of 15%, during FY08-16. The Gross healthcare insurance premium in 2016 stood at USD 2.8 billion, nearly 28.5% of the overall gross direct premium income for the non-life insurance segment.

Outlook on India's Healthcare Delivery System

The role of private healthcare players has increased significantly over the last decade in delivering quality healthcare services. Our country is in a transformation phase with an increasing demand for quality healthcare delivery services due to its burgeoning population, increasing chronic & lifestyle disease ailments and increasing geriatric population. Growing literacy levels and insurance penetration coupled with rising per capita income will increase the demand for advanced and modern treatment options. This will enhance the role of private players in bridging the demand supply gap in the industry. Healthcare organizations will continue to explore different business models to grow their presence rapidly and with a judicious mix in capital allocation.

Furthermore, the country continues to witness a shortage of hospitals, doctors, nurses and paramedical staff. The education sector has not kept pace with the rapid technological developments in the medical field as well as the increasing demand in the country. For any country, the healthcare sector is the backbone for the overall growth of the economy. For India, significant investments are required to be made in healthcare infrastructure as well as in healthcare education, to be able to match the global average. This can only be achieved when both the public and private sectors come together to improve the overall healthcare delivery system.

The Company

Fortis Malar Hospital, formerly known as Malar Hospital, is one of the distinguished multi super-specialty corporate hospitals in Chennai providing comprehensive medical care in areas of cardiology, cardio-thoracic surgery, neurology, neurosurgery, orthopedics, nephrology, gynecology, gastroenterology, urology, pediatrics, diabetics and so on.

Established in 1992, Malar Hospital, over the years became a household name for tertiary care hospital services in Chennai. In late 2007, Fortis Healthcare – India's fastest growing hospital network, led by the vision of the late Dr. Parvinder Singh to create an integrated healthcare delivery system in India, acquired a majority stake in Malar Hospital Limited. Thus, paving the way for superlative healthcare services.

Today, Fortis Malar Hospital has a vast pool of talented and experienced doctors, who are further supported by a team of highly qualified, experienced & dedicated support staff & cutting edge technology. The hospital has an infrastructure comprising of around 180 beds including about 60 ICU beds, 4 Operation theaters, state-of-the-art digital flat panel Cath lab, an ultra-modern dialysis unit besides a host of other world-class facilities.

HUMAN RESOURCE

Talent acquisition and retention is key to the success of any organization and during the year, your company continued to source and retain competent employees. All employees undergo an induction which enables them to understand and “live the values” of the company. Fortis Malar has a robust performance management system which helps in identifying talent, gives them appropriate opportunities and rewards performance. The company has a focused training and development program that plays a key role in ensuring that staff continue to perform at the high standards expected of them and that they are well prepared to take on greater challenges

The number of employees stood at 617 as on 31st March, 2017

OPERATIONAL AND FINANCIAL PERFORMANCE

Your company achieved a consolidated income from operation of Rs.140.56 Crores during the current year against Rs.129.61 Crores in the last financial year ended 31st March 2016, representing a growth of 8.40%. The Profit before exceptional and extra-ordinary items and tax for the period stood at Rs.4.47 Crores as against Rs.10.46 Crores during the corresponding period. Profit after tax stood at Rs.2.87 Crores in the current financial year compared to Rs.6.39 Crores in the previous year.

Regarding the key performance indicators, the Company's average revenue per occupied bed (ARPOB) improved significantly during the current year to Rs 155 lacs from Rs 127 lacs in the previous year. The average length of stay (ALOS) stood at 3.39 days in Financial Year 2017 compared to 3.87 days in Financial Year 2016. Occupancy of the hospital during the year was at 61%, compared to 60% in the previous year.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

Your company continues to follow a strong internal control program that aims at safeguarding funds, provides efficient and effective management of assets and ensures accurate financial reporting. For all critical activities of the company, Standard Operating Procedures are in place that ensure oversight in connection with authorizations and reconciliations, review of employee performance, security of assets, and segregation of duties. The company has a dedicated independent team of internal auditors who review the entire operations of the company and submit their findings to the Audit Committee with suggestions for improvements on a quarterly basis. The audit committee takes note of the same and guides the management in the implementation of suggestions. The internal auditors also review the implementation and confirm to the audit committee on appropriateness of implementation.

CAUTIONARY STATEMENT

Statements in this management discussion and analysis describing the company's objection, projections, estimates and expectations may be “forward looking statement” within the meaning of applicable laws and regulations. Actual results may differ substantially or materially from those expressed or implied. Important developments that could affect the company's operations include Government regulations, litigation, tax laws and significant changes in the political and economic environment in India.

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

1. Aarogya Bharat – India Healthcare Roadmap for 2025 by Bain & Company and NATHEALTH
2. Excellence in Diagnostic Care, KPMG & CII
3. IBEF, Healthcare Update, June 2017
4. Medical Value Travel in India, KPMG & FICCI, FICCI Heal Conference
5. Market Research, reports, web articles, press & media reports and others

Report on Corporate Governance

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE / CODE OF GOVERNANCE

Your Company believes that sound ethical practices, transparency in operations and timely disclosures go a long way in enhancing long-term shareholder value while safeguarding the interest of all stakeholders. It is this conviction that has led the Company to make strong corporate governance values intrinsic in all its operations. The Company is led by distinguished Board, which includes Independent Directors. The Board provides a strong oversight and strategic counsel.

The core values of your Company's governance process include independence, integrity, accountability, transparency, responsibility and fairness. Its business policies are based on ethical conduct, health, safety and a commitment to build long term sustainable relationship with all stakeholders.

The Company is in compliance with the requirements stipulated Regulation 17 to 27 read with Schedule V and clauses (b) to (i) of sub-regulation (2) of regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 (SEBI (LODR), 2015), as applicable, with regard to corporate governance.

2. BOARD OF DIRECTORS

A) Composition of the Board

The Board of Directors ("the Board") of the Company consists of an optimal combination of Executive, Non-Executive and Independent Directors which represent a mix of professionalism through knowledge and experience. The Directors have in depth knowledge of business in addition to the expertise in their respective areas of specialisation. The Board brings in strategic guidance, leadership and an independent view to the Company's management while discharging its fiduciary responsibilities, thereby ensuring that management adheres to high standards of ethics, transparency and disclosure.

As on March 31, 2017, the Board comprises of 8 (Eight) Directors, of whom, 1 (One) is an Executive Director and 7 (seven) are Non-Executive Directors (which includes one Woman Director). Amongst the Non-Executive Directors, 4 (Four) are Independent Directors. The Non-Executive Directors bring an external and wider perspective in Board's deliberations and decisions. The size and composition of the Board conforms to the requirements of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. Other details relating to the Directors as on March 31, 2017 are as follows:

Sn.	Name of Director	Category	Directorships held in other companies ¹	Committees Membership in Other Companies ²	Chairmanship in committees of other Companies ²
1	Mr. Daljit Singh DIN – 00135414	Chairman and Non-Executive Non-Independent Director	9	3	0
2	Mr. Lakshman Teckchand Nanwani DIN – 00076536	Non-Executive Independent Director	5	–	–
3	Dr. Nithya Ramamurthy DIN – 00255343	Non-Executive Non-Independent Director	–	0	0
4	Mr. Pejavar Murari DIN – 00020437	Non-Executive Independent Director	8	0	0
5	Mr. Rama Krishna Shetty DIN – 01521858	Non-Executive Independent Director	11	9	2

1 The Directorships held by Directors as mentioned above, do not include directorships in Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013. (Including Fortis Malar Healthcare Limited).

2 In accordance with Regulation 26 of the SEBI (Listing Obligations and Disclosure Requirements) Regulation 2015, Memberships / Chairmanships of only Audit Committee and Stakeholders' Relationship Committee in all Public Limited Companies (excluding Fortis Malar Hospitals Limited) other Foreign Companies and Companies registered under Section 8 of the Companies Act, 2013 have been considered.

Sn.	Name of Director	Category	Directorships held in other companies ¹	Committees Membership in Other Companies ²	Chairmanship in committees of other Companies ²
6	Mr. Ramesh L. Adige DIN – 00101276	Non-Executive Independent Director	3	0	0
7	Mr. Rakesh Laddha ³ DIN - 06987522	Non-Executive Non-Independent Director	6	0	0
8	Mr Meghraj Arvindrao Gore DIN- 07505123	Whole Time Director	2	0	0
9	Mr. Raghunath P. ⁴ DIN: 06929117	Whole Time Director	1	–	–

None of the Directors on Board is a member in more than ten committees and/or as Chairman of more than five committees across all the companies in which he is Director. Also, none of our Directors are related to each other.

Further, none of the Independent Directors serves in more than seven listed companies and also the Whole-time Director of the Company doesn't serve as an Independent Director in any other listed company.

B) Independent Directors

Independent Directors fulfill all the conditions for being Independent to the Company, as stipulated under Regulation 16 (1)(b) of the SEBI (LODR) Regulations, 2015 and the Companies Act, 2013. The maximum tenure of Independent Directors is determined in accordance with the Companies Act, 2013 and Regulation 25(2) of the SEBI (LODR) Regulations, 2015. 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 viz. [http://www.fortismalar.com/wp-content/uploads/Investor%20Grievance%20Contacts/Template_for_appointment_of_Non_Executive_Directors%20\(3\).pdf](http://www.fortismalar.com/wp-content/uploads/Investor%20Grievance%20Contacts/Template_for_appointment_of_Non_Executive_Directors%20(3).pdf).

Further, in compliance with Regulation 25(2) of the SEBI (LODR) Regulations, 2015, the Company has made familiarization programmes 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://www.fortismalar.com/wp-content/uploads/2016/04/Familiarisation-Program.pdf>.

C) Disclosure regarding appointment or re-appointment of Directors

Pursuant to the provisions of Section 149 of the Companies Act, 2013, all the Independent Directors hold office for tenure of five consecutive years and are not liable to retire by rotation. Every appointment made to the Board is recommended by the Nomination and Remuneration Committee after considering various factors such as qualification, positive attributes, area of expertise and other criteria's 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.

The Board of Directors on the recommendation of the Nomination and Remuneration Committee appointed Mr. Rakesh Laddha as an Additional Director (liable to retire by rotation) with effect from September 27, 2016.

Further, Mr. Raghunath P. has resigned during the period under review. As per the provisions of Companies Act, 2013, Dr. Nithya Ramamurthy is liable to retire by rotation at the ensuing Annual General Meeting. The Company has received confirmation recommending the re-appointment of Dr. Nithya Ramamurthy at the ensuing Annual General Meeting. The Board has recommended the re-appointment of Dr. Nithya Ramamurthy as a director liable to retire by rotation. As required under Regulation 36 of SEBI (Listing Obligation and Disclosure Requirements) Regulation, 2015 the information or details pertaining to the Directors seeking appointment/ re-appointment in the ensuing Annual General Meeting are furnished below:

- (a) Dr. Nithya Ramamurthy, a Non-Executive (Non-Independent) Director, aged 65 years, is a well-known Obstetrician & Gynecologist who brings with her over 38 years of experience in the field of Obstetrics and Gynecology. Apart from performing over 10,000 Laparoscopic surgeries, she has conducted a number of CME programs for the

3 Appointed w.e.f. September 27, 2016

4 Resigned w.e.f. September 30, 2016

young medical students & practitioners and also held Vaginal Pelvic Surgery Workshop jointly with Royal College of Obstetricians & Gynecologists.

Dr. Nithya is not related to any other Director of the Company. As on March 31, 2017, 8,59,377 Equity Shares of Rs. 10 each are held by her in the Company.

Dr. Nithya does not hold any directorship in any other company.

- (b) Mr. Rakesh Laddha was appointed as an Additional Director of the Company by the Board of Directors on September 27, 2016. Accordingly, he shall hold office up to the date of the ensuing Annual General Meeting. Mr. Rakesh Laddha, aged 41 years is Commerce graduate and also a member of ICAI and has over 20 years of experience in various positions with various entities.

Mr. Rakesh Laddha is not related to any other Director of the Company. As on March 31, 2017, no equity shares of the company or other convertible instrument(s), if any, are held by him in the Company.

Mr. Rakesh Laddha is a Director and member of the Committees of Boards of the following other companies as on March 31, 2017:

S. No.	Name of the Company	Committee Memberships
1.	Stellant Capital Advisory Services Private Limited	–
2.	Lalitha Healthcare Private Limited	–
3.	Fortis C-DOC Healthcare Limited	–
4.	Fortis La Femme Limited	–
5.	Fortis Emergency Services Limited	–

Mr. Rakesh Laddha also holds the position of Chief Financial Officer in Fortis Hospitals Limited.

Board Functioning & Procedure

The Board plays a pivotal role in ensuring good governance. In accordance with Regulation 17(2) of the SEBI (LODR) Regulations, 2015, the Board meets at least four times a year, with a maximum time gap of one hundred and twenty days between any two consecutive meetings. Whenever necessary additional meetings were held. The agenda for each Board meeting is drafted in consultation with the Chairman and Whole-time Director and circulated in advance to the Board Members to facilitate meaningful discussion at the meeting.

The provisions and procedures relating to Performance Evaluation of the Directors and Familiarization Program forms part of the Board Report.

During the year ended March 31, 2017, Seven Board Meetings were held on:

- i) May 24, 2016
- ii) July 19, 2016
- iii) August 04, 2016
- iv) August 19, 2016
- v) September 27, 2016
- vi) November 03, 2016

vii) February 09, 2017

The last Annual General Meeting of the Company was held on September 27, 2016. The attendance of each Director at the Board Meetings held during the year ended March 31, 2017 and at the last Annual General Meeting (AGM) is as under: -

Name of Directors	No. of Board Meetings attended	Attendance at last AGM
Mr. Daljit Singh ⁵	7	Yes
Mr. Lakshman Teckchand Nanwani	7	Yes
Mr. Murari Pejavar	3	No
Dr. Nithya Ramamurthy	6	Yes
Mr. Raghunath P ⁶	5	Yes
Mr. Rama Krishna Shetty ⁷	4	Yes
Mr. Ramesh Lakshman Adige ⁸	6	Yes
Mr Meghraj Arvindrao Gore ⁹	6	No
Mr. Rakesh Laddha ¹⁰	0	-

Availability of information to the members of Board:

As required under Schedule II- Part A of SEBI (LODR) Regulations, 2015, to the extent applicable, *inter alia* following information is placed before the Board:

- Annual operating plans and budgets and any updates.
- Capital budgets and any updates.
- Quarterly results for the company and its operating divisions or business segments.
- Minutes of meetings of Audit and Risk Management Committee and other Committees of the Board.
- The information on recruitment and remuneration of senior officers just below the Board level, including appointment or removal of Chief Financial Officer and the Company Secretary.
- Show cause, demand, prosecution notices and penalty notices, which are materially important.
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any material default in financial obligations to and by the company, or substantial non-payment for goods sold by the company.
- Any issue, which involves possible public or product liability claims of substantial nature, including any judgment or order which, may have passed strictures on the conduct of the company or taken an adverse view regarding another enterprise that can have negative implications on the company.
- Details of any joint venture or collaboration agreement.
- Transactions that involve substantial payment towards goodwill, brand equity, or intellectual property.
- Significant labour problems and their proposed solutions. Any significant development in Human Resources/ Industrial Relations front like signing of wage agreement, implementation of Voluntary Retirement Scheme etc.
- Sale of investments, subsidiaries, assets which are material in nature and not in normal course of business.

-
5. Mr. Daljit attended Board Meeting through audio visual means which was held on August 04, 2016, but he was not counted for the purpose of quorum for this meeting as recording facility was not available.
 6. Resigned w.e.f. September 30, 2016
 7. Mr. Shetty attended Board Meeting through audio visual means which was held on August 04, 2016, but he was not counted for the purpose of quorum for this meeting as recording facility was not available.
 8. Mr. Adige attended Board Meeting through audio visual means which was held on August 04, 2016, but he was not counted for the purpose of quorum for this meeting as recording facility was not available.
 9. Appointed w.e.f. May 24, 2016, Mr. Gore attended Board Meetings through audio visual means which was held on July 19, 2016, August 19, 2016, September 27, 2016, and through audio means on February 09, 2017 but he was not counted for the purpose of quorum for this meeting recording facility was not available.
 10. Appointed w.e.f. September 27, 2016

- Quarterly details of foreign exchange exposures and the steps taken by management to limit the risks of adverse exchange rate movement, if material.
- Non-compliance of any regulatory, statutory or listing requirements and shareholders service such as non-payment of dividend, delay in share transfer etc.

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 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 (“Code”) for all employees of the Company including Senior Management and Board Members which covers the transparency, behavioural conduct, a gender friendly work place, legal compliance and protection of the Company’s property and information.

Further, in terms of Schedule IV of the Companies Act, 2013 the Company has adopted a separate Code of Conduct for the Independent Directors. In terms of Regulation 26 of the SEBI (LODR) Regulation, 2015, the Senior Management and Board Members have confirmed the compliance with the Codes for the Financial Year 2016-17. The aforesaid codes are also hosted on the website of the Company.

A declaration to this effect signed by the Whole-time Director of the Company, forms part of this Report.

3. COMMITTEES OF THE BOARD

In terms of provisions of SEBI (LODR) Regulation, 2015 read with the Companies Act, 2013, the Board has formed four Committees viz. Audit and Risk Management Committee, Stakeholders Relationship Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

Keeping in view of the requirement of the Companies Act, 2013 as well as SEBI ((LODR), Regulation, 2015, the Board decides the terms of reference of these Committees and the assignment of the members of various Committees. The recommendation, if any, of these Committees are submitted to the Board for approval.

A) AUDIT AND RISK MANAGEMENT COMMITTEE

Composition of the Committee

As on March 31, 2017, Audit and Risk Management Committee comprised of the following members, namely:-

S. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non - Executive Non -Independent Director
3	Mr. Lakshman Teckchand Nanwani	Member	Non-Executive Independent Director
4	Mr. Murari Pejavar	Member	Non-Executive Independent Director
5	Mr. Rama Krishna Shetty	Member	Non-Executive Independent Director

The Members of the Committee are financially literate and also have requisite accounting and financial management expertise. The Company Secretary of the Company acts as the Secretary of the Committee.

Accountabilities, Roles and Responsibilities

The Committee shall *inter alia* have the accountabilities, roles and responsibilities as set out below, as well as any other matter that is specifically delegated to the Committee by the Board. In addition to these accountabilities, roles and responsibilities, the Committee shall perform the duties required of an Audit and Risk Management Committee by applicable statute's, requirements of the Stock Exchange on which the securities are listed and all other applicable laws:-

- Oversight of the financial reporting process and the disclosure of the financial information to ensure that the financial statement is correct, sufficient and credible;
- To recommend appointment, remuneration and terms of appointment of auditors of the company;

- To approve the payment to statutory auditors for any other services rendered by the statutory auditors;
- To review with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
 - i) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Companies Act, 2013.
 - ii) Changes, if any, in accounting policies and practices and reasons for the same.
 - iii) Major accounting entries involving estimates based on the exercise of judgment by management.
 - iv) Significant adjustments made in the financial statements arising out of audit findings.
 - v) Compliance with listing and other legal requirements relating to financial statements.
 - vi) Disclosure of any related party transactions.
 - vii) Qualifications in the draft audit report.
- To review with the management, the quarterly financial statements before submission to the board for approval;
- To review with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), 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 utilization of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- To review and monitor the auditor's independence and performance, and effectiveness of audit process;
- To approve or any subsequent modification of transactions of the company with related parties;
- To scrutinize inter-corporate loans and investments;
- To do valuation of undertakings or assets of the company, wherever it is necessary;
- To do evaluation of internal financial controls and risk management systems;
- To monitor the end use of funds raised through public offers and related matters;
- To review with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- To review the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- To discuss with internal auditors for any significant findings and follow up there on;
- To review the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- To discuss with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To review the functioning of the Whistle Blower mechanism;
- To approve appointment of CFO after assessing the qualifications, experience and background, etc. of the candidate;
- To carry out any other function as is mentioned in the terms of reference of the Audit and Risk Management Committee.

The above said roles, accountabilities and responsibilities reflect salient terms of reference of the Audit and Risk

Management Committee. However, the detailed and exhaustive mandate / terms of reference of the Audit and Risk Management Committee are also available on the website of the Company.

Meetings and Attendance during the year

During the financial year ended March 31, 2017, five Audit and Risk Management Committee meetings were held on;

- i) May 24, 2016
- ii) July 19, 2016
- iii) August 19, 2016
- iv) November 03, 2016
- v) February 09, 2017

The attendance at the Audit and Risk Management Committee Meetings held during the year under review are as under:

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	4
2	Mr. Daljit Singh	5
3	Mr. Lakshman Teckchand Nanwani	5
4	Mr. Murari Pejavar	3
5	Mr. Rama Krishna Shetty	2

B) NOMINATION AND REMUNERATION COMMITTEE

Composition of the Committee

As on March 31, 2017, the Nomination and Remuneration Committee comprised of the following members:-

Sr. No.	Name of Members	Designation	Category
1	Mr. Lakshman Teckchand Nanwani	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non-Executive Director
3	Mr. Ramesh Lakshman Adige	Member	Non-Executive Independent Director
4	Mr. Rama Krishna Shetty	Member	Non-Executive Independent Director

Accountabilities, Roles and Responsibilities

The Committee shall have the accountabilities, roles and responsibilities as set out below, as well as any other matter as may be specifically delegated to the Committee by the Board. In addition to these accountabilities, roles and responsibilities, the Committee shall perform such duties as may be required by applicable laws.

Key responsibilities of the Nomination and Remuneration Committee *inter alia* include:

- To formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration of the directors, key managerial personnel and other employees;
- To formulate criteria for evaluation of every Director's performance;
- To devise a policy on Board diversity;
- To identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal.
- Whether to extend or continue the term of appointment of Independent Directors on the basis of the report of performance evaluation.

Meetings and Attendance

During the financial year ended March 31, 2017, three meetings of the Nomination and Remuneration Committee were held on:

- i) May 24, 2016
- ii) September 27, 2016
- iii) February 09, 2017

The attendance at the Nomination and Remuneration Committee Meetings held during the year under review is as under:

Sr. No.	Name of Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige	3
2	Mr. Rama Krishna Shetty	1
3	Mr. Lakshman Teckchand Nanwani, Chairman	3
4	Mr. Daljit Singh	3

The Company Secretary of the Company acts as the Secretary of the Committee.

Remuneration Policy & criteria of making payments to Executive and Non-Executive Directors

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 confirms to the provisions of the Companies Act, 2013 and this policy forms part of "Board Governance document" which is available at company website on http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Governance_Document.pdf.

The remuneration paid/payable to the Executive Director i.e. Whole-time Director is, as recommended by the Nomination and Remuneration Committee (erstwhile Human Resources & Remuneration Committee), decided by the Board and approved by the Shareholders and Central Government, if required.

Presently, the Non-Executive Directors are being paid sitting fees for attending the meetings of Board of Directors and various Committees of the Board viz. Audit and Risk Management Committee, Stakeholders' Relationship Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee. Independent Directors are also being paid sitting fees for their separate meeting.

Remuneration to Directors

Executive Director(s)

The details of remuneration paid to Executive Director during the financial year ended March 31, 2017 are as under:

Name of the Director	Salary, Allowances & Perquisites (₹)	Performance Incentives (₹)	Retiral Benefits (₹)	Service Contract	
				Tenure	Notice Period
Mr. Raghunath P. (Resigned w.e.f September 30, 2016)	1,934,642	331,234	77,352	3 years w.e.f. July 26, 2014	2 Months
Mr. Meghraj Arvindrao Gore (Appointed as WTD w.e.f October 01, 2016)	4,223,970	NIL	196,146	3 years w.e.f. October 01, 2016	3 Months

Notes:

- 1) Mr. Meghraj Arvindrao Gore was appointed as Whole-time Director of the Company for a period of 3 years with effect from October 01, 2016.
- 2) No Retiral Benefits were paid to Mr. Raghunath P. and Mr. Meghraj towards “Employer’s PF Contribution and Gratuity” respectively.
- 3) The notice period is 3 months from either side or a shorter period decided mutually. No severance fees is payable on termination of contract.
- 4) The Board of Directors has vide resolution dated September 27, 2016, fixed the remuneration payable to Mr. Meghraj Gore.
- 5) As on March 31, 2017, Mr. Meghraj does not hold any equity shares in the Company.
- 6) No Stock options of the Company have been granted to Mr. Meghraj, Further Executive Directors were not paid any commission from the Company or its Holding/Subsidiary Company during the year.

Non – Executive Directors

Except the sitting fees being paid to Non-Executive Directors, there is no other pecuniary relationship or transaction between such Directors and the Company.

The sitting fees paid to the Non-Executive Directors for the financial year ended March 31, 2017 and their shareholding as on that date is as follows:

Particulars of Director	Sitting Fee (Amount in ₹)	Shareholding in the Company as on March 31, 2017
Mr. Daljit Singh	–	–
Mr. Lakshman Teckchand Nanwani	4,00,000	–
Mr. Murari Pejavar	1,75,000	–
Dr. Nithya Ramamurthy	2,25,000	859377
Mr. Rama Krishna Shetty	1,75,000	–
Mr. Ramesh Lakshman Adige	4,00,000	–
Mr. Rakesh Laddha	–	–

Except for Dr. Nithya Ramamurthy, Non-Executive Director, to whom 20,000 Stock Options have been granted under ESOP-2008 Scheme of the Company, the Company has not granted any stock options to any other Director.

C) STAKEHOLDERS RELATIONSHIP COMMITTEE**Composition of the Committee**

As on March 31, 2017, the Stakeholders Relationship Committee comprised of the following members, namely:

Sr. No.	Name of Members	Designation	Category
1	Mr. Ramesh Lakshman Adige	Chairman	Non-Executive Independent Director
2	Mr. Daljit Singh	Member	Non-Executive Director
3	Dr. Nithya Ramamurthy	Member	Non-Executive Director
4	Mr. Raghunath P. ¹¹	Member	Executive Director (Whole-time Director)
5.	Mr. Meghraj A. Gore	Member	Executive Director (Whole-time Director)

The Company Secretary acts as the Secretary of the Committee.

¹¹ Mr. Raghunath P. resigned on September 30, 2016. Thereafter the Committee was reconstituted and Mr. Meghraj A. Gore was appointed as the member of the Committee with effect from October 01, 2016

The Board of Directors has approved the following terms of reference for Stakeholders Relationship Committee:

- To approve / refuse / reject registration of transfer / transmission of Shares;
- To authorize issue of Share Certificates after split / Consolidation / Replacement and duplicate Share certificates;
- To authorize printing of Share Certificates;
- To affix or authorize affixation of the Common Seal of the Company on Share Certificates approved by the Committee on behalf of the Company.
- To authorize Managers / Officers / Signatories for signing Share Certificates as well as for endorsing share transfers.
- To monitor redressal of shareholders' and investors' complaints about transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, etc.
- Such other functions as may be assigned by the Board.

Name and Designation of Compliance Officer (as on date)

Ms. Trapti Kushwaha
Company Secretary

Meeting and Attendance

The Stakeholders Relationship Committee meets as and when required and during the year under review, four meetings were held on

- i) May 24, 2016
- ii) July 19, 2016
- iii) November 03, 2016
- iv) February 09, 2017

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

Sr. No.	Names of the Members	No. of Meetings attended
1	Mr. Ramesh Lakshman Adige, Chairman	3
2	Mr. Daljit Singh	4
3	Dr. Nithya Ramamurthy	4
4	Mr. Raghunath P.*	2
5	Mr. Meghraj Arvindrao Gore**	2

* Resigned w.e.f. September 30, 2016.

** Appointed as WTD w.e.f. October 01, 2016, and he attended one meeting held on February 09, 2017 through audio visual means and recording facility of which not available therefore not counted for quorum.

Status of Shareholders' Complaints during Financial Year 2016-17

Number of complaints pending from last year	:	0
Number of shareholders' complaints received during the year	:	111
Number of complaints not resolved to the satisfaction of shareholders	:	0
Number of pending complaints	:	0

D) CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

Composition of the Committee

The Committee as on March 31, 2017 comprised of the following members, namely:-

Sr. No.	Names of Members	Designation	Category
1	Mr. Daljit Singh	Chairman	Non-Executive Director
2	Mr. Lakshman Teckchand Nanwani	Member	Non-Executive Independent Director
3	Dr. Nithya Ramamurthy	Member	Non-Executive Director

The Company Secretary acts as the Secretary of the Committee.

Accountabilities, Roles and Responsibilities

The salient roles and responsibilities associated with the Corporate Social Responsibility Committee *inter alia* include, but are not limited to, the following:

- To review and make recommendations, as appropriate, with regard to the Company's Corporate Social Responsibility (CSR) policy indicating the activities to be undertaken by the Company;
- To review 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;
- To identify and appoint various eligible agencies / entities for execution of CSR programmes or projects of the Company;
- To recommend the amount of expenditure to be incurred on the CSR activities as per the framework of CSR Policy.
- To fix the schedule of implementation of CSR projects and programmes and supervise and review the same;
- To liaise with management on the Company's CSR program, including significant sustainable development, community relations and procedures;
- To satisfy itself that management of the Company monitor trends and emerging issues in the corporate social responsibility field and evaluates the impact on the Company;
- To schedule regular reports from CSR Department(s) and / or various eligible agencies or entities on the Company's CSR performance to assess the effectiveness of the CSR program;
- To identify the principal areas of risks and impacts relating to corporate social responsibility and ensuring that sufficient resources are allocated to address these liabilities;
- To review the annual budget for the Company's CSR activities to confirm that sufficient funding is provided for compliance with this mandate;
- To review the Company's CSR performance and to assess the effectiveness of the CSR program and to determine whether the Company is taking all appropriate actions in respect of those matters and has been duly diligent in carrying out its responsibilities and to make recommendations for improvement, wherever appropriate; and
- To open various bank account(s) and authorize the bank signatories, as may be required, for execution of various CSR programmes or projects of the Company and change, if any, of said signatories and closure of said bank account(s).

The above mentioned roles and responsibilities reflect the salient terms of reference and responsibilities for the Corporate Social Responsibility Committee. The detailed and exhaustive mandate of the Corporate Social Responsibility Committee is available on the website of the Company viz., www.fortismalar.com, for reference.

Meetings and Attendance during the year

There was no Corporate Social Responsibility Committee Meeting held during the period under review.

INDEPENDENT DIRECTORS MEETING

Besides the Committees mentioned above, one meeting of Independent Directors of the Company was held on February 9, 2017 and the details of the sitting fees paid to the Directors has also been included in the sitting fees details mentioned above. The said meeting was attended by all Independent Directors.

4. SUBSIDIARY COMPANY

The Audit and Risk Management Committee of the Company reviews the financial statements and investments made by the unlisted subsidiary company. The minutes of the Board Meetings as well as the statements of significant transactions and arrangements entered into by the unlisted subsidiary, if any, are placed before the Board of Directors of the Company from time to time.

The Company has also formulated a policy for determining 'material' subsidiaries and such policy has also been disclosed on the company's website i.e. www.fortismalar.com and the web link of the same is http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Policy_material_subsidary.pdf

Basis the Consolidated Audited Annual Accounts of the Company for the financial year 2016-17, the Company has no "material non-listed subsidiary" in terms of the provisions of SEBI (LODR) Regulation, 2015.

5. WHOLE TIME DIRECTOR / CHIEF FINANCIAL OFFICER CERTIFICATION

The Whole-time Director Certification as stipulated in Regulation 17(8) of the SEBI (LODR) Regulation, 2015 was placed before the Board along with financial statements for the year ended March 31, 2017. The Board reviewed and took the same on record.

6. GENERAL BODY MEETINGS

The location and time of the General Meetings held during the preceding three years are as under: -

Financial Year	Date	Time	Address	Special resolution passed
2013-14	September 5, 2014	11:30 A.M.	Pobul Reddy Hall, Sri Thyaga Brahma Sabha (Regd)- Vani Mahal, 103, G.N. Road, T. Nagar, Chennai – 600 017	– Approval for borrowing limits under Section 180 (1)(c) of the Companies Act, 2013 – Authorisation for creating charge against the properties of the Company under section 180(1)(a) of the Companies Act 2013 – Approval for placing Registers of Members other than the place of registered office of the Company
2014-15	September 23, 2015	10:00 A.M.	PHD Chamber of Commerce and Industry, 4/2, Institutional Area, August Kranti Marg, New Delhi- 110016	–
2015-16	September 27, 2016	10:00 A.M.	PHD Chamber of Commerce and Industry, 4/2, Institutional Area, August Kranti Marg, New Delhi- 110016	–

Details of resolution passed by way of Postal Ballot.

Pursuant to Regulation 44 of SEBI (LODR) Regulations, 2015 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 resolution, by way of postal ballot notice dated August 4, 2016 (result declared on September 7, 2016):

Approval of Shifting of Registered Office of the Company from NCT of Delhi to the State of Punjab

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. Daljit Singh, Chairman of the Company on September 7, 2016:

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 approval for shifting of registered office of the Company	11787115	11785222 (99.984%)	1893 (0.016%)

In view of the ongoing composite scheme of arrangement and amalgamation, the Company may be required to pass a few resolutions by postal ballot. Further, none of the resolutions, proposed to be transacted at the ensuing Annual General Meeting requires passing a resolution through postal ballot.

Procedure for voting by Postal Ballot and E-voting

In compliance with the provisions of the SEBI (LODR) Regulations, 2015 and Section 108, 110 and other applicable provisions of Companies Act, 2013 read with Rules made thereunder, the Company provides 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 the Postal ballot form and the postage prepaid self-addressed 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 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 postage prepaid self-addressed 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 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 favour 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 favour are more than the votes cast against.

For the members who opted for e-voting facility, they casted their votes via electronic platform (<https://evoting.karvy.com>) of Karvy Computershare Private Limited (Karvy).

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 i.e. www.fortismalar.com. The date of declaration of results by the Company is deemed to be the last date of voting.

7. DISCLOSURES

Related party transactions

The details of transactions with related parties, as prescribed in the SEBI (LODR) Regulation, 2015, 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. The Company has adopted a Policy on 'Materiality on Related Party Transactions' and the weblink for the same is <http://www.fortismalar.com>.

com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2015-2016/Policy_on_Materiality_Related_Party_Transactions.pdf.

During the period under review, the following are details of the material transaction(s) with related parties of the Company, however, the same does not have any potential conflict with the interests of the Company at large:-

Nature of transaction	Name of the Director / KMP who is related and nature of their relationship	Name of the Related Party	Relationship	Particulars/ Material Terms and Conditions of the Transaction	Approvals
Rendering and/ or Availing Inter-Corporate Loans/ Deposits	None	Escorts Heart Institute & Research Centre Limited (EHIRCL)	Fellow Subsidiary Company	<ol style="list-style-type: none"> 1. Rendering and/ or Availing Inter-Corporate Loans/ Deposits up to of Rs. 35 Crores. 2. Rate of Interest – At a rate not less than the bank rate as declared by the Reserve Bank of India 3. Tenure – Upto Five (5) years 	Result Declared on March 24, 2017 – Passed As Ordinary Resolution

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 statements in a true and fair manner.

Compliances by the Company

The Company has complied with requirements of the Stock Exchange, SEBI and other statutory authorities on all matters relating to capital markets. No penalties or strictures have been imposed on the Company by the Stock Exchange, SEBI and other statutory authorities relating to the above during the last three years.

Management

Management Discussion and Analysis Report forms part of the Annual Report.

During the year 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 placed before the Board of Directors on periodic basis.

Code of Conduct and Prohibition of Insider Trading

Code of Conduct for Prevention of Insider Trading of Fortis Malar Hospitals Limited, as approved by the Board of Directors, *inter alia*, prohibits purchase or sale of securities of the Company by Directors and employees while in possession of unpublished price sensitive information in relation to the Company. The said Code is available on the Company's website <http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Policy-Code-of-conduct-for-prevention-of-Insider-Trading.pdf>.

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 and Risk Management 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 has 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 the Companies Act, 2013 and the SEBI (LODR) Regulations, 2015. The same is available at the website of the Company at http://www.fortismalar.com/wp-content/uploads/shareholdingpatterns/shareholdingpatterns2014-2015/Whistle_Blower_Policy.pdf.

8. MEANS OF COMMUNICATION

- i) Results: The financial results are generally published in Business Standard (English and Hindi – all India editions). Post, shifting of registered office to the state of Punjab the publication was done in Business Standard (English) and Rozana Spokesman (Punjabi).
- ii) Website: The financial results including quarterly and half yearly financial results are hosted on the Company's website viz. www.fortismalar.com.
- iii) News Release, Presentations: The press releases/ official news, detailed presentation made to media, analysts, institutional investors etc., if any, are displayed on the Company's website. Official Media Releases, if any, are also sent to the stock exchange before dissemination to the media.
- iv) Intimation to the Stock Exchange: The Company also intimates the Stock Exchange all price sensitive information or such other matters, if any, which in its opinion are material and of relevance to the Shareholders.
- v) Investors can mail their queries to Registrar and Transfer Agent at einward.ris@karvy.com or to the Company at secretarial.malar@malarhospitals.in.

9. GENERAL SHAREHOLDER INFORMATION

a) Annual General Meeting

Tuesday, September 26, 2017

10:30 A.M.

Venue : National Institute of Pharmaceutical Education and Research Mohali, Sector-67, SAS Nagar, Mohali, Punjab -160062

b) The Financial Year of the Company - April 1 to March 31

Financial Calendar 2017-2018 (tentative & subject to change)

S. No.	Tentative Schedule	Tentative Date (On or before)
1.	Financial Reporting for the quarter ending June 30, 2017	August 14, 2017
2.	Financial Reporting for the quarter ending September 30, 2017	November 14, 2017
3.	Financial Reporting for the quarter ending December 31, 2017	February 14, 2017
4.	Financial Reporting for the quarter ending March 31, 2018	May 30, 2018
5.	Annual General Meeting for the year ending March 31, 2018	On or before September 30, 2018

c) Listing on Stock Exchanges

The Equity shares of the Company are listed on BSE Limited (BSE), Phiroze Jeejeebhoy Tower, Dalal Street, Mumbai – 400001.

The Company has paid the listing fee of BSE Limited for the financial year 2016-17.

d) Stock Code

Stock / Scrip Code at BSE Ltd is 523696

ISIN for Equity INE842B01015

e) Market Price Data

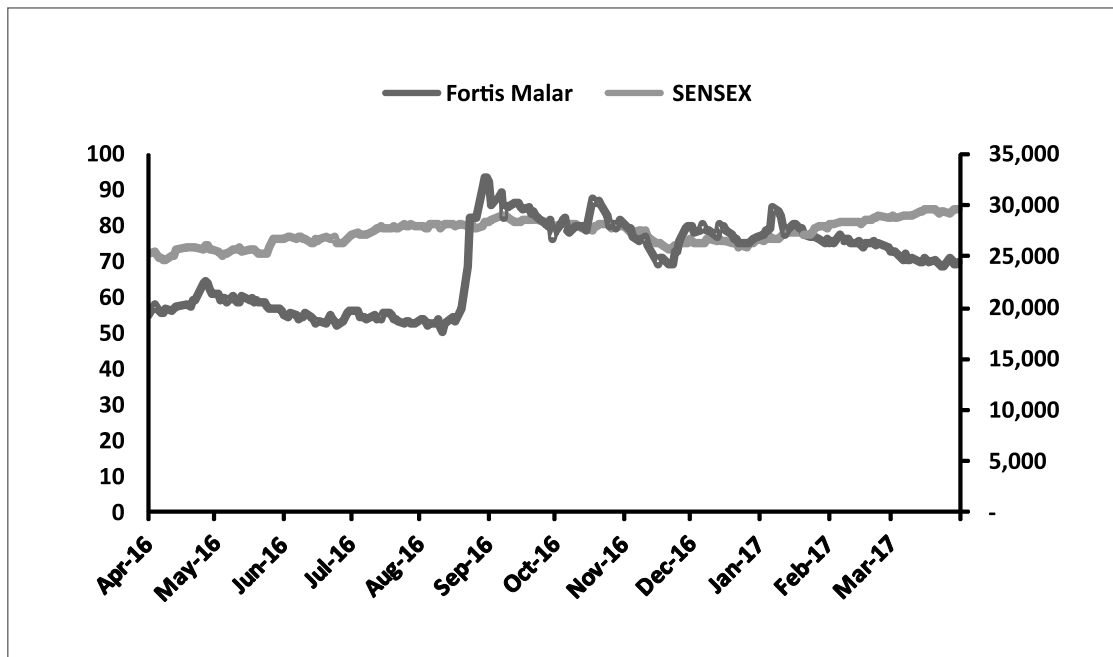
The Equity shares of the Company are listed on BSE Limited.

Monthly High and Low Quotations of Shares traded on BSE

Month	Share Price (Rs.) at BSE	
	High	Low
Apr-16	64.30	55.30
May-16	60.95	56.15
Jun-16	56.10	52.40
Jul-16	56.30	52.90
Aug-16	93.15	50.25
Sep-16	92.45	76.50
Oct-16	87.35	78.20
Nov-16	80.25	69.05
Dec-16	80.35	74.90
Jan-17	85.20	75.35
Feb-17	77.35	72.70
Mar-17	72.95	68.60

f) Performance in comparison to broad based indices (BSE Sensex)

Based on monthly closing data of BSE Sensex (Value) and Fortis Malar (Rupee per share)



g) Details of commodity price risk or foreign exchange risk and hedging activities (commodity or otherwise) during financial year under review are provided in notes to accounts.

h) Registrar and Transfer Agent

Karvy Computershare Private Limited
 Karvy Selenium Tower B, 6th Floor,
 Plot No.31 to 32, Gachibowli,
 Financial District Nanakramguda,
 Serilingampally Mandal,
 Hyderabad – 500032
 Phone No.- +91 40 67161500
 Fax No.- + 91 40 23420814
 E-mail: einward.ris@karvy.com
 Website: www.karvycomputershare.com

i) Share Transfer System

Share transfers are processed and share certificates duly endorsed are delivered within a period of seven days from the date of receipt, subject to documents being valid and complete in all respects. The Board has delegated the authority for approving transfer, transmission, etc. of the Company's securities to the Whole-time Director and/or Company Secretary. A summary of transfer / transmission of securities of the Company so approved by the Whole-time Director / Company Secretary is placed at every Board meeting / Stakeholders' Relationship Committee.

The Company has obtained a half yearly certificate of compliance from the Compliance Officer and the authorized representative of Registrar and share transfer Agent pertaining to compliance with share transfer formalities as required under SEBI (LODR) Regulations, 2015.

j) Distribution of Shareholding as on March 31, 2017

S.No	Category	No. of Holders	% To Holders	Amount (₹)	% To Equity
1	1 – 5000	20134	94.80	15472410.00	8.29
2	5001 – 10000	568	2.67	4972980.00	2.66
3	10001 – 20000	244	1.15	3868970.00	2.07
4	20001 – 30000	84	0.40	2157740.00	1.16
5	30001 – 40000	39	0.18	1405720.00	0.75
6	40001 – 50000	48	0.23	2333900.00	1.25
7	50001 – 100000	61	0.29	4801780.00	2.57
8	100001 and above	61	0.29	151629090.00	81.24
	TOTAL	21239	100.00	186642590.00	100.00

k) Shareholding Pattern of Equity Shares as on March 31, 2017

S. No.	Category	Number of Shareholders	No. of Shares held	% of Share holding
A.	Promoters and Promoter Group	9	11753202	62.97
B.	Public Shareholding			
1	Banks /Financial Institutions	–	–	–
2	UTI, Mutual Funds	4	86000	0.46
3	Foreign Institutional Investors/Foreign Bodies/ Foreign Collaborations/Foreign National	–	–	–
4	Bodies Corporate	171	340147	1.82
5	Non-Resident Indians	130	455370	2.44
6	Indian Public	20925	6029540	32.31
	Total	21239	18664259	100.00

l) Dematerialization of Shares 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.

As on March 31, 2017, 17013583 Equity shares representing 91.16% of the paid up Equity Capital of the Company had been dematerialized.

The Company's Equity shares have been allotted ISIN (INE842B01015) both by the National Securities Depository Ltd. (NSDL) and Central Depository Services (India) Ltd. (CDSL).

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.

The Company's Equity Shares are actively traded on BSE Limited. Further, the relevant data for the average daily turnover for the financial year 2016-17 is given below:

Particulars		BSE
Average Shares Traded	Share (Nos.)	22,288
Average Annual Turnover	Value (In Crores)	0.17

[Source: This information is compiled from the data available from the websites of BSE]

m) The Company has not issued any GDRs / ADRs / warrants or any convertible instruments**n) Hospital Location**

Fortis Malar Hospitals
52, 1st Main Road,
Gandhi Nagar, Adyar,
Chennai – 600 020, Tamil Nadu
Tel No. – 044 4289 2222

o) Lock-in of Equity shares

As on March 31, 2017 none of the shares of the Company are under Lock-in.

p) Address for Correspondence

For share transfer/dematerialization of shares, payment of dividend and any other query relating to shares:

Karvy Computershare Private Limited
Karvy Selenium, Tower B,
Plot No. 31 & 32, Financial District,
Nanakramguda, Seelingampally Mandal
Hyderabad-500032
Phone No. - +91 40 67161500
Fax No. - +91 40 23420814
E-mail: einward.ris@karvy.com

For Investor Assistance

Secretarial Department
Fortis Malar Hospitals Limited,
Fortis Hospital, Sector 62, Phase VIII, Mohali 160062
Tel: + 91-172-5096001
Fax: + 91-172-5096002
E-Mail:- secretarial.malar@malarhospitals.in

q) Nomination Facility

Shareholders who hold shares in the physical form and wish to make any nomination / change nomination made earlier in respect of their shareholding in the Company, should submit the nomination Form SH-13 of the Companies (Share Capital and Debentures) Rules, 2014, available with the Company's RTA. Those holding shares in dematerialized form may contact their respective Depository Participant (DP) to avail the nomination facility.

r) 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.

s) Reconciliation of Share Capital Audit

The Reconciliation of Share Capital Audit Report as stipulated under Regulation 55A of SEBI (Depositories and Participants) Regulations, 1996 was carried out by a Practicing Company Secretary in each of the quarter in the financial year 2016-17, 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 Report confirm that the total issued/paid up capital agrees with the total number of shares in physical form and the total number of dematerialized shares held with the depositories. The Reconciliation of Share Capital Audit Reports for each quarter of the Financial Year ended March 31, 2017 has been filed with the Stock Exchange within one month of end of the respective quarter.

t) Demat Suspense Account

The Company has opened a Demat Suspense Account - "Fortis Malar Hospitals Limited - Unclaimed Shares Demat Suspense Account" and other information as required under SEBI (LODR) Regulation, 2015 is as follows:

- Aggregate Number of the Shareholders and the outstanding lying in the Unclaimed Suspense Account at the beginning of the year (1st April, 2016): 25 Shareholders and 19,700 shares.
- Number of shareholders who approached issuer for transfer of shares from suspense account during the year: Nil
- Number of shareholders to whom shares were transferred from suspense account during the year: Nil
- Aggregate number of Shareholders and the outstanding shares in the suspense account lying at the end of the year i.e. March 31, 2017: 25 Shareholders and 19,700 shares.

The voting rights of these shares shall remain frozen till the rightful owners of such shares claim the subject shares.

u) During the period under review, the securities of the Company has not been suspended from trading.

v) DISCRETIONARY REQUIREMENT AS SPECIFIED IN PART E SCHEDULE II

A. Reporting of Internal Auditor

The Internal Auditor's report directly to the Audit and Risk Management Committee.

w) GO GREEN INITIATIVE

- The shareholders having shares in physical form are requested to register their e-mail IDs with us or our Registrar, at the address given elsewhere in this report, to enable us to serve any document, notice, communication annual report, etc. through e-mail.
- 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 Schedule V of the SEBI
(Listing Obligation 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, 2017.

Date: July 25, 2017
Place: Chennai

Sd/-
Meghraj Arvindrao Gore
Whole-time Director

CERTIFICATE

To
The Members of Audit & Risk Management Committee/Board of Directors
Fortis Malar Hospitals Limited

Dear Sir(s)/ Madam(s),

I/We, Mr. Meghraj Arvindrao Gore, Whole Time Director of the Company, certify that:

- (a) We have reviewed financial statements and the cash flow statement for the year ended March 31, 2017 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, no transactions entered into by the listed entity during the year which are fraudulent, illegal or violate 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, of which they are aware and the steps taken or propose to take to rectify these deficiencies.
- (d) We have indicated to the auditors and the Audit committee that:
 - (1) There has been no significant changes in internal control over financial reporting during the year review;
 - (2) There has 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 Malar Hospitals Limited**

Place: Chennai
Date: May 23, 2017

Sd/-
Meghraj Arvindrao Gore
Whole Time Director

CORPORATE GOVERNANCE CERTIFICATE

To
The Members
Fortis Malar Hospitals Limited

We have examined the compliance of conditions of Corporate Governance by Fortis Malar Hospitals Limited (“the Company”), for the financial year ended March 31, 2017 as stipulated under the provisions of 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 the Listing Regulations.

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

Date: July 17, 2017
Place: New Delhi

Sd/-
Sanjay Grover
Managing Partner
C.P No. 3850

STANDALONE FINANCIALS

Independent Auditor's Report

To The Members of Fortis Malar Hospitals Limited

Report on the Standalone Ind AS Financial Statements

We have audited the accompanying standalone Ind AS financial statements of **Fortis Malar Hospitals Limited** ("the Company"), which comprise the Balance Sheet as at

March 31, 2017, and the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the 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 accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; 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 standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these 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.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the state of affairs of the Company as at

March 31, 2017, and its profit, total comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Company for the transition date opening balance sheet as at April 1, 2015 included in these Ind AS financial statements, are based on the statutory Ind AS financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2015 dated April 30, 2015 expressed an unmodified opinion on those Ind AS financial statements, and have been restated to comply with Ind AS. Adjustments made to the previously issued said financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS, have been audited by us.

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

Report on Other Legal and Regulatory Requirements

1. As required by Section 143(3) of the Act, we report that:
 - a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
 - b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
 - c) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the relevant books of account.
 - d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
 - e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164(2) of the Act.
 - f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.
 - g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:
 - i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements;
 - ii. The Company does 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.
 - iv. The Company has provided requisite disclosures in the Ind AS financial statements as regards its holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. However, as stated in Note 48 to the Standalone Ind AS Financial Statements amounts aggregating to Rs.1,612,500, as represented to us by the Management, have been received from transactions which are not permitted.
2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

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

Chennai, May 23, 2017
PS/EKP&MS/2016

Sriraman Parthasarathy
Partner
(Membership No. 206834)

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of **Fortis Malar Hospitals Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chennai, May 23, 2017
PS/EKP&MS/2016

Sriraman Parthasarathy
Partner
(Membership No. 206834)

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

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

- (i) (a) The Company has generally 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 explanations given to us, no material discrepancies were noticed on such verification.
- (c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i)(c) of the CARO 2016 is not applicable.
- (ii) As explained to us, the inventories were physically verified during the year by the Management at reasonable intervals. Discrepancies noticed on physical verification during the year have been properly dealt with in the book of account.
- (iii) According to the information and explanations given to us, the Company has granted unsecured loans to companies covered in the register maintained under Section 189 of the Companies Act, 2013, in respect of which:
 - (a) The terms and conditions of the grant of such loans as applicable are, in our opinion, prima facie, not prejudicial to the Company's interest.
 - (b) The schedule of repayment of principal and payment of interest has been stipulated and repayments or receipts of principal amounts and interest have been regular as per applicable stipulations.
 - (c) There is no overdue amount remaining outstanding as at the balance sheet date.

- (iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable.
- (v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.
- (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, 2016, as amended and 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, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.
- (b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.
- (c) Details of dues of Income-tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of the Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (Rs.)	Amount Unpaid (Rs.)
Income Tax Act, 1961	Income Tax	Hon'ble Madras High Court	FY 2009-2010	2,267,402	2,267,402

- (viii) The Company has not taken any loans or borrowings from financial institutions, banks and government or has not issued any debentures. Hence reporting under clause (viii) of CARO 2016 is not applicable to the Company.
- (ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and hence reporting under clause (ix) of the CARO 2016 is not applicable to the Company.
- (x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.
- (xi) In our opinion and according to the information and explanations given to us, the Company has paid/provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013.
- (xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.
- (xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

- (xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of 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. 117366W/W-100018)

Chennai, May 23, 2017
PS/EKP&MS/2016

Sriraman Parthasarathy
Partner
(Membership No. 206834)

Balance Sheet as at March 31, 2017

(Amount in ₹)

Particulars	Notes	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment	5(a)	219,795,428	214,042,456	175,601,973
(b) Intangible Assets Under Development	5(b)	6,120,861	3,595,516	6,422,636
(c) Other Intangible Assets	5(c)	26,119,067	30,980,285	1,470,804
(d) Financial Assets				
(i) Investments	6	500,000	500,000	500,000
(ii) Other Financial Assets	7	5,882,937	6,193,670	5,800,367
(e) Deferred Tax Assets (Net)	8	10,140,120	–	–
(f) Income Tax Assets	9	66,395,362	7,335,448	–
(g) Other Non-current Assets	10	3,302,309	3,803,305	2,419,652
Total Non-current Assets		338,256,084	266,450,680	192,215,432
Current Assets				
(a) Inventories	11	23,122,044	26,114,509	10,021,258
(b) Financial Assets				
(i) Trade Receivables	12	55,768,805	60,120,155	42,075,819
(ii) Cash and Cash Equivalents	13(a)	69,933,858	31,148,796	155,027,894
(iii) Bank Balances other than (ii) above	13(b)	4,073,269	219,689,083	28,080,338
(iv) Loans	14	700,433,576	617,933,576	617,933,576
(v) Other Financial Assets	15	87,181,300	50,726,669	45,551,500
(c) Other Current Assets	16	12,297,425	12,068,275	12,868,028
		952,810,277	1,017,801,063	911,558,413
(d) Assets classified as held for sale	17	–	6,095,238	–
Total Current Assets		952,810,277	1,023,896,301	911,558,413
Total Assets		1,291,066,361	1,290,346,981	1,103,773,845
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	18	186,795,090	186,207,590	186,095,090
(b) Other Equity	19	795,996,638	780,457,707	729,471,883
Total Equity		982,791,728	966,665,297	915,566,973
Liabilities				
Non-current Liabilities				
(a) Deferred Tax Liabilities (Net)	8	–	3,307,207	2,264,966
(b) Provisions	20	6,185,000	–	–
Total Non-current Liabilities		6,185,000	3,307,207	2,264,966
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	21	140,568,345	211,143,118	132,251,588
(ii) Other Financial Liabilities	22	14,421,606	4,574,404	6,319,910
(b) Provisions	23	16,362,000	11,804,000	6,749,000
(c) Current Tax Liabilities (Net)	9	570,879	570,879	570,879
(d) Other Current Liabilities	24	130,166,803	92,282,076	40,050,529
Total Current Liabilities		302,089,633	320,374,477	185,941,906
Total Liabilities		308,274,633	323,681,684	188,206,872
Total Equity and Liabilities		1,291,066,361	1,290,346,981	1,103,773,845

See accompanying notes forming part of the Ind AS standalone financial statements.

In terms of our report attached.

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

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Sriraman Parthasarathy
Partner
Membership No.: 206834

Trapti Kushwaha
Company Secretary
A34747

Vijayasarathy D
Chief Financial Officer
220109

Place : Chennai
Date : May 23, 2017

Place : Chennai
Date : May 23, 2017

Statement of Profit and Loss for the year ended March 31, 2017

(Amount in ₹)

Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
I Revenue from Operations	25	1,405,598,766	1,296,107,792
II Other Income	26	75,626,300	77,674,766
III Total Income (I+II)		1,481,225,066	1,373,782,558
IV Expenses			
Purchases of Medical Consumables and Drugs		294,159,021	285,307,577
Changes in Inventories of Medical Consumables and Drugs	27	2,992,465	(16,093,251)
Employee Benefits Expense	28	197,851,648	175,187,941
Finance Costs	29	4,580,835	4,033,597
Depreciation and Amortisation Expense	30	39,409,027	31,577,976
Other Expenses	31	901,849,299	791,914,508
Total Expenses		1,440,842,295	1,271,928,348
V Profit Before Exceptional Item and Tax (III-IV)		40,382,771	101,854,210
Exceptional Item	32	–	(5,115,031)
VI Profit Before Tax		40,382,771	96,739,179
VII Tax Expense	33		
-- Current Tax		24,440,047	33,300,000
-- Deferred Tax		(12,259,704)	1,181,904
		12,180,343	34,481,904
VIII Profit for the Year (VI-VII)		28,202,428	62,257,275
IX Other Comprehensive Income/(Loss)			
Items that will not be reclassified subsequently to the statement of profit and loss:	34		
(a) Remeasurements of the defined benefit plans		(3,592,000)	(403,557)
(b) Income tax relating to items that will not be reclassified to profit or loss		1,187,623	139,663
Total other comprehensive Income/(Loss)		(2,404,377)	(263,894)
X Total Comprehensive Income for the Year (VIII+IX)		25,798,051	61,993,381
Earnings per equity share (for continuing operations):	44		
(1)Basic (in ₹)		1.51	3.34
(2)Diluted (in ₹)		1.50	3.33

See accompanying notes forming part of the Ind AS standalone financial statements.

In terms of our report attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Sriraman Parthasarathy
Partner
Membership No.: 206834

Trapti Kushwaha
Company Secretary
A34747

Vijayasathy D
Chief Financial Officer
220109

Place : Chennai
Date : May 23, 2017

Place : Chennai
Date : May 23, 2017

Cash Flow Statement for the year ended March 31, 2017

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from Operating Activities		
Profit Before Tax for the year	40,382,771	96,739,179
Adjustments for:		
Interest income recognised in Profit or Loss	(71,532,452)	(77,207,545)
Loss on disposal of Property, Plant and Equipment	153,375	3,051,550
Depreciation and amortisation	39,409,027	31,577,976
Allowance for Credit Losses	8,843,443	6,903,291
Liabilities no longer required written back	(265,653)	-
Provision for doubtful Advances	240,240	-
Interest on delayed payment of Income Tax	44,503	330
	17,275,254	61,064,781
Movements in Working Capital:		
(Increase)/decrease in Other Non Current Financial Assets	310,733	(393,303)
(Increase)/decrease in Other Current Assets	(229,150)	799,753
(Increase)/decrease in Other Non Current Assets	581,734	(2,345,740)
(Increase)/decrease in Non Current Provisions	6,185,000	-
(Increase)/decrease in Trade and Other Receivables	(4,492,093)	(24,947,627)
(Increase)/decrease in Inventories	2,992,465	(16,093,251)
(Increase)/decrease in Other Current Financial Assets	(12,963,966)	(4,887,513)
Increase/(Decrease) in Trade Payables	(70,309,120)	78,891,530
Increase/(Decrease) in Provisions	966,000	4,651,443
Increase/(Decrease) in Financial Liabilities	1,560,011	(1,303,370)
Increase/(Decrease) in Other Current Liabilities	37,884,727	52,231,547
Cash Generated from Operations	(20,238,405)	147,668,250
Income Taxes paid (Net)	(83,122,709)	(40,635,778)
Net Cash (used in) / Generated by Operating Activities	(103,361,114)	107,032,472
Cash Flows from Investing Activities		
Payments to acquire Property, Plant and Equipment, Intangible Assets and Intangible Assets under Development	(35,643,147)	(106,400,310)
Proceeds on Sale of Fixed Assets	8,435	701,146
Proceeds on Sale of Assets held for sale	6,095,238	-
Interest Received	47,620,032	76,919,889
Inter Corporate Deposits placed with Related Parties	(125,000,000)	-
Inter Corporate Deposits repaid by Related Parties	42,500,000	-
Fixed Deposits not considered as Cash and Cash Equivalents	216,237,238	(191,237,238)
Net cash (used in)/generated by investing activities	151,817,796	(220,016,513)
Cash flows from financing activities		
Proceeds from issue of Equity Instruments of the Company	1,539,250	294,750
Dividends paid on Equity Shares	(9,314,630)	(9,298,493)
Dividend Distribution Tax Paid on Equity Shares	(1,896,240)	(1,891,314)
Net Cash Used in Financing Activities	(9,671,620)	(10,895,057)
Net increase in Cash and Cash Equivalents	38,785,062	(123,879,098)
Cash and Cash Equivalents at the Beginning of the Year	31,148,796	155,027,894
Cash and Cash Equivalents at the end of the Year	69,933,858	31,148,796

See accompanying notes forming part of the Ind AS standalone financial statements.

In terms of our report attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Sriraman Parthasarathy
Partner
Membership No.: 206834

Trapti Kushwaha
Company Secretary
A34747

Vijayasarathy D
Chief Financial Officer
220109

Place : Chennai
Date : May 23, 2017

Place : Chennai
Date : May 23, 2017

Standalone Statement of Changes in Equity for the year ended March 31, 2017

(Amount in ₹)

A. Equity Share Capital

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	186,207,590	186,095,090	186,095,090
Changes in equity share capital during the year			
- Issue of Share Capital during the year (Employee Stock Option Plan)	587,500	112,500	-
Closing Balance	186,795,090	186,207,590	186,095,090

B. Other Equity

(Amount in ₹)

Particulars	Securities Premium	Retained Earnings	Total
Balance as at April 1, 2015	93,333,320	636,138,563	729,471,883
Profit for the financial year 2015-16	-	62,257,275	62,257,275
Premium on issue of Equity Shares	182,250	-	182,250
Final equity dividend distributed [amount per share Rupees 0.50]	-	(9,298,493)	(9,298,493)
Dividend distribution tax on dividend	-	(1,891,314)	(1,891,314)
Other comprehensive loss for the year, net of income tax	-	(263,894)	(263,894)
Balance as at March 31, 2016	93,515,570	686,942,137	780,457,707
Profit for the financial year 2016-17	-	28,202,428	28,202,428
Premium on issue of Equity Shares	951,750	-	951,750
Final equity dividend distributed [amount per share Rupees 0.50]	-	(9,314,630)	(9,314,630)
Dividend distribution tax on dividend	-	(1,896,240)	(1,896,240)
Other comprehensive loss for the year, net of income tax	-	(2,404,377)	(2,404,377)
Balance as at March 31, 2017	94,467,320	701,529,318	795,996,638

See accompanying notes forming part of the Ind AS standalone financial statements.

In terms of our report attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Sriraman Parthasarathy
Partner
Membership No.: 206834

Place : Chennai
Date : May 23, 2017

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Trapti Kushwaha
Company Secretary
A34747

Place : Chennai
Date : May 23, 2017

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Vijayarathy D
Chief Financial Officer
220109

1) Nature of operations

Fortis Malar Hospitals Limited (the 'Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and the Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company. The Company has its state of the art Hospital facility in Chennai. Also Refer Note 50.

2) Application of New and Revised Ind AS

16 February 2015, the Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015. The Rules specify the Indian Accounting Standards (Ind AS) applicable to certain class of companies and sets out dates of applicability. Fortis Malar Hospitals Limited, being ultimate subsidiary of Fortis Healthcare Limited, for whom Ind AS is applicable from April 1, 2016 as defined in the said notification, is required to apply the standards as specified in Companies (Indian Accounting Standards) Rules, 2015 and accordingly the Company has adopted Ind AS from April 1, 2016 with transition date as April 1, 2015.

2.1 Standards issued but not yet effective:

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

a) Amendment to Ind AS 7:

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

The Company is evaluating the requirements of the amendment and its effect on the financial statements.

b) Amendment to Ind AS 102:

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

This amendment would not have an impact on the Company currently since the Company's ESOP scheme is in the nature of an equity settled stock option plan.

3) Significant Accounting Policies**3.1 Statement of Compliance**

The financial statements have been prepared in accordance with Ind ASs notified under the companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 52 for the details of first-time adoption exemptions availed by the Company. Previous year figures in the financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and 1 April 2015 and of the Comprehensive Income for the year ended March 31, 2016.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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.

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 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.

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.

3.4 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Company's 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.

3.5 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The 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.

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when all the significant risks and rewards of ownership of the goods are passed to the customers.

Inpatient and Outpatient Revenue

Inpatient and Outpatient revenue is recognized as and when the related services are rendered.

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

Export benefits

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

Dividend income

Dividend income from investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably).

3.6 LeasingWhere the Company is the lessee

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

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

3.7 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.
- 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.

3.8 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.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

All other borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.9 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 the profit or loss on a systematic basis over there periods in which the Company recognises as expense the related costs for which the grant was 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 they become receivable.

3.10 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans 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.

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 company presents the first two components of defined benefit costs in the statement of profit and loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the balance sheet represents the actual deficit or surplus in the company'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 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 and considered as defined contribution plan. The Company's contribution to provident fund are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

3.11 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.

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.

3.12 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 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.

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.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 reassess 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.

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.

iv) **MAT Credit**

Minimum Alternative Tax ("MAT") credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Company reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

3.13 Property, plant and equipment (PPE)

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

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 statement of profit and loss in the period during which such expenditure is incurred.

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

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.

Depreciation on Property, Plant and Equipment (PPE) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 as follows:

PPE	Useful Lives
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and Fittings	10 years
Office Equipment	5 years
Vehicles	8 years

Depreciation commences when the assets are ready for their intended use.

Depreciation on leasehold improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.

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.

3.14 Intangible Assets

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

Intangible assets acquired separately are measured on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any.

Software

Cost of software and licenses, which are acquired, are capitalised and amortized on a straight line basis over a period of 3 to 6 years or the license period, whichever is lower.

The amortisation period and method are reviewed at the end of each reporting period if the expected useful life of the asset changes from previous estimates, the effect of such change in estimates are accounted for prospectively.

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 de-recognised.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

3.15 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.

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.

3.16 Inventories

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

Net realisable 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.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, wherever necessary, based on the past experience of the Company and such allowances are adjusted against the carrying inventory value.

3.17 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.

3.18 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.

3.19 Segment Reporting

Operating segments reflect the Company's management structure and the way the financial information is regularly reviewed by the Company's Chief operating decision maker (CODM). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

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.

Diluted EPS is determined by adjusting the profit or loss attributable to equity shareholders and the weighted average number of equity shares outstanding, for the effects of all dilutive potential equity shares.

Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease earning per share from continuing operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the 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 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.

3.22 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.

3.23 Fair value measurement

The Company measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Company.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.24 Financial Instrument

Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Company has made an irrevocable election for its investments which are classified as equity instruments (other than investments in subsidiary) to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Company has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Investment in subsidiaries

Investment in subsidiaries is carried at cost in the separate financial statements.

Equity instruments

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

3.25 Impairment of financial assets

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.

However, 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 measures the loss allowance at an amount equal to lifetime 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.

3.26 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.

3.27 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of 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 financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.28 Business Combinations

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 Company, liabilities incurred by the Company to the former owners of the acquiree and the equity interests issued by the Company in exchange of control of the acquiree. Acquisition-related costs are generally recognised in profit or loss as incurred.

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.

4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

4.1 Critical Accounting Judgements

The Following are the critical judgments that the directors have made in the process of applying the Company accounting policies and that have the most significant effect on the amounts recognised in the Standalone financial statements.

a. Note 49 disclosed in the notes to financial statements describes certain matters relating to order/notice received from Chennai Metropolitan Development Authority (CMDA). The Company, based on legal advice, believes that the above Order /Notice issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations as the Company has fair chance of success in its Appeal/Writ petition.

b. Status of Composite scheme of Amalgamation and Arrangement:

Note 50 disclosed in the notes to financial statements describes the status of composite scheme of amalgamation and arrangement that include management assessment of Composite Scheme of Amalgamation which is subject to various judiciary, regulatory and other required approvals. Pending such approvals the directors of the company has assessed that the slump sale of hospital business has not been classified as held for sale and discontinued operations as on March 31, 2017 duly considering the requirement of Ind AS 105 regarding highly probable occurrence of transaction.

c. Accounting for service agreement:

The Company has entered into Hospital and Medical Services Agreement ("HMSA") with Fortis Health Management Limited (FHML) (Group Company of RHT Health Trust Group of companies ('RHT')) wherein the FHML is required to provide, maintain and operate the Clinical Establishments (including infrastructure, fixtures and fittings etc.) in accordance with the agreement.

The clinical establishments owned by FHML are specifically customized and duly fitted with all fixtures, fittings, medical equipment and infrastructure required for running and operating a hospital, offering:

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

The Company has 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 the Fortis Health Management Limited's Clinical Establishment.

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 Companies' 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 Fortis Health Management Limited's for the expected cost inflation, being in line with general cost inflation; accordingly, the base fee has been recognized as an expense without factoring the inflationary increase of 3% year on year on a straight-lined over the lease term.

4.2 Key Sources of Estimation

Inherent in the application of many of the accounting policies used in preparing the Financial Statements is the need for Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

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

- a. Useful lives of Property, plant and equipment (Refer Note 3.13)
- b. Assets and obligations relating to employee benefits (Refer Note 3.10)
- c. Valuation and measurement of income taxes and deferred taxes (Refer Note 3.12)
- d. 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.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5(a) Property, Plant and Equipment - Owned/Acquired

Particulars	(Amount in ₹)						
	Plant & Machinery	Medical Equipments	Furniture & Fittings	Computers	Office Equipments	Vehicles	Total
Gross Block							
As at April 1, 2015 (Deemed Cost)	14,010,767	145,923,170	9,711,840	5,041,131	-	915,065	175,601,973
Additions	755,452	66,048,491	7,305,128	501,984	2,005,156	-	76,616,211
Disposals	-	-	-	-	-	(915,065)	(915,065)
Other adjustments#	-	(9,146,788)	-	-	-	-	(9,146,788)
As at March 31, 2016	14,766,219	202,824,873	17,016,968	5,543,115	2,005,156	-	242,156,331
Additions	1,487,674	25,586,102	1,611,292	2,110,109	730,077	8,211,660	39,736,914
Disposals	(105,000)	(170,514)	-	-	-	-	(275,514)
Other adjustments	-	(709,020)	-	-	-	-	(709,020)
As at March 31, 2017	16,148,893	227,531,441	18,628,260	7,653,224	2,735,233	8,211,660	280,908,711
Accumulated Depreciation							
As at April 1, 2015	-	-	-	-	-	-	-
Charge for the year	1,305,962	19,658,543	1,787,976	5,297,360	64,034	213,919	28,327,794
Disposals	-	-	-	-	-	(213,919)	(213,919)
As at March 31, 2016	1,305,962	19,658,543	1,787,976	5,297,360	64,034	-	28,113,875
Charge for the year	1,315,587	26,122,827	2,022,715	2,225,661	537,663	888,659	33,113,112
Disposals	(28,585)	(57,857)	-	-	-	-	(86,442)
Other adjustments	-	(27,262)	-	-	-	-	(27,262)
As at March 31, 2017	2,592,964	45,696,251	3,810,691	7,523,021	601,697	888,659	61,113,283
Net Block(As at April 1, 2015)	14,010,767	145,923,170	9,711,840	5,041,131	-	915,065	175,601,973
Net Block(As at March 31, 2016)	13,460,257	183,166,330	15,228,992	245,755	1,941,122	-	214,042,456
Net Block(As at March 31, 2017)	13,555,929	181,835,190	14,817,569	130,203	2,133,536	7,323,001	219,795,428

Represents Assets classified as held for sale

5(b) Intangible Assets under Development

Intangible Assets Under Development as at March 31, 2017 of ₹ 6,015,570 (As at March 31, 2016 of ₹ 3,595,516 and April 1, 2015 of ₹ 6,422,636) includes advance paid to M/s.Healthfore Technologies Limited for development of software. Also Refer Note 35.

5(c). Other intangible assets

Particulars	(Amount in ₹)
	Software Amount in ₹
Gross Block	
As at April 1, 2015	1,470,804
Additions	32,759,663
Deletions	-
As at March 31,2016	34,230,467
Additions	1,434,697
Deletions	-
As at March 31,2017	35,665,164
Amortization and impairment	
As at April 1, 2015	-
Charge for the year	3,250,182
Impairment	-
Deletions	-
As at March 31,2016	3,250,182
Charge for the year	6,295,915
Impairment	-
Deletions	-
As at March 31,2017	9,546,097
Net block	
As at April 1, 2015	1,470,804
As at March 31,2016	30,980,285
As at March 31,2017	26,119,067

6. Investments in Subsidiary

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non Current			
Unquoted Investments (fully paid)			
(a) Investments in Equity Instruments	500,000	500,000	500,000
Malar Stars Medicare Limited			
50,000 (March 31, 2016 : 50,000; 31 March, 2015 : 50,000) Equity Shares of Rupees 10 each]			
Total Aggregate Unquoted Investments	500,000	500,000	500,000
Total Non Current Investments	500,000	500,000	500,000
6.1 Category-wise Investments			
Financial Assets Held at Cost			
Equity Instruments Held at Cost	500,000	500,000	500,000

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

7. Other Financial Assets

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non Current			
Unsecured, considered good			
Security Deposits	3,450,787	3,544,250	2,956,750
Advance to Related Parties (Refer Note 35)	2,432,150	2,649,420	2,843,617
Total	5,882,937	6,193,670	5,800,367

8. Deferred Tax (Net)

[Also Refer Note 43(iv)]

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Tax Assets			
Tax effect of items constituting deferred tax assets:			
- Employee Benefits	11,077,079	7,432,956	4,931,294
- Allowance for Credit Losses/Others	9,682,040	6,131,235	4,958,725
	20,759,119	13,564,191	9,890,019
Deferred Tax Liabilities			
Tax effect of items constituting deferred tax liabilities:			
- Property Plant & Equipment	10,618,999	16,871,398	12,154,985
	10,618,999	16,871,398	12,154,985
Total	10,140,120	(3,307,207)	(2,264,966)

9. Tax Assets and Liabilities

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income Tax Assets			
Non-Current			
Advance Income Tax (net of provision for taxation)	66,395,362	7,335,448	-
	66,395,362	7,335,448	-
Current Tax Liabilities			
Income Tax Payable (net of advance tax)	570,879	570,879	570,879
	570,879	570,879	570,879

10. Other Non-current Assets

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Capital Advances	542,251	221,273	1,183,360
Prepaid Expenses	3,000,298	3,582,032	1,236,292
Sub-Total	3,542,549	3,803,305	2,419,652
Provision for Doubtful Advances	(240,240)	-	-
Total	3,302,309	3,803,305	2,419,652
Note:			
-- Considered Good	3,302,309	3,803,305	2,419,652
-- Considered Doubtful	240,240	-	-
	3,542,549	3,803,305	2,419,652

11. Inventories

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Medical Consumables and Drugs	23,122,044	26,114,509	10,021,258
Total	23,122,044	26,114,509	10,021,258

12. Trade Receivables

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
(a) Unsecured, considered good	55,768,805	60,120,155	42,075,819
(b) Doubtful	21,625,446	12,782,003	14,026,611
	77,394,251	72,902,158	56,102,430
Less: Allowance for Credit Losses	(21,625,446)	(12,782,003)	(14,026,611)
	55,768,805	60,120,155	42,075,819

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 balance regardless the age of the balance. There are 3 customers having an aggregate outstanding of ₹ 19,276,644 who represents more than 5% of the total balances of trade receivable as at March 31, 2017. The risk of non-payment from these customers is considered low.

The Company uses judgements in making certain assumptions and selecting inputs to determine the impairment of these trade receivables, based on the Company's historical experience towards potential billing adjustments, delays and defaults at the end of the reporting period. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit Loss Allowance (%)
0 - 1 year	0% - 50%
1 - 2 years	15% - 100%
2 - 3 years	40% - 100%
More than 3 years	70% - 100%

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<u>Ageing of receivables</u>			
0 - 1 year	53,671,679	69,878,843	50,704,134
1 - 2 years	20,424,640	2,713,839	2,114,571
2 - 3 years	3,235,291	281,557	2,946,335
More than 3 years	62,641	27,919	337,390
	77,394,251	72,902,158	56,102,430

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

The Company has recorded an allowance of ₹ 21,625,446 (as at March 31, 2016 : ₹ 12,782,003, April 1, 2015 : 14,026,611) towards trade receivables. The Management believes that there is no further allowance required.

13(a) Cash and Cash Equivalents

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	683,727	1,032,070	1,660,415
Balances with Banks			
- Current Accounts	6,750,131	12,470,975	1,052,758
- Deposits with original maturity of less than three months	62,500,000	17,645,751	152,314,721
Total	69,933,858	31,148,796	155,027,894

13(b) Other Bank Balances

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unpaid Dividend Accounts	1,573,269	951,845	580,338
Deposits with original maturity of less than 3 months under Lien	–	–	2,500,000
Deposits with original maturity of more than 3 months but less than 12 months			
(i) Free of Lien	2,500,000	191,237,238	–
(ii) Under Lien	–	27,500,000	25,000,000
Total	4,073,269	219,689,083	28,080,338

14. Loans

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good			
Intercompany deposits to related parties (Refer Note 46)	700,433,576	617,933,576	617,933,576
Total	700,433,576	617,933,576	617,933,576

15. Other Financial Assets

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good			
Security deposits	2,500,000	2,500,000	–
Interest accrued but not due on loans and deposits			
(i) Inter Corporate Deposits	43,670,447	13,865,413	13,713,047
(ii) Fixed Deposit with banks	299,075	6,613,444	6,478,154

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to Related Parties (Refer Note No. 35)	2,966,872	–	934,296
Loans & Advances to Employees	1,686,477	2,705,927	1,470,870
Contractually Reimbursable Expenses	2,768,421	2,116,800	1,944,300
Unbilled Revenue from Undischarged Patients/Others	33,290,008	22,925,085	21,010,833
Total	87,181,300	50,726,669	45,551,500

16. Other Assets

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, Considered Good			
Advance to Vendors	470,222	1,591,631	565,955
Prepaid Expenses	5,001,927	3,197,894	6,949,260
Accrued Incentive	6,825,276	7,278,750	5,352,813
Total	12,297,425	12,068,275	12,868,028

17. Assets classified as held for sale

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets held for sale	–	6,095,238	–
	–	6,095,238	–

18. Share Capital

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised Shares			
30,000,000 (March 31, 2016: 30,000,000 and March 31, 2015: 30,000,000) Equity shares of ₹10/- each	300,000,000	300,000,000	300,000,000
Total authorised share capital	300,000,000	300,000,000	300,000,000
Issued			
18,694,759 (March 31, 2016: 18,636,009 and March 31, 2015: 18,624,759) Equity shares of ₹10/- each	186,947,590	186,360,090	186,247,590
	186,947,590	186,360,090	186,247,590

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Subscribed and Paid Up			
18,664,259 (March 31, 2016 : 18,605,509 and March 31, 2015 : 18,594,259) Equity Shares of ₹ 10/- each fully paid up	186,642,590	186,055,090	185,942,590
30,500 (March 31, 2016 : 30,500 and March 31, 2015 : 30,500) Equity Shares of ₹ 10 each (₹ 5 paid up) Forfeited	152,500	152,500	152,500
Total	186,795,090	186,207,590	186,095,090

Notes :

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

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016		As at April 1, 2015	
	Number	Amount in ₹	Number	Amount in ₹	Number	Amount in ₹
At the beginning of the year	18,636,009	186,207,590	18,624,759	186,095,090	18,624,759	186,095,090
Issued during the year: Employee Stock Option Plan (ESOP)	58,750	587,500	11,250	112,500	-	-
Outstanding at the end of the year	18,694,759	186,795,090	18,636,009	186,207,590	18,624,759	186,095,090

During the year ended 31 March 2017, 58,750 Equity Shares of ₹ 10 each at a premium of ₹ 16.20 each were allotted to eligible employees under the Company's Employees Stock Option Scheme (ESOP). The balance outstanding employee stock options as at 31 March 2017 is 160,000. (Refer Note (e) below)

(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. The Company declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

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

(c) Shares held by the holding/ ultimate holding company and/or their subsidiaries/associates

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	In ₹	Number	In ₹	Number	In ₹
Fortis Hospitals Limited, the Holding Company (Equity Shares of ₹10 each)	11,752,402	117,524,020	11,752,402	117,524,020	11,752,402	117,524,020

(d) Details of shares held by each shareholder holding more than 5% shares:

Equity Shares

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.97%	11,752,402	63.17%	11,752,402	63.20%

(e) As at 31 March 2017, 160,000 equity shares (As at 31 March 2016, 218,750 equity shares) of ₹10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 39)

(f) Also Refer Note 50

19. Other Equity

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Reserve and Surplus		
(A) Securities Premium Account		
Opening balance	93,515,570	93,333,320
Add : Premium on shares issued during the year	951,750	182,250
Closing balance	94,467,320	93,515,570
(B) Surplus in the statement of profit and loss		
Opening balance	686,942,137	636,138,563
Add: (a) Profit for the year	28,202,428	62,257,275
(b) Remeasurement of defined employee benefit plans (net of taxes)	(2,404,377)	(263,894)
	712,740,188	698,131,944
Less: Appropriations :		
(a) Final equity dividend distributed for the financial year 2015-16 (Previous Year 2014-15) [amount per share Rupees 0.50 (Previous year Rupees 0.50)]	(9,314,630)	(9,298,493)
(b) Dividend distribution tax on dividend	(1,896,240)	(1,891,314)
Net Surplus in the Statement of Profit and Loss	701,529,318	686,942,137
Total (A+B)	795,996,638	780,457,707

20. Provisions

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Provision for Gratuity	6,185,000	—	—
	6,185,000	—	—

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

21. Trade Payable

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
- Dues of Micro and small enterprise (Refer Note 17)	3,355,751	343,000	-
- Others	137,212,594	210,800,118	132,251,588
	140,568,345	211,143,118	132,251,588

22. Other Financial Liabilities

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Security Deposits	478,000	411,500	1,714,870
Unpaid Equity Dividend	1,573,269	951,845	580,338
Capital Creditors	10,876,826	3,211,059	4,024,702
Payable to Related Parties (Refer Note No. 35)	1,493,511	-	-
	14,421,606	4,574,404	6,319,910

23. Provisions

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Provision for Gratuity	6,185,000	5,416,000	3,672,000
Provision for Compensated Absences	10,177,000	6,388,000	3,077,000
	16,362,000	11,804,000	6,749,000

24. Other Current Liabilities

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from Patients/Amounts Unclaimed by Patients	123,042,513	83,652,600	31,247,853
Statutory Payables (PF / ESI, TDS etc.)	7,124,290	8,629,476	8,802,676
	130,166,803	92,282,076	40,050,529

25. Revenue from Operations

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Sale of Services (Refer Note below)		
In-Patient	1,185,175,321	1,075,999,984
Out-Patient	185,451,499	186,548,822
Sub Total (a)	1,370,626,820	1,262,548,806

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
(b) Sales of Medical Consumables and Drugs		
Medical Consumables and Drugs (Also Refer Note 35(iii))	29,757,268	30,382,741
Sub Total (b)	29,757,268	30,382,741
(c) Other Operating Revenue		
Income from Service Exports From India Scheme (SEIS)	2,337,276	2,374,161
Other Operating Income	2,877,402	802,084
Sub Total (c)	5,214,678	3,176,245
Total (a)+(b)+(c)	1,405,598,766	1,296,107,792

Note:

Discounts and Deductions amounting to ₹ 8,642,014 (Year Ended March 31, 2016 - ₹12,582,128) are netted against Sale of In-Patient and Out-Patient Services.

26. Other Income

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest Income on		
- Bank Deposits	7,181,963	15,244,891
- Inter Corporate Deposits	63,928,734	61,962,654
- Interest on Income Tax Refund	421,755	-
- Interest on Financial Assets carried at Amortised Cost	494,187	467,221
Sub Total (a)	72,026,639	77,674,766
(b) Other Non-Operating Income		
- Income from Facility Rentals	3,090,000	-
- Liabilities no longer required written back	265,653	-
- Bad Receivables written off earlier recovered	244,008	-
Sub Total (b)	3,599,661	-
Total (a)+(b)	75,626,300	77,674,766

27. Increase / decrease in inventories of medical consumables and drugs

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year	26,114,509	10,021,258
Inventory at the end of the year (Also Refer Note 35(iii))	23,122,044	26,114,509
	2,992,465	(16,093,251)

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

28. Employee Benefits Expense

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and Bonus	171,602,838	148,911,332
Contribution to Provident and Other Funds (Refer Note 40)	11,208,699	9,458,192
Staff Welfare Expenses	15,040,111	16,818,417
	197,851,648	175,187,941

29. Finance Costs

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Credit Card / Bank charges	4,536,332	4,033,267
Interest on delayed payment of Income Tax	44,503	330
	4,580,835	4,033,597

30. Depreciation and Amortisation Expense

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of Tangible Assets	33,113,112	28,327,794
Amortisation of Intangible Assets	6,295,915	3,250,182
	39,409,027	31,577,976

31. Other Expenses

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Contractual Manpower	16,460,224	15,001,691
Power, Fuel and Water	27,393,944	27,559,843
Housekeeping Expenses including Consumables	6,038,879	6,584,526
Patient Food and Beverages	12,443,512	14,982,110
Pathology Laboratory Expenses	60,115,686	60,853,593
Consultation Fees to Doctors	134,814,790	127,329,942
Professional Charges to Doctors	288,820,609	222,484,328
Clinical Establishment Fee (Refer Note 31.2 below)	200,316,786	188,751,956
Repairs and Maintenance		
- Building	108,447	1,057,460
- Plant and Machinery	23,081,662	19,007,878
- Others	5,356,757	8,630,570

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Rent		
- Equipments	5,139,562	4,229,919
- Hospital Buildings, Offices and Labs	3,515,725	1,596,600
- Others	6,501,799	6,590,451
Legal and Professional Fee	12,183,364	6,702,214
Subscription Fee	1,387,475	622,873
Travel and Conveyance	9,088,221	13,500,103
Rates and Taxes	248,750	213,188
Printing and Stationery	6,578,936	8,362,006
Communication Expenses	8,482,924	5,276,682
Directors' Sitting Fees	1,579,875	1,335,135
Insurance	5,136,741	4,884,923
Marketing and Business Promotion	48,351,705	30,558,453
Loss on disposal of Property, Plant and Equipment	153,375	3,051,550
Auditors' Remuneration (Refer Note 31.1 below)	1,160,062	1,163,561
Allowance for Credit Losses	8,843,443	6,903,291
Provision for Doubtful Advances	240,240	-
Bad Receivables and Sundry Balances Written off	-	8,147,899
Less: Release from Provision for Doubtful Receivables	-	(8,147,899)
Bad Receivables/Advances Written off (net)	-	-
Corporate Social Responsibility Expenses (Refer Note 47)	4,924,462	2,739,439
Miscellaneous Expenses	3,381,344	1,940,223
	901,849,299	791,914,508

31.1 Payments to Auditors

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
For Statutory Audit	750,000	750,000
For Tax Audit	50,000	50,000
For Other Services	200,000	200,000
For Service Tax	156,899	144,625
For Reimbursement of Expenses	3,163	18,936
	1,160,062	1,163,561

31.2 Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Company in accordance with the agreement. Also refer Note 3(d)

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

32. Exceptional Items

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Provision for Bonus	–	5,115,031
	–	5,115,031

Note:

Exceptional item for the year ended March 31, 2016 represents provision made by the Company for additional Bonus for financial year 2014-15 as well as for the relevant period for the financial year 2015-16, as per the Payment of Bonus (Amendment) Act, 2015.

33. Income tax recognised in profit or loss

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax (including prior years)		
In respect of the current year	21,743,342	33,300,000
In respect of prior years	2,696,705	–
	24,440,047	33,300,000
Deferred Tax		
In respect of the current year	(12,156,822)	1,127,560
Adjustments to deferred tax attributable to changes in tax rates and laws	(102,882)	54,344
	(12,259,704)	1,181,904

34. Other Comprehensive Income

(Amount in ₹)

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans [Refer Note 40(II)(a)]	(3,592,000)	(403,557)
	(3,592,000)	(403,557)

35. Related party disclosures**Names of related parties and related party relationship**

Description of Relationship	Financial Year 2016-2017	Financial Year 2015-2016
Ultimate Holding Company	Fortis Healthcare Limited	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited	Fortis Hospitals Limited
Subsidiary Company	Malar Stars Medicare Limited	Malar Stars Medicare Limited
Associate of the Holding Company	Healthfore Technologies Limited	Healthfore Technologies Limited
	Fortis Health Management Limited	Fortis Health Management Limited

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Description of Relationship	Financial Year 2016-2017	Financial Year 2015-2016
Fellow Subsidiary or Entities Under Common Control	SRL Limited	SRL Limited
	Lalitha Healthcare Private Limited	Lalitha Healthcare Private Limited
	Escorts Heart Institute and Research Centre Limited	Escorts Heart Institute and Research Centre Limited
	RWL Healthworld Limited	
Key Management Personnel	Mr. Raghunath P, Whole time Director (Until September 30, 2016)	Mr. Raghunath P, Whole time Director
	Mr. Meghraj Gore, Whole time Director (From October 1, 2016)	
	Mr. Akshaya Kumar Singh, Chief Financial Officer (Until February 27, 2017)	Mr. Akshaya Kumar Singh, Chief Financial Officer
	Mr. Sumit Goel (Company Secretary) (Until May 1, 2017)	Mr. Sumit Goel (Company Secretary)

The schedule of Related Party Transactions is as follows:

Transaction	Related Party	(Amount in ₹)	
		Financial Year 2016-2017	Financial Year 2015-2016
INCOME			
Interest on Inter Corporate Deposits	Malar Stars Medicare Limited	61,793,357	61,962,654
	Escorts Heart and Research Institute Limited	2,135,377	-
Sale of Medical Consumables & Drugs	Fortis Health Management Limited	-	756,324
	RWL Healthworld Limited	1,531,342	-
EXPENSES			
Pathology Laboratory and Radiology Expenses	SRL Limited	58,887,178	57,223,438
Professional Charges to Doctors	Malar Stars Medicare Limited	3,657,000	3,588,000
	SRL Limited	482,400	-
Contractual Manpower	SRL Limited	482,588	-
Clinical Establishment Fee	Fortis Health Management Limited	200,316,786	188,751,956
Communication Expenses	Healthfore Technologies Limited	258,218	-
Purchase of Medical Consumable and Drugs	Fortis Hospitals Limited	-	2,112,626
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited	6,396,321	16,013,659
	Fortis Hospitals Limited	-	25,937
	Lalitha Healthcare Private Limited	-	67,567
	Fortis Health Management Limited	-	1,071,676
	Malar Stars Medicare Limited	7,940,759	8,331,178
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited	226,915	1,360,553
	Fortis Hospitals Limited	561,800	1,403,341
	Fortis Health Management Limited	26,600,940	26,966,004
Managerial Remuneration	Mr. Raghunath. P	2,265,876	4,110,344
	Mr. Meghraj Gore	4,223,970	-
	Mr. Akshaya Kumar Singh	1,562,421	1,654,245

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)			
Transaction	Related Party	Financial Year 2016-2017	Financial Year 2015-2016
OTHERS			
Purchase of Medical Equipments	Fortis Healthcare Limited	–	26,829,457
Purchase of Intangible Assets – Software	Fortis Healthcare Limited	–	25,256,438
Inter Corporate Deposits given	Escorts Heart and Research Institute Limited	125,000,000	–
Inter Corporate Deposits repaid	Escorts Heart and Research Institute Limited	42,500,000	–
Advance for Purchase of Intangible Assets – Software	Healthfore Technologies Limited	2,420,054	–

BALANCES AT THE END OF THE YEAR

(Amount in ₹)			
Transaction	Related Party	Financial Year 2016-2017	Financial Year 2015-2016
Trade Payable	Fortis Healthcare Limited	–	42,670,754
	SRL Limited	8,532,486	4,194,302
	Fortis Health Management Limited	4,918,026	57,740,524
	Malar Stars Medicare Limited	–	832,571
	Healthfore Technologies Ltd.	261,644	5,280
Other Financial Liabilities	Fortis Healthcare Limited	1,493,511	–
Prepaid Expense	Fortis Health Management Limited	936,784	1,236,292
Intangible Assets Under Development	Healthfore Technologies Ltd.	6,015,570	3,595,516
Contractually Reimbursable Expenses	Fortis Healthcare Limited	2,768,421	2,116,800
Other Financial Assets - Current	Malar Stars Medicare Limited	2,966,872	–
Other Financial Assets - Non-Current	Fortis Health Management Limited	2,432,150	2,649,420
Capital Creditors	Fortis Hospitals Limited	–	28,000
Inter Corporate Deposits Placed	Malar Stars Medicare Limited	617,933,576	617,933,576
	Escorts Heart and Research Institute Limited	82,500,000	–
Interest Accrued But not Due	Malar Stars Medicare Limited	41,748,608	13,865,413
	Escorts Heart and Research Institute Limited	1,921,839	–

Notes:

- (i). The Company accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2017, 31 March 2016 and 31 March 2015 there are no further amounts payable to / receivable from them, other than as disclosed above.
- (ii). Subsequent to the year ended March 31, 2017, the Company has appointed Mr. Vijayasathy D, Chief Financial Officer and Ms. Trapti Kushwaha, Company Secretary with effect from May 23, 2017.

(iii). During the current year, the Company has transferred its outpatient pharmacy inventories to RWL Healthworld Limited (a group entity under common control) based on the carrying value of inventories as on the date of transfer (i.e. January 3, 2017).

(iv). Also Refer Note 50

36. Leases

Assets taken on Operating Lease:

The Company has operating lease agreements primarily for hospital management, medical equipments and office/nursing accommodation etc., the lease terms of which are for a period ranging between 11 months to 15 years. During the year ended March 31, 2017, an amount of ₹15,157,086 (March 31, 2016 - ₹12,416,970) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹ 200,316,786 (March 31, 2016 - ₹ 188,751,956) towards Clinical Establishment Fee (including Variable fee).

The total future minimum lease payments under the non-cancellable operating leases are as under:

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Minimum lease payments :			
Not later than one year	108,017,207	104,556,512	94,520,886
Later than one year but not later than five years	466,619,505	452,408,432	407,303,333
Later than five years	650,242,531	772,470,811	839,618,983

37. Commitments

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account, net of advances w.r.t. Tangible and Intangible Assets	14,664,877	18,782,064	83,93,299
Bank guarantee to Fortis Health Management Limited	31,500,000	29,400,000	29,400,000

38. Contingent liabilities (not provided for) in respect of

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the Company not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer Note below)	117,416,872	115,078,820	82,269,842

Note:

The cases are pending with various Consumer Disputes redressal Commissions. The Company has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognized in the financial statements.

39. Employee Stock Option Plan

Employees (including senior executives) of the Company 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 the Company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August

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2009. The following are some of the important conditions to the scheme: The details of activity under the Plan have been summarized below:

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 shall be deemed to have come in to force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of the Company subject to the approval of shareholders of the company in general meeting.

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	218,750	26.2	230,000	26.2	230,000	26.2
Granted during the year	–		–		–	
Forfeited during the year	–		–		–	
Exercised during the year	(58,750)	26.2	(11,250)	26.2	–	–
Expired during the year	–		–		–	
Outstanding at the end of the year	160,000	26.2	218,750	26.2	230,000	26.2
Exercisable at the end of the year	160,000	26.2	218,750	26.2	230,000	26.2

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, 2017	March 31, 2016	April 1, 2015
Grant Date share price	26.2	26.2	26.2
Exercise Price (in Rupees)	26.2	26.2	–
Expected Volatility*	67.42%	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5	5
Expected dividends	₹ 0.00	₹ 0.50	₹ 0.50
Average risk-free interest rate	7.50%	7.50%	7.50%
Expected dividend rate	0%	5%	5%

*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.

As at April 1, 2015, being the transition date, all outstanding stock options were vested. Accordingly, the Company elected to use the intrinsic value method to account such options and there is no stock compensation expense for the year ended March 31, 2017 and March 31, 2016.

40. Employee benefits

(I) Defined Contribution Plan

The Company makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Company are at rates specified in the rules of the scheme. The Company's contribution to Provident Fund aggregating ₹ 8,459,699 (Previous Year: ₹ 7,304,192) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined Benefit Plans

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 to a maximum limit prescribed as per the terms of the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Amounts recognised in Statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	2,385,000	2,072,000
Net interest expense	364,000	82,000
Components of defined benefit costs recognised in profit or loss	2,749,000	2,154,000
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	(65,000)	-
Actuarial gains and loss arising from changes in financial assumptions	1,307,000	-
Actuarial gains and loss arising from experience adjustments	2,350,000	403,557
Components of defined benefit costs recognised in other comprehensive income	3,592,000	403,557
Total	6,341,000	2,557,557

- (i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"
- (ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

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- (b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. (Net Asset)/Liability recognised in the Balance Sheet			
1. Present value of defined benefit obligation as at 31 March	26,379,000	18,357,000	15,625,000
2. Fair value of plan assets as at 31 March	14,009,000	12,941,000	11,953,000
3. (Surplus) / Deficit	12,370,000	5,416,000	3,672,000
4. Current portion of the above	6,185,000	5,416,000	3,672,000
5. Non current portion of the above	6,185,000	–	–

- (c) Movement in the present value of the defined benefit obligation are as follows :

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	18,357,000	15,625,000
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	2,385,000	2,072,000
- Interest Expense (Income)	1,367,000	1,188,000
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	–	–
ii. Financial Assumptions	1,307,000	285,557
iii. Experience Adjustments	2,350,000	–
Benefit payments	(1,445,000)	(813,557)
Acquisitions (Credit)/Cost	2,058,000	–
Present value of defined benefit obligation at the end of the year	26,379,000	18,357,000

- (d) Movement in fair value of plan assets are as follows :

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	12,941,000	11,953,000
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	1,003,000	1,106,000
Recognised in Other Comprehensive Income:		
Remeasurement gains / (losses)		
- Actuarial gains and loss arising from changes in financial assumptions	–	(118,000)

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
- Return on plan assets (excluding amount included in net interest expense)	65,000	-
Contributions by employer	-	(813,557)
Benefit payments	-	813,557
Fair value of plan assets at the end of the year	14,009,000	12,941,000

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Insurer Managed Funds			
- Life Insurance Corporation of India	14,009,000	12,941,000	11,953,000

Estimated amount of contribution to the funds during the year ended March 31, 2018 as estimated by the management is ₹ 6,185,000 (March 31, 2017 is ₹ 5,416,000 and March 31, 2016 is ₹ 3,672,000).

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	7.25%	7.75%	7.75%
Expected rate of salary increase	7.50%	7.50%	7.50%
Expected return on plan assets	7.25%	9.25%	9.25%
Withdrawal Rate			
Ages From 20 - 30	18.00%	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%	2.00%
Expected average remaining working life *	10 years	10 years	10 years
Mortality	IALM 2006-08(UIt)	IALM 2006-08(UIt)	IALM 2006-08(UIt)

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/ others

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

- (i) If the discount rate is 50 basis point higher (lower) the defined benefit obligation would decrease by ₹ 1,412,000 (increase by ₹ 1,307,000) (As at March 31, 2016; decrease by ₹ 983,000 (increase by ₹ 910,000).
- (ii) If the expected salary growth rate increase/(decreases) by 1% the defined benefit obligation would increase by ₹ 2,904,000 (decrease by ₹ 2,537,000) (As at March 31, 2016 ; increase by ₹ 2,021,000 (decrease by ₹ 1,765,000).

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- (iii) If the life expectancy increases (decreases) by one year for men and women the defined benefit obligation would increase by ₹ 470,000 (decrease by ₹ 502,000) (As at March 31, 2016 ; increase by ₹ 327,000 (decrease by ₹ 349,000)).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

(g) Experience Adjustments:**(Amount in ₹)**

Experience Adjustments	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
Defined Benefit Obligation	26,379,000	18,357,000	15,625,000	12,911,000	10,330,000
Fair value of plan assets	14,009,000	12,941,000	11,953,000	10,946,000	8,017,000
Surplus/(Deficit)	(12,370,000)	(5,416,000)	(3,672,000)	(1,965,000)	(2,313,000)
Experience adjustment on plan liabilities [(Gain)/Loss]	2,350,000	285,557	(1,443,000)	(2,508,000)	388,000
Assumptions adjustment on plan assets [Gain/(Loss)]	65,000	(118,000)	(215,000)	(34,000)	11,000

41. Financial Instruments**(I) Capital Management**

The Company manages its capital to ensure that it is able to continue as going concern while maximising the return to the stakeholders through the optimisation of the equity balance.

(II) Categories of Financial Instruments**(a) Financial Assets****(Amount in ₹)**

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at Cost			
Investment in Subsidiary	500,000	500,000	500,000
Measured at fair value through profit or loss (FVTPL)	–	–	–
Measured at amortised cost			
- Security Deposits	3,450,787	3,544,250	2,956,750
- Advance to Related Parties	2,432,150	2,649,420	2,843,617
- Trade receivables	55,768,805	60,120,155	42,075,819
- Cash and Bank balances	74,007,127	250,837,879	183,108,232
- Loans	700,433,576	617,933,576	617,933,576
- Other financial assets	87,181,300	50,726,669	45,551,500

(b) Financial Liabilities

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)	–	–	–
Measured at amortised cost			
- Trade Payables	140,568,345	211,143,118	132,251,588
- Other Financial Liabilities	14,421,606	4,574,404	6,319,910

(III) Financial Risk Management Framework

The Company manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The focus of the the chief operating decision maker (CODM) is to assess the unpredictability of the financial environment and to mitigate potential adverse effects, if any, on the financial performance of the Company.

The Company does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Foreign Currency Risk Management

The Company undertakes certain transactions denominated in foreign currencies and consequently, is exposed to exchange rate fluctuations. The Company does not enter into any derivative transactions to hedge its foreign currency exposures.

The details of unhedged foreign currency exposures as at the Balance Sheet date are as under:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payable - USD	–	21,655	–
- INR	–	1,445,016	–

(V) Liquidity Risk Management

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Company consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Particulars	Weighted average interest rate	With in 1 year	1-2 Years	More than 2 years	Total
		(₹)	(₹)	(₹)	(₹)
As at March 31, 2017					
- Trade Payables	NA	140,568,345	–	–	140,568,345
- Other Financial Liabilities	NA	14,421,606	–	–	14,421,606
Total		154,989,951	–	–	154,989,951
As at March 31, 2016					
- Trade Payables	NA	211,143,118	–	–	211,143,118
- Other Financial Liabilities	NA	4,574,404	–	–	4,574,404

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Weighted average interest rate	With in 1 year	1-2 Years	More than 2 years	Total
		(₹)	(₹)	(₹)	(₹)
Total		215,717,522	–	–	215,717,522
As at April 1, 2015					
- Trade Payables	NA	132,251,588	–	–	132,251,588
- Other Financial Liabilities	NA	6,319,910	–	–	6,319,910
Total		138,571,498	–	–	138,571,498

The following table details the Company's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Company's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)					
Particulars	Weighted average interest rate	With in 1 year	1-2 Years	More than 2 years	Total
		(₹)	(₹)	(₹)	(₹)
As at March 31, 2017					
Non-interest bearing	NA	151,957,232	500,000	5,882,937	158,340,169
Fixed interest rate instruments	8.78%	765,433,576	–	–	765,433,576
Total		917,390,808	500,000	5,882,937	923,773,745
As at March 31, 2016					
Non-interest bearing	NA	125,301,714	500,000	6,193,670	131,995,384
Fixed interest rate instruments	9.35%	854,316,565	–	–	854,316,565
Total		979,618,279	500,000	6,193,670	986,311,949
As at April 1, 2015					
Non-interest bearing	NA	90,920,830	500,000	5,800,367	97,221,197
Fixed interest rate instruments	9.75%	797,748,297	–	–	797,748,297
Total		888,669,127	500,000	5,800,367	894,969,494

42. Fair Value Measurement

This note provides information about how the Company determines fair value of various financial assets and liabilities

- There are no financial assets and financial liabilities that are measured at fair value on a recurring basis
- Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring):

Particulars	(Amount in ₹)					
	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost:						
- Other Financial Assets (Non Current)	5,882,937	5,882,937	6,193,670	6,193,670	5,800,367	5,800,367
- Cash and Bank balances	74,007,127	74,007,127	250,837,879	250,837,879	183,108,232	183,108,232
- Trade receivables	55,768,805	55,768,805	60,120,155	60,120,155	42,075,819	42,075,819
- Loans	700,433,576	700,433,576	617,933,576	617,933,576	617,933,576	617,933,576
- Other financial assets	87,181,300	87,181,300	50,726,669	50,726,669	45,551,500	45,551,500
Total	923,273,745	923,273,745	985,811,949	985,811,949	894,469,494	894,469,494

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial liabilities held at amortised cost:						
- Trade Payables	140,568,345	140,568,345	211,143,118	211,143,118	132,251,588	132,251,588
- Other financial liabilities	14,421,606	14,421,606	4,574,404	4,574,404	6,319,910	6,319,910
Total	154,989,951	154,989,951	215,717,522	215,717,522	138,571,498	138,571,498

(iii) Fair value hierarchy as at March 31, 2017

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other Financial Assets (Non Current)	-	-	5,882,937	5,882,937
- Cash and Bank balances	74,007,127	-	-	74,007,127
- Trade receivables	-	-	55,768,805	55,768,805
- Loans	-	-	700,433,576	700,433,576
- Other financial assets	-	-	87,181,300	87,181,300
Total	74,007,127	-	849,266,618	923,273,745
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	140,568,345	140,568,345
- Other financial liabilities	-	-	14,421,606	14,421,606
Total	-	-	154,989,951	154,989,951

(iv) Fair value hierarchy as at March 31, 2016

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other Financial Assets (Non Current)	-	-	6,193,670	6,193,670
- Cash and Bank balances	250,837,879	-	-	250,837,879
- Trade receivables	-	-	60,120,155	60,120,155
- Loans	-	-	617,933,576	617,933,576
- Other financial assets	-	-	50,726,669	50,726,669
Total	250,837,879	-	734,974,070	985,811,949
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	211,143,118	211,143,118
- Other financial liabilities	-	-	4,574,404	4,574,404
Total	-	-	215,717,522	215,717,522

(v) Fair value hierarchy as at April 1, 2015

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other Financial Assets (Non Current)	-	-	5,800,367	5,800,367
- Cash and Bank balances	183,108,232	-	-	183,108,232
- Trade receivables	-	-	42,075,819	42,075,819
- Loans	-	-	617,933,576	617,933,576
- Other financial assets	-	-	45,551,500	45,551,500
Total	183,108,232	-	711,361,262	894,469,494
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	132,251,588	132,251,588
- Other financial liabilities	-	-	6,319,910	6,319,910
Total	-	-	138,571,498	138,571,498

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

43. Current Tax and Deferred Tax

(i) Income Tax Expense

Particulars	(Amount in ₹)	
	For the year ended 31 March 2017	For the year ended 31 March 2016
Current Tax:		
Current Income Tax Charge	21,743,342	33,300,000
Prior year Income Tax Charge	2,696,705	–
Total	24,440,047	33,300,000
Deferred Tax		
Difference between book balance and tax balance of fixed assets	(6,252,399)	4,716,413
In respect of current year origination and reversal of temporary differences	(3,550,805)	(1,172,510)
Provision for compensated absences, gratuity and other employee benefits	(2,456,500)	(2,361,999)
Total	(12,259,704)	1,181,904
Total Tax Expense recognised in Statement of Profit and Loss	12,180,343	34,481,904

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	(Amount in ₹)			
	As at March 31, 2017		As at March 31, 2016	
	Amount	Tax Amount	Amount	Tax Amount
Profit Before tax from Operations	40,382,771		96,739,179	
Income Tax using the Company's domestic Tax rate at 33.063% (for YE March 31, 2016 : 34.608%)#		13,351,755		33,479,495
Tax Effect of :				
Effect of expenses that are not deductible in determining taxable profit	4,924,462	1,628,175	2,739,439	948,065
Adjustments recognised in the current year in relation to the current tax of prior years.		(2,696,705)		–
Effect of change in tax rate		(102,882)		54,344
Income Tax recognised In P&L from Operations	45,307,233	12,180,343	99,478,618	34,481,904

The tax rate used for the 2016-2017 and 2015-2016 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.

(iii) Income Tax on Other Comprehensive Income

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Deferred Tax		
Remeasurements of defined benefit plans	1,187,623	139,663
Total	1,187,623	139,663

(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance Sheet

(Amount in ₹)

Particulars	For the Year ended 31 March 2017			Closing Balance
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	
Tax effect of items constituting deferred tax assets				
Employee Benefits	7,432,956	2,456,500	1,187,623	11,077,079
Allowance for Credit Losses/Others	6,131,235	3,550,805	–	9,682,040
Total	13,564,191	6,007,305	1,187,623	20,759,119
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	16,871,398	(6,252,399)	–	10,618,999
Total	16,871,398	(6,252,399)	–	10,618,999
Net Tax Asset (Liabilities)	(3,307,207)	12,259,704	1,187,623	10,140,120

(Amount in ₹)

Particulars	For the year ended 31 March 2016			Closing Balance
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	
Tax effect of items constituting deferred tax assets				
Employee Benefits	4,931,294	2,361,999	139,663	7,432,956
Allowance for Credit Losses/Others	4,958,725	1,172,510	–	6,131,235
Total	9,890,019	3,534,509	139,663	13,564,191
Tax effect of items constituting deferred tax liabilities				
Property, Plant and Equipment	12,154,985	4,716,413	–	16,871,398
Total	12,154,985	4,716,413	–	16,871,398
Net Tax Asset (Liabilities)	(2,264,966)	(1,181,904)	139,663	(3,307,207)

44. Earnings per share

(Amount in ₹)

Particulars	For the Year Ended	For the Year Ended
	31 March 2017	31 March 2016
Profit after Tax - ₹	28,202,428	62,257,275
Weighted Average Number of Equity Shares (Nos.):		
Weighted average number of equity shares for calculating Basic EPS	18,669,307	18,636,009
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	82,700	74,143
WANES for Calculating Diluted EPS	18,752,007	18,710,152
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	1.51	3.34
- Diluted - in ₹	1.50	3.33
Face Value Per Share - in ₹	10.00	10.00

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Company is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers.

(Amount in ₹)

Particulars*	As at	As at
	March 31, 2017	March 31, 2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3,355,751	343,000
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	–	–
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	–	–
(iv) The amount of interest due and payable for the year	–	–
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	–	–
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	–	–

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management

46. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

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

(Amount in ₹)

Name of the Party (Refer Note below)	Closing balance					
	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	(current)	(non-current)	(current)	(non-current)	(current)	(non-current)
Malar Stars Medicare Limited	617,933,576	–	617,933,576	–	617,933,576	–
Escorts Heart Institute and Research Centre Limited	82,500,000	–	–	–	–	–
Total	700,433,576	–	617,933,576	–	617,933,576	–

Name of the Party	Rate of Interest	Due date for Interest	Secured/unsecured	March 31, 2017	March 31, 2016	April 1, 2015
Malar Stars Medicare Limited	10%	On Maturity	Unsecured	617,933,576	617,933,576	617,933,576
Escorts Heart Institute and Research Centre Limited	11.50%	On Maturity	Unsecured	82,500,000	–	–

(Amount in ₹)

Particulars	Relation	Maximum amount outstanding during the year		
		March 31, 2017	March 31, 2016	April 1, 2015
Malar Stars Medicare Limited	Subsidiary	617,933,576	617,933,576	617,933,576
Escorts Heart Institute and Research Centre Limited	Fellow Subsidiary	82,500,000	–	–
Total		700,433,576	617,933,576	617,933,576

Note:

The above Inter-Corporate Deposits were given for meeting the working capital requirements.

47. Corporate social responsibility

During the year, the Company incurred an aggregate amount of ₹ 4,924,462/- (Previous year : ₹ 2,739,439) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder.

The details of the CSR spend are given below:

Gross amount required to be spent by the Company during the year: ₹ 4,924,462/-

Amount spent by the Company during the year on:

(Amount in ₹)

Particulars	Paid in cash/ cheque	Amount Paid	Yet to be paid	Total
Fortis Foundation	RTGS	4,924,462	–	4,924,462
Total		4,924,462	–	4,924,462

48. Disclosure relating to Specified Bank Notes (SBN's)

The disclosure in respect of the Ministry of Corporate Affairs' notification dated March 30, 2017 with regard to Specified Bank Notes (SBNs) is as under:

(Amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	2,671,500	64,157	2,735,657
Add: Permitted Receipts	–	12,260,883	12,260,883
Add: Non-Permitted Receipts#	1,612,500	–	1,612,500
Add: Cash Withdrawal	–	200,000	200,000
Less: Permitted payments	–	3,452,757	3,452,757
Less: Amount deposited in Banks	4,284,000	8,836,283	13,120,283
Closing cash in hand as on December 30, 2016	–	236,000	236,000

Note:

#Represents SBNs received by the Company subsequent to November 8, 2016 from transactions which are not permitted, due to certain exigencies.

49. Order / Notice Received from CMDA

The Company had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the previous year ended March 31, 2016, CMDA has issued an Order stating that the regularization application made by the Company has not been allowed. The Company 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.

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

On 3 May 2016 CMDA has also served a Locking & Sealing and De-occupation Notice to the Company stating that in view of CMDA's Order dated 18 March 2016 referred above, the construction at the site of the Hospital premises is unauthorized and has called upon the Company to restore the land to its original position within 30 days from the date of the Notice. The Company has initiated legal action by filing a writ petition before the High Court of Madras to impugn the said notice.

The Company, based on 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 the Company has fair chance of success in the aforesaid Appeal / writ petition.

50. Status of Composite Scheme of Arrangement and Amalgamation

The Board of Directors of the Company at its meeting held on August 19th, 2016 approved the proposal for the sale of the hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a composite scheme of Arrangement and Amalgamation between the Company, FHL and SRL Limited ("SRL"). Pursuant to the said Composite scheme, the diagnostic business of FHL (including its investments held to SRL) shall get demerged into the Company in lieu of equity shares to be issued by the Company to the shareholders of FHL. The demerger shall be followed by SRL being merged with the Company as an integral part of the same composite scheme and shares of the Company to be issued to the eligible shareholders of SRL. The appointed date for the above under the composite scheme is January 1, 2017. The composite scheme of arrangement and amalgamation is subject to various judicial/regulatory and other required approvals. Pending such approvals, no effect of the proposed Scheme has been given in the Standalone Financial Statements.

51. Segment Reporting

The Company has a single operating segment, namely, health care services and the information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Further the company does not have any separate geographic segment other than India. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

52. First-time adoption - mandatory exceptions, optional exemptions

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

Deemed Cost for Property, plant and equipment and intangible assets

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

Investment in Subsidiary

The Company has elected to continue with the carrying value of its investments in subsidiary under previous GAAP (at cost)

Shared Based Payments

The Company has elected to use the intrinsic value method to account for costs relating to Employee Stock Options Plan (ESOP) since all the stock options have been granted and vested on or before April 1, 2015 (transition date).

Key Sources of estimation uncertainty

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

First time IND AS Adoption Reconciliation :

(i) Reconciliation of equity and P&L as previously reported under Indian GAAP to IND AS

(Amount in ₹)

Particulars	Notes	As at March 31, 2016 (End of Last period Presented under Previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to IND AS	Opening IND AS balance sheet	Previous GAAP	Effect of Transition to IND AS	IND AS
(I) ASSETS							
Non-current assets							
(a) Property, Plant and Equipment		214,042,456	-	214,042,456	175,601,973	-	175,601,973
(b) Intangible Assets Under Development		3,595,516	-	3,595,516	6,422,636	-	6,422,636
(c) Other Intangible assets		30,980,285	-	30,980,285	1,470,804	-	1,470,804
(d) Financial Assets							
(i) Investment in Subsidiary		500,000	-	500,000	500,000	-	500,000
(ii) Other Financial Assets - Non Current	(a) & (b)	2,241,643	3,952,027	6,193,670	4,317,980	1,482,387	5,800,367
(e) Income Tax Assets		7,335,448	-	7,335,448	-	-	-
(f) Other assets	(a) & (b)	7,385,337	(3,582,032)	3,803,305	3,655,944	(1,236,292)	2,419,652
Total Non - Current Assets		266,080,685	369,995	266,450,680	191,969,337	246,095	192,215,432
Current assets							
(a) Inventories		26,114,509	-	26,114,509	10,021,258	-	10,021,258
(b) Financial Assets							
(i) Trade receivables	(d)	60,205,634	(85,479)	60,120,155	42,133,983	(58,164)	42,075,819
(ii) Cash and cash equivalents		31,148,796	-	31,148,796	157,527,894	-	157,527,894
(iii) Other bank balances		219,689,083	-	219,689,083	25,580,338	-	25,580,338
(iv) Loans		617,933,576	-	617,933,576	617,933,576	-	617,933,576
(v) Other Financial Assets		50,726,669	-	50,726,669	45,551,500	-	45,551,500
(c) Other assets	(a) & (b)	12,691,691	(623,416)	12,068,275	13,216,436	(348,408)	12,868,028
(d) Fixed Assets held for sale		6,095,238	-	6,095,238	-	-	-
Total Current Assets		1,024,605,196	(708,895)	1,023,896,301	911,964,985	(406,572)	911,558,413
Total Assets		1,290,685,881	(338,900)	1,290,346,981	1,103,934,322	(160,477)	1,103,773,845

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	Notes	As at March 31, 2016 (End of Last period Presented under Previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to IND AS	Opening IND AS balance sheet	Previous GAAP	Effect of Transition to IND AS	IND AS
(II) EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital		186,207,590	–	186,207,590	186,095,090	–	186,095,090
(b) Other Equity	(a) to (f)	769,600,030	10,857,677	780,457,707	718,474,715	10,997,168	729,471,883
Total equity		955,807,620	10,857,677	966,665,297	904,569,805	10,997,168	915,566,973
LIABILITIES							
Non Current liabilities							
(a) Deferred Tax Liabilities (net)		3,307,207	–	3,307,207	2,264,966	–	2,264,966
Current liabilities							
(a) Financial Liabilities							
(i) Trade payables		211,143,118	–	211,143,118	132,251,588	–	132,251,588
(ii) Other financial liabilities		4,574,404	–	4,574,404	6,319,910	–	6,319,910
(b) Provisions	(c)	23,000,577	(11,196,577)	11,804,000	17,906,645	(11,157,645)	6,749,000
(c) Current tax liabilities (Net)		570,879	–	570,879	570,879	–	570,879
(d) Other Current Liabilities		92,282,076	–	92,282,076	40,050,529	–	40,050,529
Total Current Liabilities		331,571,054	(11,196,577)	320,374,477	197,099,551	(11,157,645)	185,941,906
Total Equity and Liabilities		1,290,685,881	(338,900)	1,290,346,981	1,103,934,322	(160,477)	1,103,773,845

(ii) Reconciliation of equity and P&L as previously reported under Indian GAAP to Ind AS

(Amount in ₹)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP		955,807,620	904,569,805
Ind AS: Adjustments increase (decrease):			
Dividends (including tax there on) not recognised as liability until declared	(c)	11,196,577	11,157,645
Fair Value Adjustments with respect to Expected Credit Losses	(d)	(85,479)	(58,164)
Fair Value Adjustments to Financial Assets			
(i) Interest Income on Advances	(b)	732,601	426,798
(ii) Interest Income on Security deposit of Nursing Accommodation	(a)	161,418	–
Straight Lining of Clinical Establishment Fee	(b)	(877,517)	(529,111)
Straight Lining of Lease Rent	(a)	(269,923)	(102,313)
Total Adjustment to Equity		10,857,677	10,997,168
Total Equity as reported under IND AS		966,665,297	915,566,973

(iii) Reconciliation of profit or loss for the year ended March 31, 2016

(Amount in ₹)

	Particulars	Notes	Year ended March 31, 2016 (latest period presented under previous GAAP)		
			Previous GAAP (₹)	Effect of transition to Ind AS (₹)	Ind AS (₹)
I	Revenue from operations	(c)	1,296,135,107	(27,315)	1,296,107,792
II	Other Income	(a) & (b)	77,207,545	467,221	77,674,766
III	Total Revenue (I + II)		1,373,342,652	439,906	1,373,782,558
IV	EXPENSES				
	(a) Cost of Raw materials consumed		269,214,326	-	269,214,326
	(b) Employee benefit expense	(e)	175,591,498	(403,557)	175,187,941
	(c) Finance Cost		4,033,597	-	4,033,597
	(d) Depreciation and amortisation expense		31,577,976	-	31,577,976
	(e) Other expenses	(a) & (b)	791,296,179	618,329	791,914,508
	Total Expenses		1,271,713,576	214,772	1,271,928,348
V	Profit before exceptional items and tax (III - IV)		101,629,076	225,134	101,854,210
	Exceptional Items		5,115,031	-	5,115,031
VI	Profit before tax (IV - V)		96,514,045	225,134	96,739,179
VII	Tax Expense				
	- Current tax		33,300,000	-	33,300,000
	- Deferred tax		1,042,241	139,663	1,181,904
	Total tax expense		34,342,241	139,663	34,481,904
VIII	Profit for the Year (VI - VII)		62,171,804	85,471	62,257,275
IX	Other comprehensive income				
	(i) Items that will not be recycled to profit or loss				
	- Remeasurements of defined benefit plans	(e)	-	(403,557)	(403,557)
	(b) Income tax relating to items that will not be reclassified to profit or loss	(e)	-	139,663	139,663
	Total Comprehensive Income for the year		-	(263,894)	(263,894)
X	Total comprehensive loss for the period (VIII + IX)		62,171,804	(178,423)	61,993,381

(iv) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016 :

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP ₹
Profit as per Previous GAAP		62,171,804
Ind AS: Adjustments increase (decrease):		
Actuarial Loss on employee defined benefit/funds recognised in Other Comprehensive Income	(e)	403,557
Fair Value adjustments to Financial Assets	(a) to (c)	439,906
Straight lining of Clinical Establishment Fee	(b)	(348,406)
Straight lining of Lease Rent	(a)	(269,923)
Deferred Tax Adjustment	(e)	(139,663)
Total adjustment to profit or loss		85,471

NOTES FORMING PART OF THE STANDALONE IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP ₹
Profit after tax under Ind AS		62,257,275
Other comprehensive income	(e)	(403,557)
Tax on Other comprehensive income	(e)	139,663
Total Comprehensive Income under Ind AS		61,993,381

Note : Under previous GAAP, total comprehensive income was not reported. Therefore the above reconciliation starts with profit under previous GAAP.

(v) Adjustments to the statement of cash flows

PARTICULARS	Year ended March 31, 2016 (latest period presented under previous GAAP)		
	Previously Reported ₹	Effect of Transition to IND AS ₹	IND AS ₹
Previous GAAP			
Net cash flows from operating activities	106,744,816	287,656	107,032,472
Net cash flows from investing activities	(219,728,857)	(287,656)	(220,016,513)
Net cash flows from financing activities	(10,895,057)	–	(10,895,057)
Net increase (decrease) in cash and cash equivalents	(123,879,098)	–	(123,879,098)
Cash and cash equivalents at the beginning of the year	155,027,894	–	155,027,894
Cash and cash equivalents at end of period	31,148,796	–	31,148,796

(vi) Analysis of Cash & cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of cash flows under IND AS :

PARTICULARS	As at March 31, 2016 (end of the last period presented under previous GAAP) ₹	As at April 1, 2015 (Date of Transition) ₹
Cash and cash equivalents consist of:		
Cash and Bank Balances as per Balance sheet	250,837,879	183,108,232
Less: Bank balances not considered as cash and Cash Equivalents	219,689,083	28,080,338
Total Cash and Cash Equivalents as at the end of the year	31,148,796	155,027,894

Notes to the Reconciliation :

- (a) Under previous GAAP, interest free security deposits (that are refundable in cash on completion of lease term) are recorded at the transaction cost. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS and the difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the fair value of security deposit is ₹ 1,922,340 as at March 31, 2016, the prepaid rent is by ₹ 2,969,154 as at March 31, 2016. The profit for the year ended March 31, 2016 and total equity as at March 31, 2016 decreased by ₹ 108,505 due to amortisation of the prepaid rent of ₹ 269,923 which is partially off-set by the notional interest income of ₹ 161,418 recognised on security deposits.

- (b) Similarly, under previous GAAP, advance to related parties are recorded at the transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these amounts given as advance to related parties in connection with Hospital and Medical Services arrangement and the difference between the fair value of the advance to related parties has been recognised as prepaid expense. Consequent to this change, the fair value of advance to related parties is ₹ 2,649,420 as at March 31, 2016 (April 1, 2015 ₹ 2,843,617), the prepaid expense is ₹ 1,236,294 as at March 31, 2016 (April 1, 2015 ₹ 1,584,700). The total Equity as at March 31, 2016 decreased by ₹ 42,603 (April 1, 2015 ₹ 102,313) due to amortisation of the prepaid rent of ₹ 348,406 which is partially off-set by the notional interest income of ₹ 305,803 recognised on advance to related parties.
- (c) Under previous GAAP, proposed dividend is accounted as provision in the year to which such dividend pertains. Under IND AS, dividend is required to be accounted only on payment basis. Accordingly, the Company has accounted the dividend in the year in which it is paid. Consequent to the change, provision for dividend pertaining to year ended March 31, 2015 and March 31, 2016 of ₹ 11,157,645 and ₹ 11,196,577 respectively is reversed and taken to other equity and the actual dividend paid of ₹ 11,189,807 has been accounted during the year ended March 31, 2016.
- (d) Under previous GAAP, provision for doubtful receivables are accounted based on management's estimate. Under IND AS, provision is required to be made for credit risk and payment delay risk as expected credit loss (ECL). The Company has computed the credit risk and payment delay risk and provided additional provision towards ECL. Accordingly, the Company has recognised the ECL of ₹ 27,315 and adjusted with Revenue from Operations during the year March 31, 2016 (April 1, 2015 ₹ 58,164).
- (e) Under IND AS remeasurement i.e. actuarial gains and losses are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹403,557. There is no impact on total equity as at March 31, 2016. Tax on such Other Comprehensive Income amounts to ₹ 139,663.
- (f) Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS Transition adjustments.
- (g) Under IND AS, all items of income and expense recognised in the period should be included in the profit or loss for the period unless the standard requires or permits otherwise. Items of income or expense that are not recognised in profit or loss but are shown in the statement of profit or loss as "other comprehensive income" includes remeasurements of defined benefit obligation. The concept of other comprehensive income did not exist under the previous GAAP.

53. Previous Year Figures

As stated in Note 2, the Company has adopted Indian Accounting Standards with effect from April 1, 2016 with date of transition to Ind AS being April 1, 2015. Accordingly, previous year figures in the financial statements have been restated to Ind AS. Further, previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

54. Approval of Financial Statements

The financial statements were approved by the Board of Directors on May 23, 2017

For and on behalf of **the Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Trapti Kushwaha
Company Secretary
A34747

Vijayarathy D
Chief Financial Officer
220109

Place : Chennai
Date : May 23, 2017

CONSOLIDATED FINANCIALS

Independent Auditor's Report

TO THE MEMBERS OF FORTIS MALAR HOSPITALS LIMITED

Report on the Consolidated Ind AS Financial Statements

We have audited the accompanying consolidated Ind AS financial statements of **Fortis Malar Hospitals Limited** (hereinafter referred to as "the Parent") and its subsidiary Company, Malar Staps Medicare Limited (the Parent and its subsidiary together referred to as "the Group"), comprising the Consolidated Balance Sheet as at March 31, 2017, 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 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 statement of changes in equity of the Group in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group 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 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.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid 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 accounting principles generally accepted in India, of the consolidated state of affairs of the Group, as at March 31, 2017, and their consolidated profit, consolidated total comprehensive income, their consolidated cash flows and consolidated statement of changes in equity for the year ended on that date.

Other Matter

The comparative financial information of the Group for the transition date opening balance sheet as at April 1, 2015 included in these consolidated Ind AS financial statements, are based on the previously issued consolidated financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 audited by the predecessor auditor whose report for the year ended March 31, 2015 dated April 30, 2015 expressed an unmodified opinion on those consolidated financial statements and have been restated to comply with Ind AS. Adjustments made to the said consolidated financial information prepared in accordance with the Companies (Accounting Standards) Rules, 2006 to comply with Ind AS have been audited by us.

Our opinion on the consolidated Ind AS financial statements above, and our report on Other Legal and Regulatory Requirements below, is not modified in respect of the above matter.

Report on Other Legal and Regulatory Requirements

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

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated Ind AS financial statements.
- (b) 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.
- (c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss (including Other Comprehensive Income), 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) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act.
- (e) On the basis of the written representations received from the directors of the Parent as on March 31, 2017 taken on record by the Board of Directors of the Parent and the subsidiary company, none of the directors of the Group companies is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
- (f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on auditors' reports of the Holding company and subsidiary company incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Parent's and subsidiary company's internal financial controls over financial reporting.
- (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and 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. The consolidated Ind AS financial statements disclose the impact of pending litigations on the consolidated financial position of the Group.
 - ii. The Group did not have any material foreseeable losses on long-term contracts including derivative contracts.
 - iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Parent and its subsidiary company incorporated in India.
 - iv. The Group has provided requisite disclosures in the consolidated Ind AS financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November, 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016. However, as stated in Note 48 to the Consolidated Ind AS Financial Statements amounts aggregating to Rs.1,612,500, as represented to us by the Management, have been received from transactions which are not permitted.

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

Chennai, May 23, 2017
PS/EKP&MS/2016

Sriraman Parthasarathy
Partner
(Membership No. 206834)

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

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

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

In conjunction with our audit of the consolidated Ind AS financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of Fortis Malar Hospitals Limited (hereinafter referred to as "Parent") and its subsidiary company, Malar Stars Medicare Limited (the Parent and its subsidiary together referred to as "the Group"), which is incorporated in India, as of date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Parent and subsidiary company, which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Group 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.

Auditor's Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Parent and its subsidiary company incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at

March 31, 2017, based on the internal control over financial reporting criteria established by the Group considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

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

Chennai, May 23, 2017
PS/EKP&MS/2016

Sriraman Parthasarathy
Partner
(Membership No. 206834)

Consolidated Balance Sheet as on March 31, 2017

(Amount in ₹)

Particulars	Notes	As at		
		March 31, 2017	March 31, 2016	April 1, 2015
ASSETS				
Non-current Assets				
(a) Property, Plant and Equipment	5(a)	219,795,428	214,042,456	175,601,973
(b) Intangible Assets under Development	5(b)	6,120,861	3,595,516	6,422,636
(c) Other Intangible Assets	6	26,119,067	30,980,285	1,470,804
(d) Financial Assets				
(i) Other Financial Assets	7	5,882,937	6,193,670	5,800,367
(e) Deferred Tax Assets (Net)	8	10,294,561	145,372	125,420
(f) Income Tax Assets	9	66,395,362	20,419,606	11,429,375
(g) Other Non-current Assets	10	3,302,309	3,803,305	2,419,652
Total Non-current Assets		337,910,525	279,180,210	203,270,227
Current Assets				
(a) Inventories	11	23,122,044	26,114,509	10,021,258
(b) Financial Assets				
(i) Trade Receivables	12	55,768,805	60,120,155	42,075,819
(ii) Cash and Cash Equivalents	13(a)	72,335,064	33,162,253	158,213,292
(iii) Bank Balances other than (ii) above	13(b)	4,073,269	219,689,083	28,080,338
(iv) Loans	14	695,500,000	613,000,000	613,000,000
(v) Other Financial Assets	15	105,865,343	52,667,713	46,122,193
(c) Other Current Assets	16	12,297,425	12,068,275	12,868,028
		968,961,950	1,016,821,988	910,380,928
(d) Assets classified as held for sale	17	–	6,095,238	–
Total Current Assets		968,961,950	1,022,917,226	910,380,928
Total Assets		1,306,872,475	1,302,097,436	1,113,651,155
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share Capital	18	186,795,090	186,207,590	186,095,090
(b) Other Equity	19	808,662,440	790,218,921	737,307,272
Total Equity		995,457,530	976,426,511	923,402,362
Liabilities				
Non-current Liabilities				
(a) Deferred Tax Liabilities (Net)	8	–	3,307,207	2,264,966
(b) Provisions	20	6,583,462	309,180	254,788
Total Non-current Liabilities		6,583,462	3,616,387	2,519,754
Current Liabilities				
(a) Financial Liabilities				
(i) Trade Payables	21	141,486,945	211,218,336	132,460,986
(ii) Other Financial Liabilities	22	14,421,606	4,574,404	6,319,910
(b) Provisions	23	16,463,347	11,858,241	6,793,063
(c) Current Tax Liabilities (Net)	9	786,440	570,879	570,879
(d) Other Current Liabilities	24	131,673,145	93,832,678	41,584,201
Total Current Liabilities		304,831,483	322,054,538	187,729,039
Total Liabilities		311,414,945	325,670,925	190,248,793
Total Equity and Liabilities		1,306,872,475	1,302,097,436	1,113,651,155

See accompanying notes forming part of the consolidated Ind AS financial statements.

In terms of our report attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Sriraman Parthasarathy
Partner

Place : Chennai
Date : May 23, 2017

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Trapti Kushwaha
Company Secretary
A34747
Place : Chennai
Date : May 23, 2017

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Vijayasarathy D
Chief Financial Officer
220109

Consolidated Statement of Profit and Loss for the year ended March 31, 2017

		(Amount in ₹)	
Particulars	Notes	Year ended March 31, 2017	Year ended March 31, 2016
I	Revenue from Operations	1,405,598,766	1,296,107,792
II	Other Income	79,695,148	80,253,452
III	Total Income (I+II)	1,485,293,914	1,376,361,244
IV	Expenses		
	Purchases of Medical Consumables and Drugs	294,159,021	285,307,577
	Changes in Inventory of Medical Consumables and Drugs	2,992,465	(16,093,251)
	Employee Benefits Expense	201,054,554	178,325,597
	Finance Costs	4,580,835	4,033,597
	Depreciation and Amortisation Expense	39,409,027	31,577,976
	Other Expenses	898,411,638	788,581,656
	Total Expenses	1,440,607,540	1,271,733,152
V	Profit Before Exceptional Item and Tax (III-IV)	44,686,374	104,628,092
	Exceptional Item	-	(5,115,031)
VI	Profit Before Tax	44,686,374	99,513,061
VII	Tax Expense		
	- Current Tax	25,795,849	34,181,140
	- Deferred Tax	(12,252,618)	1,157,895
		13,543,231	35,339,035
VIII	Profit for the Year (VI -VII)	31,143,143	64,174,026
IX	Other Comprehensive Income/(Loss)		
	Items that will not be reclassified subsequently to the statement of profit and loss:		
	(a) Remeasurements of the defined benefit plans	(3,644,282)	(390,426)
	(b) Income tax relating to items that will not be reclassified to profit or loss	1,203,778	135,606
	Total Other Comprehensive Income/(Loss)	(2,440,504)	(254,820)
X	Total Comprehensive Income for the Year (VIII+IX)	28,702,639	63,919,206
XI	Profit for the year attributable to:		
	Owners of the Company	31,143,143	64,174,026
	Non-controlling interests	-	-
		31,143,143	64,174,026
XII	Other comprehensive Income/(Loss) for the year attributable to:		
	Owners of the Company	(2,440,504)	(254,820)
	Non-controlling interests	-	-
		(2,440,504)	(254,820)
XIII	Total comprehensive income for the year attributable to:		
	Owners of the Company	28,702,639	63,919,206
	Non-controlling interests	-	-
		28,702,639	63,919,206
	Earnings per equity share (for continuing operations):		
	(1)Basic (in ₹)	1.67	3.44
	(2)Diluted (in ₹)	1.66	3.43

See accompanying notes forming part of the consolidated Ind AS financial statements.

In terms of our report attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Sriraman Parthasarathy
Partner

Place : Chennai
Date : May 23, 2017

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Trapti Kushwaha
Company Secretary
A34747
Place : Chennai
Date : May 23, 2017

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Vijayasarathy D
Chief Financial Officer
220109

Consolidated Cash Flow Statement for the year ended March 31, 2017

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Cash flows from Operating Activities		
Profit Before Tax for the year	44,686,374	99,513,061
Adjustments for:		
Interest income recognised in Profit or Loss	(75,601,300)	(79,786,231)
Loss on disposal of Property, Plant and Equipment	153,375	3,051,550
Depreciation and amortisation of non-current assets	39,409,027	31,577,976
Allowance for Credit Losses	8,843,443	6,903,291
Liabilities no longer required written back	(265,653)	-
Provision for doubtful Advances	240,240	-
Interest on delayed payment of Income Tax	44,503	330
	17,510,009	61,259,977
Movements in Working Capital:		
(Increase)/decrease in Other Non Current Financial Assets	310,733	(393,303)
(Increase)/decrease in Other Current Assets	(229,150)	799,753
(Increase)/decrease in Other Non Current Assets	581,734	(2,345,740)
(Increase)/decrease in Non Current Provisions	6,274,282	54,392
(Increase)/decrease in Trade and Other Receivables	(4,492,093)	(24,947,627)
(Increase)/decrease in Inventories	2,992,465	(16,093,251)
(Increase)/decrease in Other Current Financial Assets	(9,997,094)	(4,887,511)
Increase/(Decrease) in Trade Payables	(69,465,738)	78,757,350
Increase/(Decrease) in Provisions	960,824	4,674,752
Increase/(Decrease) in Financial Liabilities	1,560,011	(1,303,370)
Increase/(Decrease) in Other Current Liabilities	37,840,467	52,248,477
Cash Generated from Operations	(16,153,550)	147,823,899
Income Taxes paid (Net)	(69,681,584)	(43,171,701)
Net Cash (used in) / Generated by Operating Activities	(85,835,134)	104,652,198
Cash Flows from Investing Activities		
Payments to acquire Property, Plant and Equipment, Intangible Assets and Intangible Assets under Development	(35,643,147)	(106,400,310)
Proceeds on Sale of Fixed Assets	8,435	701,146
Proceeds on Sale of Assets held for sale	6,095,238	-
Interest Received	30,481,801	78,128,222
Inter Corporate Deposits placed with Related Parties	(125,000,000)	-
Inter Corporate Deposits repaid by Related Parties	42,500,000	-
Fixed Deposits not considered as Cash and Cash Equivalents	216,237,238	(191,237,238)
Net cash generated/(used in) by investing activities	134,679,565	(218,808,180)
Cash flows from financing activities		
Proceeds from issue of Equity Instruments of the Company	1,539,250	294,750
Dividends paid on Equity Shares	(9,314,630)	(9,298,493)
Dividend Distribution Tax Paid on Equity Shares	(1,896,240)	(1,891,314)
Net Cash Used in Financing Activities	(9,671,620)	(10,895,057)
Net increase in Cash and Cash Equivalents	39,172,811	(125,051,039)
Cash and Cash Equivalents at the Beginning of the Year	33,162,253	158,213,292
Cash and Cash Equivalents at the end of the Year	72,335,064	33,162,253

In terms of our report attached.
For **DELOITTE HASKINS & SELLS LLP**
Chartered Accountants

Sriraman Parthasarathy
Partner

Place : Chennai
Date : May 23, 2017

For and on behalf of the **Board of Directors**

Daljit Singh
Chairman
DIN 00135414

Trapti Kushwaha
Company Secretary
A34747
Place : Chennai
Date : May 23, 2017

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Vijayasarathy D
Chief Financial Officer
220109

Consolidated Statement of Charges in Equity for the year ended March 31, 2017

A. Equity Share Capital

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance at the beginning of the year	186,207,590	186,095,090	186,095,090
Changes in equity share capital during the year			
- Issue of Share Capital during the year (Employee Stock Option Plan)	587,500	112,500	-
Closing Balance	186,795,090	186,207,590	186,095,090

B. Other Equity

Particulars	(Amount in ₹)		
	Securities Premium	Retained Earnings	Total
Balance as at April 1, 2015	93,333,320	643,973,952	737,307,272
Profit for the financial year 2015-16	-	64,174,026	64,174,026
Premium on issue of Equity Shares	182,250	-	182,250
Final equity dividend distributed [amount per share Rupees 0.50]	-	(9,298,493)	(9,298,493)
Dividend distribution tax on dividend	-	(1,891,314)	(1,891,314)
Other comprehensive loss for the year, net of income tax	-	(254,820)	(254,820)
Balance as at March 31, 2016	93,515,570	696,703,351	790,218,921
Profit for the financial year 2016-17	-	31,143,143	31,143,143
Premium on issue of Equity Shares	951,750	-	951,750
Final equity dividend distributed [amount per share Rupees 0.50]	-	(9,314,630)	(9,314,630)
Dividend distribution tax on dividend	-	(1,896,240)	(1,896,240)
Other comprehensive loss for the year, net of income tax	-	(2,440,504)	(2,440,504)
Balance as at March 31, 2017	94,467,320	714,195,120	808,662,440

See accompanying notes forming part of the consolidated Ind AS financial statements.

In terms of our report attached.

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

For and on behalf of the Board of Directors

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Sriraman Parthasarathy
Partner

Trapti Kushwaha
Company Secretary
A34747

Vijayasathy D
Chief Financial Officer
220109

Place : Chennai
Date : May 23, 2017

Place : Chennai
Date : May 23, 2017

1) Nature of operations

Fortis Malar Hospitals Limited ('Fortis Malar or 'the 'Company') was incorporated in the year 1989 to set up, manage and operate a multi-specialty hospital and it commenced operations in Chennai in the year 1992. The Company is a subsidiary of Fortis Hospitals Limited and Fortis Healthcare Limited is the Ultimate Holding Company. The Company has its state of the art Hospital facility in Chennai. Also Refer Note 50.

The Company has one wholly owned subsidiary company, Malar Stars Medicare Limited ('Malar Stars'), which is engaged in providing medical and surgical and consultancy services to Fortis Malar. Fortis Malar along with its subsidiary company, shall hereinafter, be collectively referred to as "the Group".

2) Application of New and Revised Ind AS

On 16 February 2015, the Ministry of Corporate Affairs ("MCA") notified the Companies (Indian Accounting Standards) Rules, 2015. The Rules specify the Indian Accounting Standards (Ind AS) applicable to certain class of companies and sets out dates of applicability. Fortis Malar Hospitals Limited, being ultimate subsidiary of Fortis Healthcare Limited, for whom Ind AS is applicable from April 1, 2016 as defined in the said notification, is required to apply the standards as specified in Companies (Indian Accounting Standards) Rules, 2015 and accordingly the Group has adopted Ind AS from April 1, 2016 with transition date as April 1, 2015.

2.1 Standards issued but not yet effective

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

a) Amendment to Ind AS 7:

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

The Group is evaluating the requirements of the amendment and its effect on the consolidated financial statements.

b) Amendment to Ind AS 102:

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

This amendment would not have an impact on the Group currently since the Group's ESOP scheme is in the nature of an equity settled stock option plan.

3) Significant Accounting Policies**3.1 Statement of Compliance**

The consolidated financial statements have been prepared in accordance with Ind ASs notified under the companies (Indian Accounting Standards) Rules, 2015. Upto the year ended March 31, 2016, the Group prepared its consolidated financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Group's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 52 for the details of first-time adoption exemptions availed by the Group. Previous year figures in the consolidated financial statements have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards, the Company has presented a reconciliation from the presentation of consolidated financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the Comprehensive Income for the year ended March 1, 2016.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

3.2 Basis of preparation and presentation

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.

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

3.3 Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary.

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 interests. Total comprehensive income of 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, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

The financial statements of the Company and its subsidiary company has been combined on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra – group balances, intra group transactions and resulting unrealised profits or losses, unless cost cannot be recovered.

All material inter-company transactions and balances between the entities included in the consolidated financial statements have been eliminated on consolidation.

All intragroup assets and liabilities, equity, income, expenses, and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Following subsidiary company has been considered in the preparation of the consolidated financial statements:

Name of the entity	Relationship	Country of Incorporation	Ownership held by	% of holding and voting power directly as at March 31, 2017
Malar Stars Medicare Limited	Wholly Owned Subsidiary Company	India	Fortis Malar Hospitals Limited	100 %

3.4 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.

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.

3.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses, if any.

For the purposes of impairment testing, goodwill is allocated to each of the Group's 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.

3.6 Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for returns, trade allowances for deduction, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

The Group 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.

Sale of traded goods – pharmacy items

Revenue from sale of pharmacy items are recognized on delivery of items to the customers which is when all the significant risks and rewards of ownership of the goods are passed to the customers.

Inpatient and Outpatient Revenue

Inpatient and Outpatient revenue is recognized as and when the related services are rendered.

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

Export benefits

Income from 'Service Export from India Scheme' is recognized on accrual basis as and when eligible services are performed and convertible foreign exchange is received 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 investments is recognised when the shareholder's right to receive payment has been established (provided that it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably).

3.7 Leasing

Where the Group is the lessee

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

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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

3.8 Foreign currencies

In preparing the consolidated financial statements, transactions in currencies other than the Group'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.

3.9 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 borrowing costs are recognised in the statement of profit and loss in the period in which they are incurred.

3.10 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 the profit or loss on a systematic basis over there periods in which the Group recognises as expense the related costs for which the grant was 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 Group with no future related costs are recognised in profit or loss in the period they become receivable.

3.11 Employee benefits

i) Retirement benefit costs and termination benefits

Payments to defined contribution retirement benefit plans 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.

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 statement of profit and loss in the line item "Employee benefits expense". Curtailment gains and losses are accounted for as past service costs.

The retirement benefit obligation recognised in the 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 Group can no longer withdraw the offer of the termination benefit and when the Group 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 Group 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 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 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 the 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

The Group makes contributions to statutory provident fund in accordance with Employees Provident Fund and Miscellaneous Provisions Act, 1952 and considered as defined contribution plan. The Group's contribution to provident fund are charged as an expense as they fall due based on the amount of contribution required to be made and when the services are rendered by the employees.

3.12 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.

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

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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 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.

3.13 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 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.

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 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 reassess 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 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 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 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.

iv) MAT Credit

Minimum Alternative Tax (“MAT”) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT Credit becomes eligible to be recognised as an asset, the said asset is created by way of a credit to the Statement of Profit and Loss and shown as MAT Credit Entitlement. The Group reviews the same at each Balance Sheet date and writes down the carrying amount of MAT Credit Entitlement to the extent there is no longer convincing evidence to the effect that the Group will pay normal Income Tax during the specified period

3.14 Property, plant and equipment(PPE)

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

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 statement of profit and loss in the period during which such expenditure is incurred.

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

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.

Depreciation on Property, Plant and Equipment (PPE) has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013 as follows:

PPE	Useful Lives
Plant and Machinery	15 years
Medical Equipment	13 years
Computers	3 years
Furniture and Fittings	10 years
Office Equipment	5 years
Vehicles	8 years

Depreciation commences when the assets are ready for their intended use.

Depreciation on Leasehold improvements is provided over the primary period of lease or over the useful lives of the respective fixed assets, whichever is shorter.

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.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

3.15 Intangible Assets

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

Intangible assets acquired separately are measured on initial recognition at cost less accumulated amortisation and accumulated impairment losses, if any.

Software

Cost of software and licenses, which are acquired, are capitalised and amortized on a straight line basis over a period of 3 to 6 years or the license period, whichever is lower.

The amortisation period and method are reviewed at the end of each reporting period if the expected useful life of the asset changes from previous estimates, the effect of such change in estimates are accounted for prospectively.

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 de-recognised.

3.16 Impairment of tangible and intangible asset 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 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 statement of profit and loss.

3.17 Inventories

Inventories of medical consumables and drugs are valued at lower of cost or 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.

Due allowance is estimated and made by the Management for slow moving / non-moving items of inventory, wherever necessary, based on the past experience of the Group and such allowances are adjusted against the carrying inventory value.

3.18 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).

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.

3.19 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.

3.20 Segment Reporting

Operating segments reflect the Group's management structure and the way the financial information is regularly reviewed by the Group's Chief operating decision maker (CODM). The CODM considers the business from both business and product perspective based on the dominant source, nature of risks and returns and the internal organisation and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

3.21 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.

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.

3.22 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.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

3.23 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.

3.24 Fair value measurement

The Group measures financial instruments at fair value at each balance sheet date.

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. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 — Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 — Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

3.25 Financial Instrument**Initial recognition**

The Group recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities that are not at fair value through profit or loss are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

Subsequent measurement

Non-derivative financial instruments

(i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(ii) Financial assets at fair value through other comprehensive income

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The Group has made an irrevocable election for its investments which are classified as equity instruments to present the subsequent changes in fair value in other comprehensive income based on its business model. Further, in cases where the Group has made an irrevocable election based on its business model, for its investments which are classified as equity instruments, the subsequent changes in fair value are recognized in other comprehensive income.

(iii) Financial assets at fair value through profit or loss

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

(iv) Financial liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

(v) Equity instruments

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

3.26 Impairment of financial assets

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.

However, 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 measures the loss allowance at an amount equal to lifetime 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.

3.27 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

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

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.

3.28 Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations discharged, cancelled or have expired. An exchange between with a lender of debt instruments substantially different terms is accounted for as an extinguishment of the original financial liability the recognition of a new financial liability. Similarly, a substantial modification of the terms of 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 financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in the statement of profit and loss.

3.29 Business Combinations

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

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.

4) Critical Accounting Judgements and Key Sources of Estimation Uncertainty

4.1 Critical Accounting Judgements

The Following are the critical judgments that the directors have made in the process of applying the Group accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements:

a. Note 49 disclosed in the notes to financial statements describes certain matters relating to order/notice received from Chennai Metropolitan Development Authority (CMDA). The Group, based on legal advice, believes that the above Order /Notice issued by CMDA are contestable and the same prima facie would not result in adverse impact on its operations as the Group has fair chance of success in its Appeal/Writ petition.

b. Status of Composite scheme of Amalgamation and Arrangement:

Note 50 disclosed in the notes to financial statements describes the status of composite scheme of amalgamation and arrangement that include management assessment of Composite Scheme of Amalgamation which is subject to various judiciary, regulatory and other required approvals. Pending such approvals the directors of the company has assessed that the slump sale of hospital business has not been classified as held for sale and discontinued operations as on March 31, 2017 duly considering the requirement of Ind AS 105 regarding highly probable occurrence of transaction.

c. Accounting for service agreement:

The Company has entered into Hospital and Medical Services Agreement ("HMSA") with Fortis Health Management Limited (FHML) (Group Company of RHT Health Trust Group of companies ('RHT')) wherein the FHML is required to provide, maintain and operate the Clinical Establishments (including infrastructure, fixtures and fittings etc.) in accordance with the agreement.

The clinical establishments owned by FHML 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.

The 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 the Company's right to use the Fortis Health Management Limited's Clinical Establishment.

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 Companies' net operating income in accordance with the HMSA.

The Group has analysed increase in base fee payments and has determined that such increase is to compensate Fortis Health Management Limited's for the expected cost inflation, being in line with general cost inflation; accordingly, the base fee has been recognized as an expense without factoring the inflationary increase of 3% year on year on a straight-lined over the lease term.

4.2 Key Sources of Estimation

Inherent in the application of many of the accounting policies used in preparing the consolidated Financial Statements is the need for Management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual outcomes could differ from the estimates and assumptions used.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

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

- a. Useful lives of Property, plant and equipment (Refer Note 3.14)
- b. Assets and obligations relating to employee benefits (Refer Note 3.11)
- c. Valuation and measurement of income taxes and deferred taxes (Refer Note 3.13)
- d. Expected Credit Loss:

The impairment provisions for trade receivables is based on assumptions about risk of default and expected loss rates. The Group uses judgements in making certain assumptions and selecting inputs to determine impairment of these trade receivables, based on the Group's historical experience towards potential billing adjustments, delays and defaults at the end of each reporting period.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

5(a) Property, Plant and Equipment - Owned/Acquired

Particulars	Plant & Machinery	Medical Equipments	Furniture & Fittings	Computers	Office Equipments	Vehicles	Total
Gross Block							
As at April 1, 2015 (Deemed Cost)	14,010,767	145,923,170	9,711,840	5,041,131	-	915,065	175,601,973
Additions	755,452	66,048,491	7,305,128	501,984	2,005,156	-	76,616,211
Disposals	-	-	-	-	-	(915,065)	(915,065)
Other adjustments#	-	(9,146,788)	-	-	-	-	(9,146,788)
As at March 31, 2016	14,766,219	202,824,873	17,016,968	5,543,115	2,005,156	-	242,156,331
Additions	1,487,674	25,586,102	1,611,292	2,110,109	730,077	8,211,660	39,736,914
Disposals	(105,000)	(170,514)	-	-	-	-	(275,514)
Other adjustments	-	(709,020)	-	-	-	-	(709,020)
As at March 31, 2017	16,148,893	227,531,441	18,628,260	7,653,224	2,735,233	8,211,660	280,908,711
Accumulated Depreciation							
As at April 1, 2015	-	-	-	-	-	-	-
Charge for the year	1,305,962	19,658,543	1,787,976	5,297,360	64,034	213,919	28,327,794
Disposals	-	-	-	-	-	(213,919)	(213,919)
As at March 31, 2016	1,305,962	19,658,543	1,787,976	5,297,360	64,034	-	28,113,875
Charge for the year	1,315,587	26,122,827	2,022,715	2,225,661	537,663	888,659	33,113,112
Disposals	(28,585)	(57,857)	-	-	-	-	(86,442)
Other adjustments	-	(27,262)	-	-	-	-	(27,262)
As at March 31, 2017	2,592,964	45,696,251	3,810,691	7,523,021	601,697	888,659	61,113,283
Net Block(As at April 1, 2015)	14,010,767	145,923,170	9,711,840	5,041,131	-	915,065	175,601,973
Net Block(As at March 31, 2016)	13,460,257	183,166,330	15,228,992	245,755	1,941,122	-	214,042,456
Net Block(As at March 31, 2017)	13,555,929	181,835,190	14,817,569	130,203	2,133,536	7,323,001	219,795,428

Represents Assets classified as held for sale

5(b) Intangible Assets under Development

Intangible Assets Under Development as at March 31, 2017 of ₹ 6,015,570 (As at March 31, 2016 of ₹ 3,595,516 and April 1, 2015 of ₹ 6,422,636) includes advance paid to M/s. Healthfore Technologies Limited for development of software. Also Refer Note 35.

6. Other intangible assets

Particulars	Software Amount in ₹
Gross Block	
As at April 1, 2015	1,470,804
Additions	32,759,663
Deletions	–
As at March 31,2016	34,230,467
Additions	1,434,697
Deletions	–
As at March 31,2017	35,665,164
Amortization and impairment	
As at April 1, 2015	–
Charge for the year	3,250,182
Impairment	–
Deletions	–
As at March 31,2016	3,250,182
Charge for the year	6,295,915
Impairment	–
Deletions	–
As at March 31,2017	9,546,097
Net block	
As at April 1, 2015	1,470,804
As at March 31,2016	30,980,285
As at March 31,2017	26,119,067

7. Other Financial Assets

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non Current			
Unsecured, considered good			
Security Deposits	3,450,787	3,544,250	2,956,750
Advance to Related Parties (Refer Note 35)	2,432,150	2,649,420	2,843,617
Total	5,882,937	6,193,670	5,800,367

8. Deferred Tax (Net)

[Also Refer Note 43(iv)]

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Tax Assets			
With respect to Holding Company			
Tax effect of items constituting deferred tax assets:			
- Employee Benefits	11,077,079	7,432,956	4,931,294

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Allowance for Credit Losses/Others <i>With respect to Subsidiary</i>	9,682,040	6,131,235	4,958,725
- Allowance for Credit Losses/Others	154,441	145,372	125,420
	20,913,560	13,709,563	10,015,439
Deferred Tax Liabilities <i>With respect to Holding Company</i>			
Tax effect of items constituting deferred tax liabilities:			
- Property Plant & Equipment	10,618,999	16,871,398	12,154,985
	10,618,999	16,871,398	12,154,985
Total	10,294,561	(3,161,835)	(2,139,546)

9. Tax Assets and Liabilities

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income Tax Assets			
Non-Current <i>With respect to Holding Company</i>			
- Advance Income Tax (net of provision for taxation)	66,395,362	7,335,448	-
<i>With respect to Subsidiary</i>			
- Advance Income Tax (net of provision for taxation)	-	13,084,158	11,429,375
	66,395,362	20,419,606	11,429,375
Current Tax Liabilities <i>With respect to Holding Company</i>			
- Income Tax Payable (net of advance tax)	570,879	570,879	570,879
<i>With respect to Subsidiary</i>			
- Income Tax Liability (net of advance tax)	215,561	-	-
	786,440	570,879	570,879

10. Other Non-current Assets

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Capital Advances	542,251	221,273	1,183,360
Prepaid Expenses	3,000,298	3,582,032	1,236,292
Sub-Total	3,542,549	3,803,305	2,419,652
Provision for Doubtful Advances	(240,240)	-	-
Total	3,302,309	3,803,305	2,419,652
Note:			
- Considered Good	3,302,309	3,803,305	2,419,652
- Considered Doubtful	240,240	-	-
	3,542,549	3,803,305	2,419,652

11. Inventories

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Medical Consumables and Drugs	23,122,044	26,114,509	10,021,258
Total	23,122,044	26,114,509	10,021,258

12. Trade Receivables

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
(a) Unsecured, considered good	55,768,805	60,120,155	42,075,819
(b) Doubtful	21,625,446	12,782,003	14,026,611
	77,394,251	72,902,158	56,102,430
Less: Allowance for Credit Losses	(21,625,446)	(12,782,003)	(14,026,611)
	55,768,805	60,120,155	42,075,819

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 balance regardless the age of the balance. There are 3 customers having an aggregate outstanding of ₹ 19,276,644 who represents more than 5% of the total balances of trade receivable as at March 31, 2017. The risk of non-payment from these customers is considered low.

The Group uses judgements in making certain assumptions and selecting inputs to determine the impairment of these trade receivables, based on the Group's historical experience towards potential billing adjustments, delays and defaults at the end of the reporting period. The provision matrix at the end of the reporting period is as follows:

Ageing	Expected Credit Loss Allowance (%)
0 - 1 year	0% - 50%
1 - 2 years	15% - 100%
2 - 3 years	40% - 100%
More than 3 years	70% - 100%

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
<u>Ageing of receivables</u>			
0 - 1 year	53,671,679	69,878,843	50,704,134
1 - 2 years	20,424,640	2,713,839	2,114,571
2 - 3 years	3,235,291	281,557	2,946,335
More than 3 years	62,641	27,919	337,390
	77,394,251	72,902,158	56,102,430

The Group has recorded an allowance of ₹ 21,625,446 (as at March 31, 2016 : ₹ 12,782,003, April 1, 2015: 14,026,611) towards trade receivables. The Management believes that there is no further allowance required.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

13(a) Cash and Cash Equivalents

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	683,727	1,032,070	1,660,415
Balances with Banks			
- Current Accounts	9,151,337	14,484,432	4,238,156
- Deposits with original maturity of less than three months	62,500,000	17,645,751	152,314,721
Total	72,335,064	33,162,253	158,213,292

13(b) Other Bank Balances

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unpaid Dividend Account	1,573,269	951,845	580,338
Deposits with original maturity of less than 3 months under Lien	-	-	2,500,000
Deposits with original maturity of more than 3 months but less than 12 months			
(i) Free of Lien	2,500,000	191,237,238	-
(ii) Under Lien	-	27,500,000	25,000,000
Total	4,073,269	219,689,083	28,080,338

14. Loans

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good			
Intercorporate deposits to related parties (Refer Note 46)	695,500,000	613,000,000	613,000,000
Total	695,500,000	613,000,000	613,000,000

15. Other Financial Assets

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured, considered good			
Security deposits	2,500,000	2,500,000	-
Interest accrued but not due on loans and deposits			
(i) Inter Corporate Deposits	65,321,362	15,806,457	14,283,740
(ii) Fixed Deposit with banks	299,075	6,613,444	6,478,154
Advances to Related Parties (Refer Note No. 35)	-	-	934,296
Loans & Advances to Employees	1,686,477	2,705,927	1,470,870
Contractually Reimbursable Expenses	2,768,421	2,116,800	1,944,300
Unbilled Revenue from Undischarged Patients/Others	33,290,008	22,925,085	21,010,833
Total	105,865,343	52,667,713	46,122,193

16. Other Assets

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Unsecured			
Advance to Vendors	470,222	1,591,631	565,955
Prepaid Expenses	5,001,927	3,197,894	6,949,260
Accrued Incentive	6,825,276	7,278,750	5,352,813
Total	12,297,425	12,068,275	12,868,028

17. Assets classified as held for sale

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Assets held for sale	–	6,095,238	–
	–	6,095,238	–

18. Share Capital

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised Shares			
30,000,000 (March 31, 2016: 30,000,000 and March 31, 2015: 30,000,000) Equity shares of ₹10/- each	300,000,000	300,000,000	300,000,000
Total authorised share capital	300,000,000	300,000,000	300,000,000
Issued			
18,694,759 (March 31, 2016: 18,636,009 and March 31, 2015: 18,624,759) Equity shares of ₹10/- each	186,947,590	186,360,090	186,247,590
	186,947,590	186,360,090	186,247,590
Subscribed and Paid Up			
18,664,259 (March 31, 2016 : 18,605,509 and March 31, 2015 : 18,594,259) Equity Shares of ₹ 10/- each fully paid up	186,642,590	186,055,090	185,942,590
30,500 (March 31, 2016 : 30,500 and March 31, 2015 : 30,500) Equity Shares of ₹ 10 each (₹ 5 paid up) Forfeited	152,500	152,500	152,500
Total	186,795,090	186,207,590	186,095,090

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Notes :**(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year****Equity Shares**

Particulars	Year Ended March 31, 2017		Year Ended March 31, 2016		As at April 1, 2015	
	Number	Amount in ₹	Number	Amount in ₹	Number	Amount in ₹
At the beginning of the year	18,636,009	186,207,590	18,624,759	186,095,090	18,624,759	186,095,090
Issued during the year: Employee Stock Option Plan (ESOP)	58,750	587,500	11,250	112,500	–	–
Outstanding at the end of the year	18,694,759	186,795,090	18,636,009	186,207,590	18,624,759	186,095,090

During the year ended 31 March 2017, 58,750 Equity Shares of ₹ 10 each at a premium of ₹ 16.20 each were allotted to eligible employees under the Group's Employees Stock Option Scheme (ESOP). The balance outstanding employee stock options as at 31 March 2017 is 160,000. (Refer Note (e) below)

(b) Terms/rights attached to equity shares

The Group 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. The Group declares and pays dividends in Indian rupees. The dividend proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting, except in the case of interim dividend.

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

(c) Shares held by the holding/ ultimate holding company and/or their subsidiaries/associates

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Number	In Rupees	Number	In Rupees	Number	In Rupees
Fortis Hospitals Limited, the Holding Company (Equity Shares of ₹10 each)	11,752,402	117,524,020	11,752,402	117,524,020	11,752,402	117,524,020

(d) Details of shares held by each shareholder holding more than 5% shares:**Equity Shares**

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
Fortis Hospitals Limited, the Holding Company	11,752,402	62.97%	11,752,402	63.17%	11,752,402	63.20%

(e) As at 31 March 2017, 160,000 equity shares (As at 31 March 2016 218,750 equity shares) of ₹ 10 each were reserved towards outstanding employee stock options granted / available for grant. (Refer Note 39)

(f) Also Refer Note 50

19. Other Equity

Particulars	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
Reserve and Surplus		
(A) Securities Premium Account		
Opening balance	93,515,570	93,333,320
Add : Premium on shares issued during the year	951,750	182,250
Closing balance	94,467,320	93,515,570
(B) Surplus in the statement of profit and loss		
Opening balance	696,703,351	643,973,952
Add: (a) Profit for the year	31,143,143	64,174,026
(b) Remeasurement of defined employee benefit plans (net of taxes)	(2,440,504)	(254,820)
	725,405,990	707,893,158
Less: Appropriations :		
(a) Final equity dividend distributed for the financial year 2015-16 (Previous Year 2014-15) [amount per share ₹ 0.50 (Previous year ₹ 0.50)]	(9,314,630)	(9,298,493)
(b) Dividend distribution tax on dividend	(1,896,240)	(1,891,314)
Net Surplus in the Statement of Profit and Loss	714,195,120	696,703,351
Total (A+B)	808,662,440	790,218,921

20. Provisions

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Non-Current			
Provision for Gratuity	6,583,462	309,180	254,788
	6,583,462	309,180	254,788

21. Trade Payable

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
- Dues of Micro and Small Enterprise (Refer Note 17)	3,355,751	343,000	-
- Others	138,131,194	210,875,336	132,460,986
	141,486,945	211,218,336	132,460,986

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

22. Other Financial Liabilities

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Security Deposits	478,000	411,500	1,714,870
Unpaid Equity Dividend	1,573,269	951,845	580,338
Capital Creditors	10,876,826	3,211,059	4,024,702
Payable to Related Parties (Refer Note No. 35)	1,493,511	-	-
	14,421,606	4,574,404	6,319,910

23. Provisions

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current			
Provision for Gratuity	6,286,347	5,470,241	3,716,063
Provision for Compensated Absences	10,177,000	6,388,000	3,077,000
	16,463,347	11,858,241	6,793,063

24. Other Current Liabilities

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance from Patients/Amounts Unclaimed by Patients	123,042,513	83,652,600	31,247,853
Statutory Payables (PF / ESI, TDS etc.)	8,630,632	10,180,078	10,336,348
	131,673,145	93,832,678	41,584,201

25. Revenue from Operations

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
(a) Sale of Services (Refer Note below)		
In-Patient	1,185,175,321	1,075,999,984
Out-Patient	185,451,499	186,548,822
Sub Total (a)	1,370,626,820	1,262,548,806
(b) Sales of Medical Consumables and Drugs		
Medical Consumables and Drugs (Also Refer Note 35(iii))	29,757,268	30,382,741
Sub Total (b)	29,757,268	30,382,741
(c) Other Operating Revenue		
Income from Service Exports From India Scheme (SEIS)	2,337,276	2,374,161
Other Operating Income	2,877,402	802,084
Sub Total (c)	5,214,678	3,176,245
Total (a)+(b)+(c)	1,405,598,766	1,296,107,792

Note:

Discounts and Deductions amounting to ₹ 8,642,014 (Year Ended March 31, 2016 - ₹12,582,128) are netted against Sale of In-Patient and Out-Patient Services.

26. Other Income

(Amount in ₹)		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
(a) Interest Income on		
- Bank Deposits	7,181,963	15,244,891
- Inter Corporate Deposits	66,500,374	64,541,340
- Interest on Income Tax Refund	1,918,963	-
- Interest on Financial Assets carried at Amortised Cost	494,187	467,221
Sub Total (a)	76,095,487	80,253,452
(b) Other Non-Operating Income		
- Income from Facility Rentals	3,090,000	-
- Liabilities no longer required written back	265,653	-
- Bad Receivables written off earlier recovered	244,008	-
Sub Total (b)	3,599,661	-
Total (a)+(b)	79,695,148	80,253,452

27. Increase / decrease in inventories of medical consumables and drugs

(Amount in ₹)		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Inventory at the beginning of the year	26,114,509	10,021,258
Inventory at the end of the year (Also Refer Note 35(iii))	23,122,044	26,114,509
	2,992,465	(16,093,251)

28. Employee Benefits Expense

(Amount in ₹)		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Salaries and Bonus	174,721,638	151,971,287
Contribution to Provident and Other Funds (Refer Note 40)	11,292,805	9,535,893
Staff Welfare Expenses	15,040,111	16,818,417
	201,054,554	178,325,597

29. Finance Costs

(Amount in ₹)		
Particulars	Year ended March 31, 2017	Year ended March 31, 2016
Credit Card / Bank charges	4,536,332	4,033,267
Interest on delayed payment of Income Tax	44,503	330
	4,580,835	4,033,597

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

30. Depreciation and Amortisation Expense

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation of Tangible Assets	33,113,112	28,327,794
Amortisation of Intangible Assets	6,295,915	3,250,182
	39,409,027	31,577,976

31. Other Expenses

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Contractual Manpower	16,460,224	15,001,691
Power, Fuel and Water	27,393,944	27,559,843
Housekeeping Expenses including Consumables	6,038,879	6,584,526
Patient Food and Beverages	12,443,512	14,982,110
Pathology Laboratory Expenses	60,115,686	60,853,593
Consultation Fees to Doctors	131,157,790	123,741,942
Professional Charges to Doctors	288,820,609	222,484,328
Clinical Establishment Fee (Refer Note 31.2 below)	200,316,786	188,751,956
Repairs and Maintenance		
- Building	108,447	1,057,460
- Plant and Machinery	23,081,662	19,007,878
- Others	5,356,757	8,630,570
Rent		
- Equipments	5,139,562	4,229,919
- Hospital Buildings, Offices and Labs	3,515,725	1,596,600
- Others	6,501,799	6,590,451
Legal and Professional Fee	12,284,345	6,802,012
Subscription Fee	1,387,475	622,873
Travel and Conveyance	9,088,221	13,500,103
Rates and Taxes	248,750	213,188
Printing and Stationery	6,578,936	8,362,006
Communication Expenses	8,482,924	5,276,682
Directors' Sitting Fees	1,579,875	1,335,135
Insurance	5,136,741	4,884,923
Marketing and Business Promotion	48,351,705	30,558,453
Loss on disposal of Property, Plant and Equipment (Net)	153,375	3,051,550
Auditors' Remuneration (Refer Note 31.1 below)	1,277,619	1,278,471
Allowance for Credit Losses	8,843,443	6,903,291
Provision for Doubtful Advances	240,240	-
Bad Receivables and Sundry Balances Written off	-	8,147,899
Less: Release from Provision for Doubtful Receivables	-	(8,147,899)
Bad Receivables/Advances Written off (net)	-	-
Corporate Social Responsibility Expenses (Refer Note 47)	4,924,462	2,739,439
Miscellaneous Expenses	3,382,145	1,980,663
	898,411,638	788,581,656

31.1 Payments to Auditors

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
For Statutory Audit	850,000	850,000
For Tax Audit	50,000	50,000
For Other Services	200,000	200,000
For Service Tax	171,899	159,125
For Reimbursement of Expenses	5,720	19,346
	1,277,619	1,278,471

31.2 Represents amount paid towards various services such as providing, maintaining and operating the Clinical Establishment (including infrastructure, fixtures and fittings etc.), out-patient department services, radio diagnostic services and other ancillary services provided by Fortis Health Management Limited to the Group in accordance with the agreement. Also refer Note 3(d).

32. Exceptional Items

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Provision for Bonus	–	5,115,031
	–	5,115,031

Note:

Exceptional item for the year ended March 31, 2016 represents provision made by the Group for additional Bonus for financial year 2014-15 as well as for the relevant period for the financial year 2015-16, as per the Payment of Bonus (Amendment) Act, 2015.

33. Income tax recognised in profit or loss

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Current Tax (including prior years)		
In respect of the current year	23,099,144	34,181,140
In respect of prior years	2,696,705	–
	25,795,849	34,181,140
Deferred Tax		
Deferred Tax (Net) (Refer Note 43(ii))	(12,252,618)	1,157,895
	(12,252,618)	1,157,895

34. Other Comprehensive Income

Particulars	(Amount in ₹)	
	Year ended March 31, 2017	Year ended March 31, 2016
Items that will not be reclassified to profit or loss		
Remeasurements of the defined benefit plans (Refer Note 40 (II)(a))	(3,644,282)	(390,426)
	(3,644,282)	(390,426)

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

35. Related party disclosures

Names of related parties and related party relationship

Description of Relationship	Financial Year 2016-2017	Financial Year 2015-2016
Ultimate Holding Company	Fortis Healthcare Limited	Fortis Healthcare Limited
Holding Company	Fortis Hospitals Limited	Fortis Hospitals Limited
Associate of the Holding Company	Healthfore Technologies Limited	Healthfore Technologies Limited
	Fortis Health Management Limited	Fortis Health Management Limited
Fellow Subsidiary or Entities Under Common Control	SRL Limited	SRL Limited
	Lalitha Healthcare Private Limited	Lalitha Healthcare Private Limited
	Escorts Heart Institute and Research Centre Limited	Escorts Heart Institute and Research Centre Limited
	RWL Healthworld Limited	
Key Management Personnel	Mr. Raghunath P, Whole time Director (Until September 30, 2016)	Mr. Raghunath P, Whole time Director
	Mr. Meghraj Gore, Whole time Director (From October 1, 2016)	
	Mr. Akshaya Kumar Singh , Chief Financial Officer (Until February 27, 2017)	Mr. Akshaya Kumar Singh, Chief Financial Officer
	Mr. Sumit Goel (Company Secretary) (Until May 1, 2017)	Mr. Sumit Goel (Company Secretary)

The schedule of Related Party Transactions is as follows:

(Amount in ₹)			
Transaction	Related Party	Financial Year 2016-2017	Financial Year 2015-2016
INCOME			
Sale of Medical Consumables & Drugs	Fortis Health Management Limited	-	756,324
	RWL Healthworld Limited	1,531,342	-
Interest on Inter Corporate Deposit	Escorts Heart and Research Institute Limited	66,500,374	64,541,340
EXPENSES			
Pathology Laboratory and Radiology Expenses	SRL Limited	58,887,178	57,223,438
Professional Charges to Doctors	SRL Limited	482,400	-
Contractual Manpower	SRL Limited	482,588	-
Clinical Establishment Fee	Fortis Health Management Limited	200,316,786	188,751,956
Communication Expenses	Healthfore Technologies Limited	258,218	-
Purchase of Medical Consumable and Drugs	Fortis Hospitals Limited	-	2,112,626
Recovery of Expenses incurred on behalf of Other Companies	Fortis Healthcare Limited	6,396,321	16,013,659
	Fortis Hospitals Limited	-	25,937
	Lalitha Healthcare Private Limited	-	67,567
	Fortis Health Management Limited	-	1,071,676
Reimbursement of Expenses incurred by Other Companies on behalf of the Company	Fortis Healthcare Limited	226,915	1,360,553
	Fortis Hospitals Limited	561,800	1,403,341
	Fortis Health Management Limited	26,600,940	26,966,004

(Amount in ₹)

Transaction	Related Party	Financial Year 2016-2017	Financial Year 2015-2016
Managerial Remuneration	Mr. Raghunath. P	2,265,876	4,110,344
	Mr. Meghraj Gore	4,223,970	–
	Mr. Akshaya Kumar Singh	1,562,421	1,654,245
OTHERS			
Purchase of Medical Equipments	Fortis Healthcare Limited	–	26,829,457
Purchase of Intangible Assets – Software	Fortis Healthcare Limited	–	25,256,438
Inter Corporate Deposits given	Escorts Heart and Research Institute Limited	125,000,000	–
Inter Corporate Deposits repaid	Escorts Heart and Research Institute Limited	42,500,000	–
Advance for Purchase of Intangible Assets – Software	Healthfore Technologies Limited	2,420,054	–

BALANCES AT THE END OF THE YEAR

(Amount in ₹)

Transaction	Related Party	Financial Year 2016-2017	Financial Year 2015-2016
Trade Payable	Fortis Healthcare Limited	–	42,670,754
	SRL Limited	8,532,486	4,194,302
	Fortis Health Management Limited	4,918,026	57,740,524
	Healthfore Technologies Ltd.	261,644	5,280
Other Financial Liabilities	Fortis Healthcare Limited	1,493,511	–
Prepaid Expense	Fortis Health Management Limited	936,784	1,236,292
Intangible Assets Under Development	Healthfore Technologies Ltd.	6,015,570	3,595,516
Contractually Reimbursable Expenses	Fortis Healthcare Limited	2,768,421	2,116,800
Other Financial Assets - Non-Current	Fortis Health Management Limited	2,432,150	2,649,418
Capital Creditors	Fortis Hospitals Limited	–	28,000
Inter Corporate Deposits Placed	Escorts Heart and Research Institute Limited	695,500,000	613,000,000
Interest Accrued But not Due	Escorts Heart and Research Institute Limited	65,321,362	15,806,457

Notes:

- (i) The Group accounts for costs incurred by / on behalf of the Related Parties based on the actual invoices / debit notes raised and accruals as confirmed by such related parties. The Related Parties have confirmed to the Management that as at 31 March 2017, 31 March 2016 and 31 March 2015 there are no further amounts payable to / receivable from them, other than as disclosed above.
- (ii) Subsequent to the year ended March 31, 2017, the Company has appointed Mr. Vijayasathy D, Chief Financial Officer and Ms. Trapti Kushwaha, Company Secretary with effect from May 23, 2017.
- (iii) During the current year, the Company has transferred its outpatient pharmacy inventories to RWL Healthworld Limited (a group entity under common control) based on the carrying value of inventories as on the date of transfer (i.e. January 3, 2017).
- (iv) Also Refer Note 50

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

36. Leases**Assets taken on Operating Lease:**

The Group has operating lease agreements primarily for hospital management, medical equipments and office/nursing accommodation etc., the lease terms of which are for a period ranging between 11 months to 15 years. During the year ended March 31, 2017, an amount of ₹15,157,086 (March 31, 2016 - ₹12,416,970) was paid towards lease rentals and other charges for the office space/nursing accommodation and ₹ 200,316,786 (March 31, 2016 - ₹ 188,751,956) towards Clinical Establishment Fee (including variable fee).

The total future minimum lease payments under the non-cancellable operating leases are as under:

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Minimum lease payments :			
Not later than one year	108,017,207	104,556,512	94,520,886
Later than one year but not later than five years	466,619,505	452,408,432	407,303,333
Later than five years	650,242,531	772,470,811	839,618,983

37. Commitments

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Estimated amount of contracts remaining to be executed on capital account, net of advances w.r.t. Tangible and Intangible Assets	14,664,877	18,782,064	83,93,299
Bank guarantee to Fortis Health Management Limited	31,500,000	29,400,000	29,400,000

38. Contingent liabilities (not provided for) in respect of

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Claims against the Group not acknowledged as debts (in respect of compensation claims by the patients / their relatives). (Refer Note below)	117,416,872	115,078,820	82,269,842

Note:

The cases are pending with various Consumer Disputes redressal Commissions. The Group has been advised by its legal counsel that it is possible, but not probable, the action will succeed and accordingly no provision for liability has been recognized in the financial statements.

39. Employee Stock Option Plan

Employees (including senior executives) of the Group 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 the Parent Company on 31st July 2008/28th May 2009 and by shareholders in the annual general meeting held on 29th September, 2008 /21st August 2009. The following are some of the important conditions to the scheme: The details of activity under the Plan have been summarized below:

Stock Options granted

The weighted average fair value of stock options granted during the year is Rupees 98.90. The Black - Scholes valuation model has been used for computing the weighted average fair value considering the following inputs:

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 shall be deemed to have come in to force on the 21 August 2009 or on such other date as may be prescribed by the board of directors of the Parent Company subject to the approval of shareholders of the company in general meeting.

Particulars	March 31, 2017		March 31, 2016		April 1, 2015	
	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)	Number of options	Weighted Average Exercise Price (₹)
Outstanding at the beginning of the year	218,750	26.2	230,000	26.2	230,000	26.2
Granted during the year	-	-	-	-	-	-
Forfeited during the year	-	-	-	-	-	-
Exercised during the year	(58,750)	26.2	(11,250)	26.2	-	-
Expired during the year	-	-	-	-	-	-
Outstanding at the end of the year	160,000	26.2	218,750	26.2	230,000	26.2
Exercisable at the end of the year	160,000	26.2	218,750	26.2	230,000	26.2

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, 2017	March 31, 2016	April 1, 2015
Grant Date share price	26.2	26.2	26.2
Exercise Price (in Rupees)	26.2	26.2	-
Expected Volatility*	67.42%	67.42%	67.42%
Life of the options granted (Vesting and exercise period) in years	5	5	5
Expected dividends	₹ 0.00	₹ 0.50	₹ 0.50
Average risk-free interest rate	7.50%	7.50%	7.50%
Expected dividend rate	0%	5%	5%

*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.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

As at April 1, 2015, being the transition date, all outstanding stock options were vested. Accordingly, the Group elected to use the intrinsic value method to account such options and there is no stock compensation expense for the year ended March 31, 2017 and March 31, 2016.

40. Employee benefits**(I) Defined Contribution Plan**

The Group makes Provident Fund contributions to defined contribution plans for qualifying employees. Under the Scheme, the Group is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to these plans by the Group are at rates specified in the rules of the scheme. The Group's contribution to Provident Fund aggregating ₹ 8,459,699 (Previous Year: ₹ 7,304,192) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(II) Defined Benefit Plans

The Group 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 to a maximum limit prescribed as per the provisions of Payment of Gratuity Act, 1972. Vesting occurs upon completion of 5 years of service.

(a) Amount recognised in the statement of profit & loss in respect of the defined benefit plan are as follows

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Amounts recognised in Statement of Profit & Loss in respect of these defined benefit plans are as follows:		
Service Cost		
- Current Service Cost	2,440,941	2,125,793
Net interest expense	392,165	105,908
Components of defined benefit costs recognised in profit or loss	2,833,106	2,231,701
Remeasurement on the net defined benefit liability:		
Return on plan assets (excluding amount included in net interest expense)	(65,000)	-
Actuarial gains and loss arising from changes in financial assumptions	1,378,436	3,754
Actuarial gains and loss arising from experience adjustments	2,330,846	386,672
Components of defined benefit costs recognised in other comprehensive income	3,644,282	390,426
Total	6,477,388	2,622,127

- (i) The current service cost and interest expense for the year are included in the "Employee Benefit Expenses" in the statement of profit & loss under the line item "Contribution to Provident and Other Funds"
- (ii) The remeasurement of the net defined benefit liability is included in other comprehensive income.

- (b) The amount included in the balance sheet arising from the entity's obligation in respect of defined benefit plan is as follows :

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I. (Net Asset)/Liability recognised in the Balance Sheet			
1. Present value of defined benefit obligation as at 31 March	26,878,809	18,720,421	15,923,851
2. Fair value of plan assets as at 31 March	14,009,000	12,941,000	11,953,000
3. (Surplus) / Deficit	12,869,809	5,779,421	3,970,851
4. Current portion of the above	6,286,347	5,470,241	3,716,063
5. Non current portion of the above	6,583,462	309,180	254,788

- (c) Movement in the present value of the defined benefit obligation are as follows :

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Change in the obligation during the year ended 31 March		
Present value of defined benefit obligation at the beginning of the year	18,720,421	15,923,851
Expenses Recognised in Statement of Profit and Loss:		
- Current Service Cost	2,440,941	2,125,793
- Past Service Cost	-	-
- Interest Expense (Income)	1,395,165	1,211,908
Recognised in Other Comprehensive Income:		
Remeasurement gains/(losses)		
- Actuarial Gain (Loss) arising from:		
i. Demographic Assumptions	-	-
ii. Financial Assumptions	1,378,436	289,311
iii. Experience Adjustments	2,330,846	-
Benefit payments	(1,445,000)	(830,442)
Acquisitions (Credit)/Cost	2,058,000	-
Present value of defined benefit obligation at the end of the year	26,878,809	18,720,421

- (d) Movement in fair value of plan assets are as follows :

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Change in fair value of assets during the year ended 31 March		
Fair value of plan assets at the beginning of the year	12,941,000	11,953,000
Expenses Recognised in Statement of Profit and Loss:		
- Expected return on plan assets	1,003,000	1,106,000
Recognised in Other Comprehensive Income:		

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	(Amount in ₹)	
	For the year ended March 31, 2017	For the year ended March 31, 2016
Remeasurement gains / (losses)		
- Actuarial gains and loss arising from changes in financial assumptions	-	(118,000)
- Return on plan assets (excluding amount included in net interest expense)	65,000	-
Contributions by employer	-	(813,557)
Benefit payments	-	813,557
Fair value of plan assets at the end of the year	14,009,000	12,941,000

(e) The fair value of plan assets plan at the end of the reporting period are as follows:

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Insurer Managed Funds			
- Life Insurance Corporation of India	14,009,000	12,941,000	11,953,000

Estimated amount of contribution to the funds during the year ended March 31, 2018 as estimated by the management is ₹ 6,185,000 (March 31, 2017 is ₹ 5,416,000 and March 31, 2016 is ₹ 3,672,000).

(f) The principal assumptions used for the purpose of actuarial valuation were as follows :

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Discount rate	7.25%	7.75%	7.75%
Expected rate of salary increase	7.50%	7.50%	7.50%
Expected return on plan assets	7.25%	9.25%	9.25%
Withdrawal Rate (Parent)			
Ages From 20 - 30	18.00%	18.00%	18.00%
Ages From 31 - 44	6.00%	6.00%	6.00%
Ages From 45 - 58	2.00%	2.00%	2.00%
Withdrawal Rate (Subsidiary)	4.00%	4.00%	4.00%
Expected average remaining working life *	10 years	10 years	10 years
Mortality	IALM 2006-08(UIt)	IALM 2006-08(UIt)	IALM 2006-08(UIt)

* Based on India's standard mortality table with modification to reflect the expected changes in mortality/ others

Significant actuarial assumptions for the determination of defined obligation are discount rate, expected salary increase rate and mortality. The sensitivity analysis below have been determined based on reasonably possible changes of the respective assumptions occurring at the end of the reporting period while holding all other assumptions constant:

- (i) If the discount rate is 50 basis point higher (lower) the defined benefit obligation would decrease by ₹ 1,902,372 (increase by ₹ 1,816,604) (As at March 31, 2016 ; decrease by ₹ 1,338,983 (increase by ₹ 1,281,147).

- (ii) If the expected salary growth rate increase/(decreases) by 0.50% to 1% the defined benefit obligation would increase by ₹ 3,413,937 (decrease by ₹ 3,026,944) (As at March 31, 2016 ; increase by ₹ 2,392,563 (decrease by ₹ 2,120,512).
- (iii) If the life expectancy increases (decreases) by one year for men and women the defined benefit obligation would increase by ₹ 969,768 (decrease by ₹ 1,001,786) (As at March 31, 2016 ; increase by ₹ 691,019 (decrease by ₹ 712,764).

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligations as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

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

(g) Experience Adjustments:

(Amount in ₹)					
Experience Adjustments	For the year ended March 31, 2017	For the year ended March 31, 2016	For the year ended March 31, 2015	For the year ended March 31, 2014	For the year ended March 31, 2013
Defined Benefit Obligation	26,878,809	18,720,421	15,923,851	13,114,318	10,330,000
Fair value of plan assets	14,009,000	12,941,000	11,953,000	10,946,000	8,017,000
Surplus/(Deficit)	(12,869,809)	(5,779,421)	(3,970,851)	(2,168,318)	(2,313,000)
Experience adjustment on plan liabilities [(Gain)/Loss]	2,330,846	285,557	(1,443,000)	(2,508,000)	388,000
Assumptions adjustment on plan assets [Gain/(Loss)]	84,154	(118,000)	(215,000)	(34,000)	11,000

41. Financial Instruments

(I) Capital Management

The Group manages its capital to ensure that it is able to continue as going concern while maximising the return to the stakeholders through the optimisation of the equity balance.

(II) Categories of Financial Instruments

(a) Financial Assets

(Amount in ₹)			
Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)			
- Security Deposits	3,450,787	3,544,250	2,956,750
- Advance to Related Parties	2,432,150	2,649,420	2,843,617
Measured at amortised cost			
- Trade receivables	55,768,805	60,120,155	42,075,819
- Cash and Bank balances	76,408,333	252,851,336	186,293,630
- Loans	695,500,000	613,000,000	613,000,000
- Other financial assets	105,865,343	52,667,713	46,122,193

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(b) Financial Liabilities

Particulars	(Amount in ₹)		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Measured at fair value through profit or loss (FVTPL)	–	–	–
Measured at amortised cost			
- Trade Payables	141,486,945	211,218,336	132,460,986
- Other Financial Liabilities	14,421,606	4,574,404	6,319,910

(III) Financial Risk Management Framework

The Group manages financial risk relating to the operations through internal risk reports which analyse exposure by degree and magnitude of risk. These risks include market risk (including interest rate risk and other price risk), credit risk and liquidity risk. The focus of the the chief operating decision maker (CODM) is to assess the unpredictability of the financial environment and to mitigate potential adverse effects, if any, on the financial performance of the Group.

The Group does not enter into or trade financial instruments including derivative financial instruments for speculative purpose.

(IV) Foreign Currency Risk Management

The Group undertakes certain transactions denominated in foreign currencies and consequently, is exposed to exchange rate fluctuations. The Group does not enter into any derivative transactions to hedge its foreign currency exposures.

The details of unhedged foreign currency exposures as at the Balance Sheet date are as under:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade Payable - USD	–	21,655	–
- INR	–	1,445,016	–

(V) Liquidity Risk Management

Liquidity risk refers to the risk that the Group cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements. The Group consistently generated sufficient cash flows from operations to meet its financial obligations as and when they fall due.

Particulars	Weighted average interest rate	With in 1 year	1-2 Years	More than 2 years	Total
		(₹)	(₹)	(₹)	(₹)
As at March 31, 2017					
- Trade Payables	NA	141,486,945	–	–	141,486,945
- Other Financial Liabilities	NA	14,421,606	–	–	14,421,606
Total		155,908,551	–	–	155,908,551
As at March 31, 2016					
- Trade Payables	NA	211,218,336	–	–	211,218,336
- Other Financial Liabilities	NA	4,574,404	–	–	4,574,404
Total		215,792,740	–	–	215,792,740

Particulars	Weighted average interest rate	With in 1 year	1-2 Years	More than 2 years	Total
		(₹)	(₹)	(₹)	(₹)
As at March 31, 2016					
- Trade Payables	NA	132,460,986	-	-	132,460,986
- Other Financial Liabilities	NA	6,319,910	-	-	6,319,910
Total		138,780,896	-	-	138,780,896

The following table details the Group's expected maturity for its non-derivative financial assets. The table has been drawn up based on the undiscounted contractual maturities of the financial assets. The inclusion of information on non-derivative financial assets is necessary in order to understand the Group's liquidity risk management as the liquidity is managed on a net asset and liability basis.

(Amount in ₹)

Particulars	Weighted average interest rate	With in 1 year	1-2 Years	More than 2 years	Total
		(₹)	(₹)	(₹)	(₹)
As at March 31, 2017					
Non-interest bearing	NA	173,042,481	-	5,882,937	178,925,418
Fixed interest rate instruments	9.15%	760,500,000	-	-	760,500,000
Total		933,542,481	-	5,882,937	939,425,418
As at March 31, 2016					
Non-interest bearing	NA	129,256,215	-	6,193,670	135,449,885
Fixed interest rate instruments	9.72%	849,382,989	-	-	849,382,989
Total		978,639,204	-	6,193,670	984,832,874
As at April 1, 2015					
Non-interest bearing	NA	94,676,921	-	5,800,367	100,477,288
Fixed interest rate instruments	10.18%	792,814,721	-	-	792,814,721
Total		887,491,642	-	5,800,367	893,292,009

42. Fair Value Measurement

This note provides information about how the Group determines fair value of various financial assets and liabilities

- There are no financial assets and financial liabilities that are measured at fair value on a recurring basis
- Fair value of financial assets and financial liabilities that are not measured at fair value (Non-recurring):

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
Financial assets at amortised cost:						
- Other Financial Assets (Non Current)	5,882,937	5,882,937	6,193,670	6,193,670	5,800,367	5,800,367
- Cash and Bank balances	76,408,333	76,408,333	252,851,336	252,851,336	186,293,630	186,293,630
- Trade receivables	55,768,805	55,768,805	60,120,155	60,120,155	42,075,819	42,075,819
- Loans	695,500,000	695,500,000	613,000,000	613,000,000	613,000,000	613,000,000
- Other financial assets	105,865,343	105,865,343	52,667,713	52,667,713	46,122,193	46,122,193
Total	939,425,418	939,425,418	984,832,874	984,832,874	893,292,009	893,292,009

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

Financial liabilities held at amortised cost:

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Carrying Value	Fair Value	Carrying Value	Fair Value	Carrying Value	Fair Value
- Trade Payables	141,486,945	141,486,945	211,218,336	211,218,336	132,460,986	132,460,986
- Other financial liabilities	14,421,606	14,421,606	4,574,404	4,574,404	6,319,910	6,319,910
Total	155,908,551	155,908,551	215,792,740	215,792,740	138,780,896	138,780,896

(iii) Fair value hierarchy as at March 31, 2017

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other Financial Assets (Non Current)	-	-	5,882,937	5,882,937
- Cash and Bank balances	76,408,333	-	-	76,408,333
- Trade receivables	-	-	55,768,805	55,768,805
- Loans	-	-	695,500,000	695,500,000
- Other financial assets	-	-	105,865,343	105,865,343
Total	76,408,333	-	863,017,085	939,425,418
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	141,486,945	141,486,945
- Other financial liabilities	-	-	14,421,606	14,421,606
Total	-	-	155,908,551	155,908,551

(iv) Fair value hierarchy as at March 31, 2016

Particulars				(Amount in ₹)
	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other Financial Assets (Non Current)	-	-	6,193,670	6,193,670
- Cash and Bank balances	252,851,336	-	-	252,851,336
- Trade receivables	-	-	60,120,155	60,120,155
- Loans	-	-	613,000,000	613,000,000
- Other financial assets	-	-	52,667,713	52,667,713
Total	252,851,336	-	731,981,538	984,832,874
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	211,218,336	211,218,336
- Other financial liabilities	-	-	4,574,404	4,574,404
Total	-	-	215,792,740	215,792,740

(v) Fair value hierarchy as at April 1, 2015

(Amount in ₹)

Particulars	Level 1	Level 2	Level 3	Total
Financial assets at amortised cost:				
- Other Financial Assets (Non Current)	-	-	5,800,367	5,800,367
- Cash and Bank balances	186,293,630	-	-	186,293,630
- Trade receivables	-	-	42,075,819	42,075,819
- Loans	-	-	613,000,000	613,000,000
- Other financial assets	-	-	46,122,193	46,122,193
Total	186,293,630	-	706,998,379	893,292,009
Financial liabilities held at amortised cost:				
- Trade Payables	-	-	132,460,986	132,460,986
- Other financial liabilities	-	-	6,319,910	6,319,910
Total	-	-	138,780,896	138,780,896

43. Current Tax and Deferred Tax

(i) Income Tax Expense

(Amount in ₹)

Particulars	For the year ended 31 March 2017	For the year ended 31 March 2016
Current Tax:		
Current Income Tax Charge	23,099,144	34,181,140
Prior year Income Tax Charge	2,696,705	-
Total	25,795,849	34,181,140
Deferred Tax		
Difference between book balance and tax balance of fixed assets	(6,252,399)	4,716,413
In respect of current year origination and reversal of temporary differences	(3,550,805)	(1,172,510)
Provision for compensated absences, gratuity and other employee benefits	(2,449,414)	(2,386,008)
Total	(12,252,618)	1,157,895
Total Tax Expense recognised in Statement of Profit and Loss	13,543,231	35,339,035

(ii) The income tax expense for the year can be reconciled to the accounting profit as follows:

(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount	Tax Amount	Amount	Tax Amount
Profit Before tax from Operations	44,686,374	-	99,513,061	-
Income Tax using the Group's domestic Tax rate at 33.063% (for YE March 31, 2016 : 34.608%)#	-	14,681,569	-	34,336,626
Tax Effect of :				
Effect of expenses that are not deductible in determining taxable profit	4,924,462	1,628,174	2,739,439	948,065
Adjustments recognised in the current year in relation to the current tax of prior years.	-	(2,696,705)	-	-

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(Amount in ₹)

Particulars	As at March 31, 2017		As at March 31, 2016	
	Amount	Tax Amount	Amount	Tax Amount
Prior period adjustments of deferred tax assets		33,075		-
Effect of change in deferred tax rate		(102,882)		54,344
Income Tax recognised In P&L from Operations	49,610,836	13,543,231	102,252,500	35,339,035

The tax rate used for the 2016-2017 and 2015-2016 reconciliations above is the Corporate tax rate of 30%, applicable surcharge and cess payable by corporate entities in India on taxable profits under the India Law.

(iii) Income Tax on Other Comprehensive Income

(Amount in ₹)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Deferred Tax		
Remeasurements of defined benefit plans	1,203,778	135,606
Total	1,203,778	135,606

(iv) Following is the analysis of the deferred tax asset/(liabilities) presented in the Balance Sheet

(Amount in ₹)

Particulars	For the Year ended 31 March 2017			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax assets</u>				
Employee Benefits	7,578,328	2,449,414	1,203,778	11,231,520
Allowance for Credit Losses/Others	6,131,235	3,550,805	-	9,682,040
Total	13,709,563	6,000,219	1,203,778	20,913,560
<u>Tax effect of items constituting deferred tax liabilities</u>				
Property, Plant and Equipment	16,871,398	(6,252,399)	-	10,618,999
Total	16,871,398	(6,252,399)	-	10,618,999
Net Tax Asset/ (Liabilities)	(3,161,835)	12,252,618	1,203,778	10,294,561

(Amount in ₹)

Particulars	For the year ended 31 March 2016			
	Opening Balance	Recognised in profit and Loss	Recognised in OCI	Closing Balance
<u>Tax effect of items constituting deferred tax assets</u>				
Employee Benefits	5,056,714	2,386,008	135,606	7,578,328
Allowance for Credit Losses/Others	4,958,725	1,172,510	-	6,131,235
Total	10,015,439	3,558,518	135,606	13,709,563
<u>Tax effect of items constituting deferred tax liabilities</u>				
Property, Plant and Equipment	12,154,985	4,716,413	-	16,871,398
Total	12,154,985	4,716,413	-	16,871,398
Net Tax Asset/ (Liabilities)	(2,139,546)	(1,157,895)	135,606	(3,161,835)

44. Earnings per share

Particulars	(Amount in ₹)	
	For the Year Ended 31 March 2017	For the Year Ended 31 March 2016
Profit after Tax - ₹	31,143,143	64,174,026
<u>Weighted Average Number of Equity Shares (Nos.):</u>		
Weighted average number of equity shares for calculating Basic EPS	18,712,950	18,636,009
Add: Weighted average number of equity shares which would be issued on the allotment of equity shares against stock option granted under ESOP 2008	82,700	74,143
WANES for Calculating Diluted EPS	18,795,650	18,710,152
Earnings Per Share (Basic) - in ₹		
- Basic - in ₹	1.67	3.44
- Diluted - in ₹	1.66	3.43
Face Value Per Share - in ₹	10.00	10.00

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

During the period ended December 31, 2006, Government of India has promulgated an Act namely The Micro, Small and Medium Enterprises Development Act, 2006 which comes into force with effect from October 2, 2006. As per the Act, the Group is required to identify the Micro, Small and Medium suppliers and pay them interest on overdue beyond the specified period irrespective of the terms agreed with the suppliers.

Particulars*	(Amount in ₹)	
	As at March 31, 2017	As at March 31, 2016
(i) Principal amount remaining unpaid to any supplier as at the end of the accounting year	3,355,751	343,000
(ii) Interest due thereon remaining unpaid to any supplier as at the end of the accounting year	-	-
(iii) The amount of interest paid along with the amounts of the payment made to the supplier beyond the appointed day	-	-
(iv) The amount of interest due and payable for the year	-	-
(v) The amount of interest accrued and remaining unpaid at the end of the accounting year	-	-
(vi) The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid	-	-

*Dues to Micro and Small Enterprises have been determined to the extent such parties have been identified on the basis of information collected by the Management

46. Details of loans given to subsidiaries and associates and firms/ companies in which directors are interested

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

Name of the Party (Refer Note below)	Closing balance					
	March 31, 2017	March 31, 2017	March 31, 2016	March 31, 2016	April 1, 2015	April 1, 2015
	(current)	(non-current)	(current)	(non-current)	(current)	(non-current)
Escorts Heart Institute and Research Centre Limited	695,500,000	-	613,000,000	-	613,000,000	-
Total	695,500,000	-	613,000,000	-	613,000,000	-

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Name of the Party	Rate of Interest	Due date for Interest	Secured/unsecured	March 31, 2017	March 31, 2016	April 1, 2015
Escorts Heart Institute and Research Centre Limited	10.50%	On Maturity	Unsecured	613,000,000	613,000,000	613,000,000
Escorts Heart Institute and Research Centre Limited	11.50%	On Maturity	Unsecured	82,500,000	–	–

Particulars	Relation	Maximum amount outstanding during the year		
		March 31, 2017	March 31, 2016	April 1, 2015
Escorts Heart Institute and Research Centre Limited	Fellow Subsidiary	695,500,000	613,000,000	613,000,000
Total		695,500,000	613,000,000	613,000,000

Note:

The above Inter-Corporate Deposits were given for meeting the working capital requirements.

47. Corporate social responsibility

During the year, the Group incurred an aggregate amount of ₹ 4,924,462/- (Previous year : 2,739,439) towards corporate social responsibility in compliance of Section 135 of the Companies Act 2013 read with relevant schedule and rules made thereunder.

The details of the CSR spend are given below:

Gross amount required to be spent by the Group during the year: ₹ 4,924,462/-

Amount spent by the Group during the year on:

(Amount in ₹)

Particulars	Paid in cash/cheque	Amount Paid	Yet to be paid	Total
Fortis Foundation	RTGS	4,924,462	–	4,924,462
Total		4,924,462	–	4,924,462

48. Disclosure relating to Specified Bank Notes (SBN's)

The disclosure in respect of the Ministry of Corporate Affairs' notification dated March 30, 2017 with regard to Specified Bank Notes (SBNs) is as under:

(Amount in ₹)

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on November 8, 2016	2,671,500	64,157	2,735,657
Add: Permitted Receipts	–	12,260,883	12,260,883
Add: Non-Permitted Receipts#	1,612,500	–	1,612,500
Add: Cash Withdrawal	–	200,000	200,000
Less: Permitted payments	–	3,452,757	3,452,757
Less: Amount deposited in Banks	4,284,000	8,836,283	13,120,283
Closing cash in hand as on December 30, 2016	–	236,000	236,000

Note:

#Represents SBNs received by the Company subsequent to November 8, 2016 from transactions which are not permitted, due to certain exigencies.

49. Order / Notice Received from CMDA

The Holding Company had earlier applied to the Chennai Metropolitan Development Authority (CMDA) for regularization of certain deviations in the construction of the Hospital. During the previous year ended March 31, 2016, CMDA has issued an Order stating that the regularization application made by the Holding Company has not been allowed. The Holding Company 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 3 May 2016 CMDA has also served a Locking & Sealing and De-occupation Notice to the Holding Company stating that in view of CMDA's Order dated 18 March 2016 referred above, the construction at the site of the Hospital premises is unauthorized and has called upon the Holding Company to restore the land to its original position within 30 days from the date of the Notice. The Holding Company has initiated legal action by filing a writ petition before the High Court of Madras to impugn the said notice.

The Holding Company, based on 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 the Holding Company has fair chance of success in the aforesaid Appeal / writ petition.

50. Status of Composite Scheme of Arrangement and Amalgamation

The Board of Directors of the Company at its meeting held on August 19th, 2016 approved the proposal for the sale of the hospital business by way of a slump sale to Fortis Healthcare Limited (FHL) pursuant to a composite scheme of Arrangement and Amalgamation between the Company, FHL and SRL Limited ("SRL"). Pursuant to the said Composite scheme, the diagnostic business of FHL (including its investments held to SRL) shall get demerged into the Company in lieu of equity shares to be issued by the Company to the shareholders of FHL. The demerger shall be followed by SRL being merged with the Company as an integral part of the same composite scheme and shares of the Company to be issued to the eligible shareholders of SRL. The appointed date for the above under the composite scheme is January 1, 2017. The composite scheme of arrangement and amalgamation is subject to various judicial/regulatory and other required approvals. Pending such approvals, no effect of the proposed Scheme has been given in the Financial Statements.

51. Segment Reporting

The Group has a single operating segment, namely, health care services and the information reported to the chief operating decision maker (CODM) for the purposes of resource allocation and assessment of performance focusses on this operating segment. Further the Group does not have any separate geographic segment other than India. Accordingly, the amounts appearing in these financial statements relate to this operating segment.

52. First-time adoption - mandatory exceptions, optional exemptions

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

Deemed Cost for Property, plant and equipment and intangible assets

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

Investment in Subsidiary

The Group has elected to continue with the carrying value of its investments in subsidiary under previous GAAP (at cost).

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Shared Based Payments

The Group has elected to use the intrinsic value method to account for costs relating to Employee Stock Options Plan (ESOP) since all the stock options have been granted and vested on or before April 1, 2015 (transition date).

Key Sources of estimation uncertainty

The estimates at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies). The estimates used by the Group to present these amounts in accordance with Ind AS reflect conditions at April 1, 2015, the date of transition to Ind AS and as of March 31, 2016.

First time IND AS Adoption Reconciliation :

(i) Reconciliation of equity and P&L as previously reported under Indian GAAP to IND AS

(Amount in ₹)

Particulars	Notes	As at March 31, 2016 (End of Last period Presented under Previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to IND AS	Opening IND AS balance sheet	Previous GAAP	Effect of Transition to IND AS	IND AS
(I) ASSETS							
Non-current assets							
(a) Property, Plant and Equipment		214,042,456	–	214,042,456	175,601,973	–	175,601,973
(b) Intangible Assets Under Development		3,595,516	–	3,595,516	6,422,636	–	6,422,636
(c) Other Intangible assets		30,980,285	–	30,980,285	1,470,804	–	1,470,804
(d) Financial Assets							
(i) Other Financial Assets - Non Current	(a) & (b)	2,241,643	3,952,027	6,193,670	4,317,980	1,482,387	5,800,367
(f) Deferred Tax Asset (Net)		145,372	–	145,372	125,420	–	125,420
(g) Income Tax Assets		20,419,606	–	20,419,606	11,429,375	–	11,429,375
(h) Other assets	(a) & (b)	7,385,337	(3,582,032)	3,803,305	3,655,944	(1,236,292)	2,419,652
Total Non - Current Assets		278,810,215	369,995	279,180,210	203,024,132	246,095	203,270,227
Current assets							
(a) Inventories		26,114,509	–	26,114,509	10,021,258	–	10,021,258
(b) Financial Assets							
(i) Trade receivables	(d)	60,205,634	(85,479)	60,120,155	42,133,983	(58,164)	42,075,819
(ii) Cash and cash equivalents		33,162,253	–	33,162,253	158,213,292	–	158,213,292
(iii) Other bank balances		219,689,083	–	219,689,083	28,080,338	–	28,080,338
(iv) Loans		613,000,000	–	613,000,000	613,000,000	–	613,000,000
(v) Other Financial Assets		52,667,713	–	52,667,713	46,122,193	–	46,122,193
(c) Other assets	(a) & (b)	12,691,691	(623,416)	12,068,275	13,216,436	(348,408)	12,868,028
(d) Fixed Assets held for sale		6,095,238	–	6,095,238	–	–	–
Total Current Assets		1,023,626,121	(708,895)	1,022,917,226	910,787,500	(406,572)	910,380,928
Total Assets		1,302,436,336	(338,900)	1,302,097,436	1,113,811,632	(160,477)	1,113,651,155

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(Amount in ₹)

Particulars	Notes	As at March 31, 2016 (End of Last period Presented under Previous GAAP)			As at April 1, 2015 (Date of transition)		
		Previous GAAP	Effect of transition to IND AS	Opening IND AS balance sheet	Previous GAAP	Effect of Transition to IND AS	IND AS
(II) EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share capital		186,207,590	–	186,207,590	186,095,090	–	186,095,090
(b) Other Equity	(a) to (f)	779,361,244	10,857,677	790,218,921	726,310,104	10,997,168	737,307,272
Total equity		965,568,834	10,857,677	976,426,511	912,405,194	10,997,168	923,402,362
LIABILITIES							
Non Current liabilities							
(a) Deferred Tax Liabilities (net)		3,307,207	–	3,307,207	2,264,966	–	2,264,966
(b) Provisions		309,180	–	309,180	254,788	–	254,788
Total Non Current Liabilities		3,616,387	–	3,616,387	2,519,754	–	2,519,754
Current liabilities							
(a) Financial Liabilities							
(i) Trade payables		211,218,336	–	211,218,336	132,460,986	–	132,460,986
(ii) Other financial liabilities		4,574,404	–	4,574,404	6,319,910	–	6,319,910
(b) Provisions	(c)	23,054,818	(11,196,577)	11,858,241	17,950,708	(11,157,645)	6,793,063
(c) Current tax liabilities (Net)		570,879	–	570,879	570,879	–	570,879
(d) Other Current Liabilities		93,832,678	–	93,832,678	41,584,201	–	41,584,201
Total Current Liabilities		333,251,115	(11,196,577)	322,054,538	198,886,684	(11,157,645)	187,729,039
Total Liabilities		336,867,502	(11,196,577)	325,670,925	201,406,438	(11,157,645)	190,248,793
Total Equity and Liabilities		1,302,436,336	(338,900)	1,302,097,436	1,113,811,632	(160,477)	1,113,651,155

(ii) Reconciliation of equity and P&L as previously reported under Indian GAAP to Ind AS

(Amount in ₹)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
Equity as reported under previous GAAP		965,568,834	912,405,194
Ind AS: Adjustments increase (decrease):			
Dividends (including tax thereon) not recognised as liability until declared	(c)	11,196,577	11,157,645
Fair Value Adjustments with respect to Expected Credit Losses	(d)	(85,479)	(58,164)
Fair Value adjustments to Financial Assets			
(i) Interest Income on Advances	(b)	732,601	426,798
(ii) Interest Income on Security deposit of Nursing Accomodation	(a)	161,418	–
Straight lining of Clinical Establishment Fee	(b)	(877,517)	(529,111)
Straight lining of Lease Rent	(a)	(269,923)	(102,313)
Total adjustment to equity		10,857,677	10,997,168
Total Equity as reported under IND AS		976,426,511	923,402,362

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

(iii) Reconciliation of profit or loss for the year ended March 31, 2016

	Particulars	Notes	Year ended March 31, 2016 (latest period presented under previous GAAP)		
			Amount in ₹		
			Previous GAAP ₹	Effect of transition to Ind AS ₹	Ind AS ₹
I	Revenue from operations	(c)	1,296,135,107	(27,315)	1,296,107,792
II	Other Income	(a) & (b)	79,786,231	467,221	80,253,452
III	Total Revenue (I + II)		1,375,921,338	439,906	1,376,361,244
IV	EXPENSES				
	(a) Cost of Raw materials consumed		269,214,326	–	269,214,326
	(b) Employee benefit expense	(e)	178,716,023	(390,426)	178,325,597
	(c) Finance Cost		4,033,597	–	4,033,597
	(d) Depreciation and amortisation expense		31,577,976	–	31,577,976
	(e) Other expenses	(a) & (b)	787,963,327	618,329	788,581,656
	Total Expenses		1,271,505,249	227,903	1,271,733,152
V	Profit before exceptional items and tax (III - IV)		104,416,089	212,003	104,628,092
	Exceptional Items		5,115,031	–	5,115,031
VI	Profit before tax (IV - V)		99,301,058	212,003	99,513,061
VII	Tax Expense				
	- Current tax		34,181,140	–	34,181,140
	- Deferred tax	(e)	1,022,289	135,606	1,157,895
	Total tax expense		35,203,429	135,606	35,339,035
VIII	Profit for the Year (VI - VII)		64,097,629	76,397	64,174,026
IX	Other comprehensive income				
	(i) Items that will not be recycled to profit or loss				
	- Remeasurements of defined benefit plans	(e)	–	(390,426)	(390,426)
	(b) Income tax relating to items that will not be reclassified to profit or loss	(e)	–	135,606	135,606
	Total Comprehensive Income for the year		–	(254,820)	(254,820)
X	Total comprehensive loss for the period (VIII + IX)		64,097,629	(178,423)	63,919,206

(iv) Reconciliation of Total Comprehensive Income for the year ended March 31, 2016 :

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP ₹
Profit as per Previous GAAP		64,097,629
Ind AS: Adjustments increase (decrease):		
Actuarial Loss on employee defined benefit/funds recognised in Other Comprehensive Income	(e)	390,426
Fair Value adjustments to Financial Assets	(a) to (c)	439,906
Straight lining of Clinical Establishment Fee	(b)	(348,406)
Straight lining of Lease Rent	(a)	(269,923)

Particulars	Notes	Year ended March 31, 2016 latest period presented under previous GAAP ₹
Deferred Tax Adjustment	(e)	(135,606)
Total adjustment to profit or loss		76,397
Profit after tax under Ind AS		64,174,026
Other comprehensive income	(e)	(390,426)
Tax on Other comprehensive income	(e)	135,606
Total Comprehensive Income under Ind AS		63,919,206

Note : Under previous GAAP, total comprehensive income was not reported. Therefore the above reconciliation starts with profit under previous GAAP.

(v) Adjustments to the statement of cash flows

PARTICULARS	Year ended March 31, 2016 (latest period presented under previous GAAP)		
	Previously Reported ₹	Effect of Transition to IND AS ₹	IND AS ₹
Previous GAAP			
Net cash flows from operating activities	104,652,198	–	104,652,198
Net cash flows from investing activities	(218,808,180)	–	(218,808,180)
Net cash flows from financing activities	(10,895,057)	–	(10,895,057)
Net increase (decrease) in cash and cash equivalents	(125,051,039)	–	(125,051,039)
Cash and cash equivalents at the beginning of the year	158,213,292	–	158,213,292
Cash and cash equivalents at end of period	33,162,253	–	33,162,253

(vi) Analysis of Cash & cash equivalents as at March 31, 2016 and as at April 1, 2015 for the purpose of cash flows under IND AS :

PARTICULARS	As at March 31, 2016 (end of the last period presented under previous GAAP) ₹	As at April 1, 2015 (Date of Transition) ₹
Cash and cash equivalents consist of:		
Cash and Bank Balances as per Balance sheet	252,851,336	186,293,630
Less: Bank balances not considered as cash and Cash Equivalents	219,689,083	28,080,338
Total Cash and Cash Equivalents as at the end of the year	33,162,253	158,213,292

Notes to the Reconciliation :

- (a) Under previous GAAP, interest free security deposits (that are refundable in cash on completion of lease term) are recorded at the transaction cost. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these security deposits under Ind AS and the difference between the fair value and transaction value of the security deposit has been recognised as prepaid rent. Consequent to this change, the fair value of security deposit is ₹ 1,922,340 as at March 31, 2016, the prepaid rent is by ₹ 2,969,154 as at March 31, 2016. The profit for the year ended March 31, 2016 and total equity as at March 31, 2016 decreased by ₹ 108,505 due to amortisation of the prepaid rent of ₹ 269,923 which is partially off-set by the notional interest income of ₹ 161,418 recognised on security deposits.

NOTES FORMING PART OF THE CONSOLIDATED IND AS FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

- (b) Similarly, under previous GAAP, advance to related parties are recorded at the transaction value. Under Ind AS, all financial assets are required to be recognised at fair value. Accordingly, the Company has fair valued these amounts given as advance to related parties in connection with Hospital and Medical Services arrangement and the difference between the fair value of the advance to related parties has been recognised as prepaid expense. Consequent to this change, the fair value of advance to related parties is ₹ 2,649,418 as at March 31, 2016 (April 1, 2015 ₹ 2,843,615), the prepaid expense is ₹ 1,236,294 as at March 31, 2016 (April 1, 2015 ₹ 1,584,700). The total Equity as at March 31, 2016 decreased by ₹ 42,603 (April 1, 2015 ₹ 102,313) due to amortisation of the prepaid rent of ₹ 348,406 which is partially off-set by the notional interest income of ₹ 305,803 recognised on advance to related parties.
- (c) Under previous GAAP, proposed dividend is accounted as provision in the year to which such dividend pertains. Under IND AS, dividend is required to be accounted only on payment basis. Accordingly, the Company has accounted the dividend in the year in which it is paid. Consequent to the change, provision for dividend pertaining to year ended March 31, 2015 and March 31, 2016 of ₹ 11,157,645 and ₹ 11,196,577 respectively is reversed and taken to other equity and the actual dividend paid of ₹ 11,189,807 has been accounted during the year ended March 31, 2016.
- (d) Under previous GAAP, provision for doubtful receivables are accounted based on management's estimate. Under IND AS, provision is required to be made for credit risk and payment delay risk as expected credit loss (ECL). The Group has computed the credit risk and payment delay risk and provided additional provision towards ECL. Accordingly, the Group has recognised the ECL of ₹ 27,315 and adjusted with Revenue from Operations during the year March 31, 2016 (April 1, 2015 ₹ 58,164).
- (e) Under IND AS remeasurement i.e. actuarial gains and losses are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 increased by ₹ 390,426. There is no impact on total equity as at March 31, 2016. Tax on such Other Comprehensive Income amounts to ₹ 135,606.
- (f) Retained earnings as at April 1, 2015 has been adjusted consequent to the above IND AS Transition adjustments.
- (g) Under IND AS, all items of income and expense recognised in the period should be included in the profit or loss for the period unless the standard requires or permits otherwise. Items of income or expense that are not recognised in profit or loss but are shown in the statement of profit or loss as "other comprehensive income" includes remeasurements of defined benefit obligation. The concept of other comprehensive income did not exist under the previous GAAP.

53. Previous Year Figures

As stated in Note 2, the Group has adopted Indian Accounting Standards with effect from April 1, 2016 with date of transition to Ind AS being April 1, 2015. Accordingly, previous year figures in the financial statements have been restated to Ind AS. Further, previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

54. Approval of Financial Statements

The financial statements were approved by the Board of Directors on May 23, 2017

For and on behalf of the Board of Directors

Daljit Singh
Chairman
DIN 00135414

Meghraj Arvindrao Gore
Whole Time Director
DIN 07505123

Trapti Kushwaha
Company Secretary
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Chief Financial Officer
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Date : May 23, 2017



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